ANNUAL REPORT 2024

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SALZGITTER AG
People, Steel and Technology

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TO OUR SHAREHOLDERS

THE SALZGITTER GROUP IN FIGURES

		2024	2023
Crude steel production	kt	6,391	5,709
External sales	€ m	10,012	10,790
Steel Production Business Unit	€ m	3,389	3,528
Steel Processing Business Unit	€ m	1,576	2,127
Trading Business Unit	€ m	3,057	3,313
Technology Business Unit	€ m	1,804	1,647
Industrial Participations / Consolidation	€ m	186	176
EBIT before depreciation and amortization (EBITDA)	€ m	445	677
Steel Production Business Unit	€ m	186	295
Steel Processing Business Unit	€ m	–79	227
Trading Business Unit	€ m	–21	20
Technology Business Unit	€ m	148	115
Industrial Participations / Consolidation	€ m	210	19
Earnings before interest and taxes (EBIT)	€ m	–179	355
Earnings before taxes (EBT)	€ m	–296	238
Steel Production Business Unit	€ m	–61	76
Steel Processing Business Unit	€ m	–391	145
Trading Business Unit	€ m	–81	–14
Technology Business Unit	€ m	93	81
Industrial Participations / Consolidation	€ m	144	–50
Consolidated result	€ m	–348	204
Earnings per share – basic	€	–6.51	3.70
Return on capital employed (ROCE)[1]	%	–3.4	5.6
Cash flow from operating activities	€ m	408	892

		2024	2023
Investments[2]	€ m	899	583
Depreciation / amortization[2,3]	€ m	–624	–321
Total assets	€ m	10,465	10,502
Non-current assets	€ m	4,992	4,570
Current assets	€ m	5,474	5,932
Inventories	€ m	2,741	2,867
Cash and cash equivalents	€ m	1,002	940
Equity	€ m	4,449	4,834
Liabilities	€ m	6,016	5,668
Non-current liabilities	€ m	2,485	2,353
Current liabilities	€ m	3,532	3,314
of which due to banks[4]	€ m	674	656
Net financial position on the reporting date[5]	€ m	–574	–214
Employees			
Personnel expenses	€ m	–2,016	–1,888
Core workforce on the reporting date[6]	Employees	22,381	23,138
Total workforce on the reporting date[7]	Employees	24,473	25,183

Disclosure of financial data in compliance with IFRS

[1] ROCE = EBIT I (= EBT + interest expenses excl. interest portion in transfers to pension provisions) divided by the sum of shareholders' equity (excl. calculation of deferred tax), tax provisions, interest-bearing liabilities (excl. pension provision) as well as liabilities from finance leasing and forfaiting

[2] Excluding financial assets

[3] Scheduled and unscheduled write-downs

[4] Current and non-current bank liabilities

[5] Including investments, e.g. securities and structured investments

[6] Excl. trainee contracts and excl. non-active age-related part-time work

[7] Incl. trainee contracts and incl. non-active age-related part-time work

LETTER OF THE EXECUTIVE BOARD

Valued Shareholders,
Ladies and Gentlemen,

An atmosphere of uncertainty and pessimism that permeated both society and the business community, especially in Germany, prevailed in 2024. The economy was unable to gain traction for the second year in a row, and costs running at a persistently high level, above all for energy, continued to burden business and the private sector. Growing uncertainty, resulting from a combination of the impact of the war in Ukraine, a certain degree of transformation fatigue in society and, ultimately, a government that seemingly failed due to irreconcilable differences dampened sentiment and created space for resignation and populism. Some diagnoses outside of Germany even voiced concerns about "Germany's collapse". Although debate in the media about our country's purportedly flagging deindustrialization seems exaggerated in many instances, one thing is certain: the situation is serious. Germany's competitiveness and that of Europe has deteriorated in recent years, a situation partly of their own making and partly because other economic regions have caught up and have done their homework faster.

The year 2024 proved to be extremely challenging, also for Salzgitter AG. The bottom line is that we recorded a pre-tax loss of € 296 million. Adjusted for impairment and restructuring expenses, along with other special items, we generated a profit of € 109 million – an unsatisfactory result but seemingly quite presentable in the environment described. Positive contributions to earnings were made by the participating investment in Aurubis AG and by the Technology Business Unit that delivered a record profit, thus once again producing evidence of its rigorous realignment and customer centricity. By contrast, our steel-related activities suffered from the weak economic situation in their core markets and from the erosion in the selling prices of rolled steel products that persisted virtually throughout the entire year. On the procurement side, the high energy costs in Germany that are largely attributable to the sharp increase in grid usage fees in recent years had a particularly negative impact.

These are factors outside our sphere of control. At this juncture, policymakers are clearly called upon to create framework conditions that enable satisfactory business to be conducted in Europe and Germany, this against the backdrop of the war in Ukraine, significant political and economic volatility in other economic regions, and in the midst of decarbonizing industry mandated by policymakers. In view of the acute uncertainty across the globe, we consider it indispensable that in Europe we can continue to shape our future ourselves and not become dependent on the goodwill of other regions.

However, merely describing the status quo does nothing to improve the situation. More than 200 years ago, the French politician Marie-Jean Hérault de Séchelles said in warning: "So far we have only been passive, so let's be active now". Action always entails change and with it uncertainty. However, despite all due caution, we should not take fright at our own courage and think that we can simply sit out the challenges. Our country, our economy and our company are right in the midst of transformation. Moving on from the euphoria of announcements and the magic of new beginnings, we are now all of us together experiencing the trials and tribulations of plateauing. Turning back halfway would be fatal, particularly as other economic regions will otherwise sideline us even faster.

We therefore continue to rigorously pursue our "Salzgitter AG 2030" strategy, while adjusting it to the changed framework conditions wherever necessary.

In the process, we have achieved a great deal in the past financial year 2024. In the face of the economic challenges, our main focus in recent months has been on stabilizing the Group's earnings and financial position. With this in mind, to flank our ongoing "Performance 2026" profit improvement program, we have launched other programs to secure earnings and liquidity in the short term, as well as to sustainably raise our profitability. These programs include painful but necessary measures, mainly in the Steel Processing and Trading business units. The cost reductions we have initiated will ease the burden on future periods and set in place the prerequisites for operating profitably on a sustainable basis, even in a foreseeably difficult environment. The figures from the 2024 financial year are already showing the first effects. The development of the net financial position in particular was a great deal more positive than originally anticipated thanks to our immediate action.

However, savings alone will not see us through the crisis. On the contrary, we will continue to forge ahead with developing our company. Our SALCOS® transformation program will therefore continue undiminished despite the unsatisfactory earnings situation. One of Germany's biggest building sites, meaning our steelworks in Salzgitter, is a hive of activity. The tower of the direct reduction plant is clearly visible from outside the steelworks, which is physical evidence of progress made with construction work. Shortly before Christmas, the cooler that is the largest individual component of the facilities was installed.

We also achieved important milestones in selling green steel in 2024. This was the year in which we presented our SALCOS® green steel brand under which we showcased our offerings of green steel products with a physically reduced carbon footprint for the first time at the 2024 Hanover Trade Fair. This brand underlines our focused orientation toward the categorization of the German Steel Federation's Low Emission Steel Standard (LESS). Our customers' keen interest in these products, especially in the automotive industry, is evidence that green steel "Made in Germany" has a competitive future despite all the gloom and doom. We have been selling the green steel products we produce ourselves and that comply with LESS category C or better commencing in this year. Green strip steel products made of Peine slabs mark the beginning, then to be followed by products from the new facilities in Salzgitter.

The cornerstone of the "Salzgitter AG 2030" strategy is its focus on the circular economy, alongside decarbonization. We were also active in this field in the 2024 financial year. The fact that our customers acknowledge our efforts, such as with the conferring of the "Volkswagen Group Award" in the "Sustainability" category, gives us great pleasure. This award shows once again that, also from the standpoint of key customers, our company is on the right track in moving towards a more sustainable industry.

We also made headway in 2024 in optimizing our portfolio true to the best-owner principle. The sale of the Mannesmann Stainless Tubes Group was completed at the end of October. Following on from Salzgitter Bauelemente and the American EUROPIPE plants, we have therefore once again found a future-oriented solution for activities that are not part of the areas we have defined for development. We will continue down this path in the new financial year.

Valued Shareholders,
as you can see, we have achieved a great deal in 2024. The Salzgitter share's price performance in the past financial year nevertheless left a great deal to be desired due to the difficult economic situation and the high level of investment for transformation. A long-standing paradigm of our dividend policy is to desist from passing on the cyclicality of our results in full to you. With this in mind, and despite the negative result, we propose to pay dividend of € 0.20 a share to you for the 2024 financial year. The current economic indicators point to 2025 also being a year of moderate economic recovery at best. For us this means that the outlook for the steel-related activities will be rather more subdued in the first half of the year. This stands in contrast to the Technology Business Unit that, bolstered by the KHS Group, looks forward to a successful financial year, as before.

In the final quarter of the financial year Salzgitter AG was informed by its shareholder GP Günter Papenburg AG about considerations given – together with TSR Recycling GmbH & Co. KG – to submitting a voluntary public takeover offer to Salzgitter AG's shareholders to purchase their shares. First and foremost, we regard this as proof of the attractiveness of our company and confirmation of the strategic course we have taken. At this point in time, we can only state that we are engaged in constructive talks with potential bidders and will carefully examine and evaluate a possible binding offer in the interests of our company and its stakeholders, including our shareholders.

Ladies and Gentlemen, the challenges ahead of us are not diminishing. This is precisely why you can rely on one thing: In the financial year 2025, we will not take a passive stance but, fully in line with Hérault de Séchelles, will remain active and continue to drive the implementation and further development of "Salzgitter AG 2030" forward with unabated vigor. Our special thanks go to our employees who, despite all the challenges, are hugely committed to shaping the future of Salzgitter AG. We would also like to thank you, the shareholders and business partners of Salzgitter AG, for the trust you have placed in our company and your willingness to accompany us on this journey.

Sincerely,

Gunnar Groebler **Birgit Dietze** **Birgit Potrafki**

(f.l.): Ulrich Grethe, Amit Bedi, Birgit Potrafki, Gunnar Groebler, Birgit Dietze, Michael Kieckbusch, Kai Acker, Dr. Sebastian Bross
Thanks to image editing and AI, members of the Executive Board and Group Management were able to "meet" at the hot-dip galvanizing line for this year's photo shoot without wearing safety gear.

REPORT OF THE SUPERVISORY BOARD

Supervisory Board Chairman Heinz-Gerhard Wente

The year 2024 was again determined by uncertainty, geopolitical tensions, and high energy prices not competitive in the international arena. The persistently weak economic environment was especially reflected in the steel sector's key customer markets. Whereas the Salzgitter Group's start to the financial year was more modest than in the previous year but nevertheless progressed as expected, there were signs over the course of the first six months that the recovery in Germany's economy would be more hesitant and weaker than expected in the second half of the year as well. This was particularly evident in order intake postponements at our steel-related companies. Above all, orders for long anticipated infrastructure projects, in the line pipe business for instance, suffered notable delays. In the autumn, the Group's result was additionally significantly burdened by impairment essentially pertaining to the assets of the Mannesmann Precision Tubes Group.

Against this backdrop, the company had to revise its revenue and profit forecast over the course of the financial year. In response to the weak market environment, the Salzgitter Group initiated an extensive package of additional measures that went beyond the current "Performance 2026" profit improvement program with the aim of future proofing the business units' positioning. A package of measures was also initiated to support liquidity and earnings in the short term. These include the restrictive allocation of funds for investments and maintenance and the optimization of working capital. These packages of measures entailed one-off expenses in 2024 recognized through profit or loss in particular for restructuring in the Trading Business Unit. The measures will have noticeable, positive impact in subsequent years, as will the necessary impairment of the Hüttenwerke Krupp Mannesmann GmbH joint operation. On a high note, our Technology Business Unit performed exceedingly well again and our participating investment in Aurubis AG also supported the consolidated result. As a result, and minus the aforementioned one-off effects, the Salzgitter Group delivered a pre-tax result well in the black in the difficult environment described above. Our diversified business model has once again delivered proof of its effectiveness.

In the final quarter of the financial year Salzgitter AG was informed by its shareholder GP Günter Papenburg AG about considerations given – together with TSR Recycling GmbH & Co. KG – to submitting a voluntary public takeover offer to Salzgitter AG's shareholders to purchase their shares. That said, the Executive Board set about engaging in discussion with the potential bidders with a view to understanding the economic rationale behind this potential offer. At the time when the annual financial statements were being drawn up, the company was unable to make a statement on the basis of the information so far available as to whether a takeover of this kind was in the best interest of the company, its shareholders and employees and other stakeholders of the company. In response to the announcement of the voluntary public takeover offer, the Supervisory Board decided to set up a Takeover Committee and to commission its own consultants.

MONITORING AND ADVISING THE EXECUTIVE BOARD IN THE EXERCISING OF ITS MANAGEMENT DUTIES

In the financial year 2024, the Supervisory Board kept itself continuously apprised of the situation of the Group and the development of business. The Executive Board informed the Supervisory Board by way of detailed written quarterly reports about the Group's result of operations, the current financial position and the net assets, as well as about developments in the relevant markets, the course of business and the investments in the individual business units. The reports also comprised information on the developments and activities in the personnel area as well as detailed estimates on the opportunities and risks over the course of the year. Moreover, the Supervisory Board held five meetings to obtain detailed reports on the respective current situation of the Group and the important Group companies, as well as on material business transactions and relevant changes. The development of business compared with corporate planning was explained to the Supervisory Board. Any deviations from planning were elaborated on and then queried and discussed by the Board. Compensatory measures were addressed. In addition, the meetings also focused on the status of implementation of the groupwide "Performance 2026" efficiency program. The Supervisory Board devoted special attention to long-term planning, as well as to the status of the SALCOS® program. By using the dashboard regularly provided by the Executive Board, the Supervisory Board was able to track the development of the SALCOS® program in a timely manner and, if necessary, engage in clarifying discussions with the Executive Board at short notice. Business transactions requiring the consent of the Supervisory Board were approved by the Board after thorough examination and consultation. Furthermore, between meetings, the Chairman of the Supervisory Board was kept regularly informed by the Executive Board Chairman on current topics.

The Supervisory Board held regular meetings in the reporting year, in the months of March, May, September and December, and convened an extraordinary meeting in February. The attendance rate at the Supervisory Board meetings, held without exception as plenary meetings with individual members participating via online connection if necessary, stood at 97 %. The Supervisory Board convened generally with the Executive Board attending. However, it regularly discussed topics such as Executive Board remuneration and the key findings of the audit conducted on the annual financial statements in the absence of the Executive Board members. Regular preliminary discussions – partly with and partly without the attendance of the Executive Board – in separate meetings with owner and employee representatives served the purpose of initial consultation on the current situation and imminent decisions.

With the exception of two members of the Supervisory Board, no conflicts of interest were brought to the attention of the Supervisory Board in the reporting year, neither by the Supervisory Board members nor by members of the Executive Board. Only the Supervisory Board members Karin Hardekopf and Klaus Papenburg indicated in December 2024 that they may be exposed to a conflict of interest insofar as the Supervisory Board would need to deliberate on the voluntary public takeover offer submitted to Salzgitter AG's shareholders by GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG. This conflict of interest was resolved by the aforementioned Supervisory Board members not participating in resolutions taken by the Supervisory Board in connection with the possible takeover and by their temporary withdrawal from Supervisory Board meetings at such times when the Supervisory Board addressed topics that pertained to the potential takeover offer.

Since no new members joined the Supervisory Board in the financial year 2024, an onboarding process was not necessary.

FOCUS OF THE CONSULTATIONS OF THE SUPERVISORY BOARD

The extraordinary meeting of the Supervisory Board held on February 1, 2024, essentially focused on the status and the further expansion stages of the SALCOS® program. In addition, the Supervisory Board gave its consent to the disposal of Mannesmann Stainless Tubes GmbH, including the company's subsidiaries, and was informed about the investment in a new shredder plant planned by DEUMU Deutsche Erz- und Metall-Union GmbH.

In its meeting on March 14, 2024, and as is customary in March meetings, the Supervisory Board focused primarily on the financial statements of Salzgitter AG and of the Group, both drawn up as of December 31, 2023, as well as on the combined management report on the company and the Group for the financial year 2023. The representatives from EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, the statutory auditor elected by the Annual General Meeting of Shareholders, explained the key findings of their audit. In doing so, they also responded to the questions put to them by Supervisory Board members. Following a detailed examination of the documentation pertaining to the financial statements, with the aid of the report of the auditor, the Supervisory Board ratified the separate and consolidated annual statements.

With a view to the variable remuneration of Executive Board members, the Supervisory Board used the fixed performance criteria to determine the degree to which targets set had been achieved for the Performance Cash Award 2020 and the annual bonus for 2023. Moreover, the Board ratified its report for the Annual General Meeting of Shareholders, the remuneration report and the resolutions to be put forward to the 2024 Annual General Meeting of Shareholders on the individual agenda items. Furthermore, the Supervisory Board also consulted on the 2023 non-financial report and, following its own detailed examination, approved the audit findings in the report by the auditor. In addition, in view of Mr. Burkhard Becker's departure from the Executive Board, the Board approved an amendment to the Executive Board's schedule of responsibilities. Finally, the Board adopted the updated remuneration system for the Executive Board, effective January 1, 2024.

In its meeting on May 29, 2024, the Supervisory Board focused on discussions about the future composition of the Executive Board, among other matters. In view of the imminent retirement of Mr. Michael Kieckbusch, Executive Board member responsible for personnel, at the end of 2024, the Supervisory Board appointed Ms. Birgit Dietze to Salzgitter AG's Executive Board for the period from September 1, 2024 through August 31, 2027. Furthermore, the Supervisory Board approved the investments of Salzgitter Flachstahl GmbH in a new walking beam furnace and of Salzgitter Mannesmann Grobblech GmbH in a new hot leveling machine.

The Supervisory Board held a meeting in Mülheim on September 26, 2024. In the run-up to the meeting, the Board members visited the plant of Salzgitter Mannesmann Handel GmbH in Gladbeck in order to inform themselves on site. During the meeting, the Supervisory Board renamed its Strategy Committee as the Strategy and Sustainability Committee in accordance with the key topics addressed by this committee and appointed Mr. Amit Bedi as the new head of the Steel Processing Business Unit, effective October 1, 2024. Furthermore, the Supervisory Board discussed the most recent business development and informed itself about the current status of the SALCOS® program. The Supervisory Board also had the Executive Board report in writing and orally on the Group's compliance management system and on investigated compliance activities. Finally, it gave its approval to Salzgitter Flachstahl GmbH's investment in replacing the main drives in the tandem mill.

In its meeting on December 5, 2024, the Supervisory Board and the Executive Board discussed the corporate plan in detail prepared and submitted by the latter for the financial years 2025 through 2027. The Supervisory Board was also brought up to date on the SALCOS® program. Other topics of consultation in this meeting included the imminent defining of the qualitative criteria determining variable Executive Board remuneration in 2025 for assessing the performance of the individual Executive Board members, as well as the stakeholder objectives for the performance period from 2025 through 2028. The Supervisory Board also concerned itself with the recommendations of the German Corporate Governance Code for purpose of submitting the Declaration of Conformity for 2024. In addition, the Board appointed Dr. Denecke-Arnold, effective May 1, 2025, as the head of the Steel Production Business Unit. Moreover, the Supervisory Board discussed the findings of an assessment of itself and the efficiency of its work with the aid of external support and formed a Takeover Committee from its members. In addition, in view of Mr. Kieckbusch's withdrawal from the Executive Board, the Board approved an adjustment to the Executive Board's scheduled responsibilities.

WORK OF THE COMMITTEES

In order to prepare for its consultations and decisions, the Supervisory Board has formed presiding, audit, strategy and sustainability, along with takeover and nomination committees.

The Presiding Committee held four plenary meetings in 2024. The committee consulted in detail on business development. In addition, the Presiding Committee dealt with the issue of succession at the level of the Executive Board and the Group Management Board, adjusting the Executive Board's schedule of responsibilities, the components of variable Executive Board remuneration, corporate planning, reviewing the Supervisory Board's remuneration, the Supervisory Board's self-assessment, the possible takeover offer to the company's shareholders, the recommendations of the German Corporate Governance Code, planned investments, as well as the current situation and the future prospects of Hüttenwerke Krupp Mannesmann GmbH.

The members of the Audit Committee held five meetings during the reporting period, the first as a web conference and all other meetings with physical attendance. As is customary in February and March, it prepared the audit of the 2023 annual financial statements at company and at Group level by the whole Supervisory Board and in the presence of representatives from the auditor, in particular by way of in-depth consultation on the respective audit reports and the oral report by the representatives of the auditor on the key findings of the audit. To this end, the Audit Committee met twice: on February 29 exclusively with representatives of the statutory auditor and again on March 12 with these auditor representatives and the Executive Board. In the context of its audit, the Audit Committee saw no reason to raise objections and recommended that the full Supervisory Board approve the annual financial statements.

In the same manner, the members of the Audit Committee examined the 2023 non-financial report in preparation and discussed the results of reviewing the remuneration report. In addition, the Audit Committee focused on the independence of the statutory auditor and of the auditor of sustainability reporting, in particular the scope of non-audit services provided by the auditor and the quality of the audit. The consultations of further meetings of the Audit Committee concerned IT security and IT structures, monitoring the accounting process, as well as the effectiveness of the accounting-related and non-accounting-related internal control system, the risk management system, and the internal audit system. In addition, the Audit Committee had itself involved in detail regarding the Group's compliance management system (including tax compliance), as well as the status of using the company's financing instruments. The Audit Committee also dealt with preparing the proposal of the Supervisory Board for the appointing of the statutory auditor for the financial year 2024 by the Annual General Meeting of Shareholders, the assignment of the audit engagement, and agreeing the fees with the statutory auditor (including sustainability reporting) and the stage reached in preparing sustainability reporting. The quarterly financial reporting of the Group was discussed in detail with the Executive Board before publication. The Chairman of the Audit Committee also maintained regular dialog with the statutory auditor between meetings.

In March 2025, following a detailed preliminary review, the Audit Committee recommended that the full Supervisory Board approve the 2024 annual financial statements at company and at Group level. The committee's preliminary review of the 2024 non-financial report did not give rise to any objections either.

The Strategy and Sustainability Committee held one meeting with members personally attending in 2024. Topics included the status of implementing the "Salzgitter AG 2030" strategy and core ESG aspects, the SALCOS® program, the Group's financial framework conditions, performance and active portfolio management.

The Nomination Committee did not hold any meetings in 2024.

The Takeover Committee formed by the Supervisory Board on December 5, 2024, met twice in the form of a web conference in 2024. During these meetings, the Board dealt with a possible public voluntary takeover offer by GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG to buy the shares in the company, in particular with mandating its own consultants, and the implications of a possible takeover for the company and its stakeholders, as well as the respective status of the activities.

Participation of the Supervisory Board members in Supervisory Board and committee meetings in the financial year 2024

Supervisory Board members	SB meetings (5)	Presiding Committee (4)	Audit Committee (5)	Strategy and Sustainability Committee (1)	Takeover Committee (2)	Attendance
Heinz-Gerhard Wente, Chairman	5/5	4/4	/	1/1	2/2	100 %
Prof. Dr. Hans-Jürgen Urban, Vice Chairman	5/5	4/4	/	1/1	2/2	100 %
Konrad Ackermann	5/5	4/4	/	1/1	2/2	100 %
Manuel Bloemers	4/5	/	5/5	1/1	/	91 %
Ulrike Brouzi	4/5	/	/	/	2/2	86 %
Hasan Cakir	5/5	4/4	/	1/1	2/2	100 %
Dr. Bernd Drouven	5/5	/	/	1/1	/	100 %
Marco Gasse	5/5	/	/	/	/	100 %
Gabriele Handke	5/5	/	/	/	/	100 %
Karin Hardekopf	5/5	/	5/5	/	/	100 %
Gerald Heere	5/5	1/4	/	1/1	/	70 %
Frank Klingebiel	5/5	/	/	/	/	100 %
Prof. Dr. Susanne Knorre	5/5	/	/	/	/	100 %
Heinz Kreuzer	5/5	/	/	/	/	100 %
Dirk Markowski	5/5	/	/	/	/	100 %
Klaus Papenburg	5/5	4/4	/	1/1	/	100 %
Anja Piel	5/5	/	/	/	/	100 %
Prof. Dr. Joachim Schindler	5/5	/	5/5	/	2/2	100 %
Christine Seemann	5/5	/	5/5	/	/	100 %
Clemens Spiller	5/5	/	/	/	/	100 %
Dr. Susanna Zapreva-Hennerbichler	4/5	/	/	/	/	80 %

DEALING WITH SUSTAINABILITY TOPICS

A recurring, key topic addressed by the Supervisory Board in its work concerns sustainability issues. The Executive Board regularly reports on general developments of significance and progress in the area of sustainability, since May 2024 at each regular meeting of the Supervisory Board. Regarding these sustainability issues, the SALCOS® program that is geared to the company's virtually climate-neutral steel production forms the centerpiece of this work. Including the requisite preliminary discussions by the Presiding Committee, the SALCOS® program was a fixed item on the agenda of each regular Supervisory Board meeting, while also the focus of an extraordinary full Board meeting and a central topic of the Strategy and Sustainability Committee's meeting. Deliberations in the committees were then reported on in the next full Supervisory Board meeting. The head of the Steel Production Business Unit who also bears responsibility for the program as General Manager of Salzgitter Flachstahl GmbH also participated in the Board meetings.

In determining the variable remuneration of the Executive Board members, the Supervisory Board also agreed non-financial targets with the members of the Executive Board in 2023 for 2024 and in 2024 for 2025. These non-financial targets are mainly attributable to the area of sustainability (managing demographic change, reducing the number of accidents, increasing the proportion of women in management positions, securing the supply of green electricity).

The compliance management system and investigated compliance activities are regularly debated at the Supervisory Board plenum's autumn meeting, prepared beforehand by the Audit Committee's in-depth deliberations on this topic. The head of the Group's Legal Department generally reports to the full Supervisory Board and the head of the Group's Compliance Management to the Audit Committee.

Special expertise in matters of sustainability is represented on the Audit Committee by the person of Prof. Dr. Schindler who has dealt intensively over many years with sustainability reporting and the respective audit as part of his supervisory board activities, and by Ms. Hardekopf who, in the position of managing director and Management Board member, has borne long-standing responsibility for the respective company's finance department and therefore also for sustainability reporting. Establishing a separate Sustainability Committee exclusively for these issues is deemed unnecessary at the present point in time since sustainability aspects form an integral part of the "Salzgitter AG 2030" strategy and are best dealt with by the Strategy and Sustainability Committee. Furthermore, along with the full Supervisory Board regularly addressing sustainability topics, these topics are also dealt with by the other committees in line with their different prioritizations.

At Executive Board level, the topic of sustainability is largely the remit of the Chief Executive Officer in his role as Chairman, with the responsibility for matters affecting the employees resting with the Chief Personnel Officer.

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS OF SALZGITTER AG AND THE CONSOLIDATED FINANCIAL STATEMENTS

In its meeting on March 20, 2025, the Supervisory Board conducted a detailed examination of the financial statements of Salzgitter AG and of the Group, both drawn up as of December 31, 2024, as well as of the combined management report on the company and on the Group for the financial year 2024. Prior to this meeting, the independent auditor EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover, selected by the Annual General Meeting of Shareholders, reviewed both sets of financial statements and the management report on the Group and issued an unqualified → "**Auditor's opinion**". The auditor thereby confirmed that the accounting, valuation and consolidation carried out in the consolidated financial statements complied with the International Financial Reporting Standards (IFRS) as applicable within the EU. Moreover, it was confirmed that the management report on the Group provides an accurate picture of the Group's position. As part of its assessment of the early risk detection system, the auditor also ascertained that the Executive Board had taken the steps required by the German Stock Corporation Act (AktG) for the early recognition of risks that could endanger the company as a going concern.

The annual financial statements of Salzgitter AG, the consolidated financial statements of the Group, the combined management report on the company and the Group, the Executive Board's proposals for the appropriation of retained earnings, as well as the auditor's reports were available to the Supervisory Board for examination. The representatives of the independent auditor took part in the discussions of the annual financial statements and the consolidated financial statements and elaborated on the most important findings of their audit.

Based on the final results of its own examination of the annual financial statements at company and at Group level and the combined management report, the Supervisory Board did not raise any objections. The Board therefore approved the findings of the auditor's review and ratified the annual financial statements and the consolidated financial statements. The annual financial statements are thereby adopted. The Supervisory Board gave its approval to the proposal made by the Executive Board on the appropriation of retained earnings.

NON-FINANCIAL REPORT

In its meeting on March 20, 2025, the Supervisory Board also consulted on the topic of the separate, non-financial report on the Group for 2024. In view of the fact that the Corporate Sustainability Reporting Directive had so far not been enacted in German law, the Executive Board determined at an earlier date in in-depth consultation with the Audit Committee's chairman which standards should be applied when drawing up this report. Prior to the meeting of the Supervisory Board, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover, mandated by the Supervisory Board, examined the non-financial report on the Group to obtain limited assurance (**→ Opinion**). The auditor confirmed that no matters came to its attention that would cause it to believe that the report had not been prepared in all material respects in accordance with Sections 315b, 315c of the German Civil Code in conjunction with the requirements set out under Article 8 of the Directive (EU) 2020/852.

Following its own examination, the Supervisory Board concurred with the findings of the audit performed by EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft.

CHANGES TO THE SUPERVISORY BOARD

There were no changes to the Supervisory Board in the financial year 2024

CHANGES TO THE EXECUTIVE BOARD

Aside from the aforementioned appointing of Ms. Birgit Dietze, effective September 1, 2024, there were no further changes to the Executive Board in the financial year 2024.

- Mr. Burkhard Becker withdrew from the Executive Board at the end of March 31, 2024. Ms. Birgit Potrafki has been the Executive Board member responsible for Finance since April 1, 2024.
- Mr. Michael Kieckbusch withdrew from the Executive Board at the end of December 31, 2024. Ms. Birgit Dietze has been the Executive Board member responsible for Personnel since January 1, 2025.

THANKS FROM THE SUPERVISORY BOARD

The Supervisory Board thanks Messrs. Becker and Kieckbusch for their long-standing successful activities to promote the good of the company.

Our thanks go to the Executive Board and to all the employees of the Group for their dedicated work and sound commitment throughout the financial year 2024.

Salzgitter, March 20, 2025

The Supervisory Board

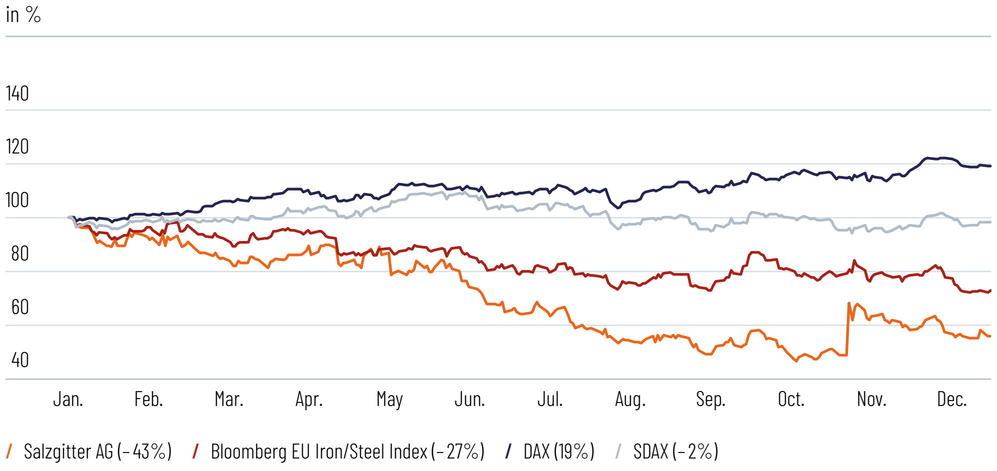
Heinz-Gerhard Wente
Chairman

THE SALZGITTER SHARE

		2024	2023	2022
Basic data				
Share capital[1]	€ m	161.6	161.6	161.6
Number of shares[1]	units m	60.1	60.1	60.1
Number of shares outstanding[1]	units m	54.1	54.1	54.1
Trading volume				
Average daily turnover[2]	unit	109,000	99,000	226,000
Market capitalization[1,3]	€ m	856.9	1,514.8	1,542.9
Xetra prices				
Year-end closing price	€	15.84	28.00	28.52
High	€	28.34	41.64	48.76
Low	€	12.96	22.30	18.99
Salzgitter share key data				
Earnings per share / EPS[4]	€	–6.51	3.70	20.00
Cashflow per share / CPS[4,5]	€	7.55	16.49	11.03
Dividend per share / DPS[6]	€	0.20	0.45	1.00
Total dividend[6]	€ m	12.1	24.3	54.1

1 All information as of 12/31
2 Xetra trading
3 Calculated on the basis of the respective year-end closing price multiplied by the number of shares outstanding
4 Calculated by taking account of the weighted number of average shares outstanding
5 Cashflow from operating activities
6 Current reporting year: proposal for the Annual General Meeting of Shareholders

Salzgitter share price trend 2024



As of 2024/12/31

Germany's stock market was determined by a two-pronged trend in 2024: Concerns about recession due to weak consumer spending and stagnating industrial production in the euro zone burdened mid and small caps virtually throughout the entire year aside from a short-lived uptrend in spring, which affected cyclically sensitive shares above all. By contrast, the DAX whose member companies generally generate most of their value added outside Germany, achieved numerous record highs in the year now ended and, at the end of the year, topped the 20,000 points mark for the first time.

Due to the difficult economic situation in our home market of Germany, the Salzgitter share came under pressure throughout the entire reporting period. At the start of November, the news that shareholder GP Günter Papenburg AG, together with TSR Recycling GmbH & Co. KG, was considering submitting a voluntary public takeover offer to Salzgitter AG's shareholders to purchase the company's shares triggered a strong counter-movement. This development was nevertheless unable to compensate for the share price losses sustained prior to this point. At a closing price of € 15.84, the Salzgitter share's annual performance came in at – 43 %. The European Steel Index (– 27 %) and the SDAX (– 2 %) also reported losses in 2024. Only the DAX performed well with + 19 %.

TRADING VOLUME

The average daily turnover of our share in Xetra trading rose during the reporting period on the back of the higher volatility caused by macroeconomic developments as well as due to speculations about a possible voluntary takeover offer pertaining to 109,000 units. Average daily turnover therefore exceeded the year-earlier figure of 99,000 shares. The sum total of shares traded in the financial year 2024 amounted to around 28 million shares (previous year: 26 million units).

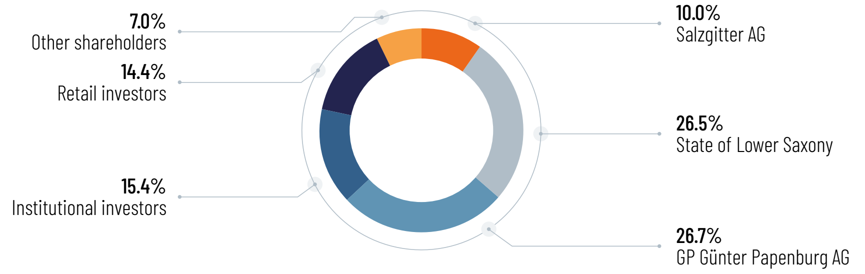
POSITION IN DEUTSCHE BÖRSE'S LEAGUE TABLE

As of January 2, 2025, the Salzgitter share took 135th place in Deutsche Börse AG's ranking measured in terms of free float market capitalization, thus falling within the lower mid-range of SDAX companies. Compared with the status at year-end 2023 (115th place), our position in the index ranking list dropped due to the lower share price and, consequently, the decline in free float market capitalization.

SHAREHOLDER STRUCTURE

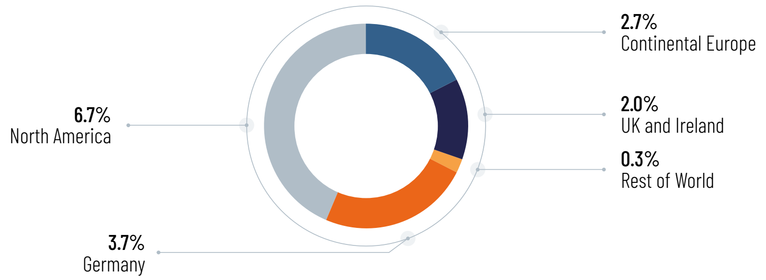
Compared with the year-end 2023, the following changes took place in Salzgitter AG's shareholder structure in the reporting year: The holdings of the Federal State of Lower Saxony and GP Günter Papenburg AG as our anchor shareholders that are assigned to fixed ownership in accordance with Deutsche Börse's definition totaled 53 % of the Salzgitter shares (previous year: 52 %). According to a shareholder structure analysis conducted in November 2024, the proportion of shares held by institutional investors dropped to 15 % over the course of the year, which was mainly due to the withdrawal of North American investors (previous year: 21 %). Other investors, including private investors, brokers and institutional investors not subject to reporting, held 21 % (previous year: 17 %). The percentage of Salzgitter shares in free float amounted to 37 % at the end of 2024. As of the balance sheet date, Salzgitter AG held 10 % in treasury shares, as before.

Shareholder structure



Treasury shares: as of July 8, 2010.
All other information based on the external analysis of the shareholder structure from November 2024.

Geographical distribution of institutional investors' free float shares



ANALYST COVERAGE

As of December 31, 2024, 13 financial institutions and research companies regularly conducted coverage of our company. One analyst's recommendation for the share was "buy". Eight analysts were in favor of "hold" and four recommended "sell". At the end of December 2024, analysts' average share price target stood at € 18.71.

The updated analyst recommendations on the Salzgitter share are available on our ↗ Investor Relations website under the "Analysts" heading.

DIVIDEND

The Salzgitter Group's performance is largely determined by the cyclical fluctuations customary in the sector. Salzgitter AG nevertheless continues to pursue its policy of distributing steady dividend as far as possible. As part of the corporate strategy, we are striving for a minimum dividend yield of 2 % to the extent permitted by the company's earnings situation. Our intention here is to be reliable and transparent for our shareholders.

The Executive and Supervisory boards propose that the 2025 General Meeting of Shareholders approve a dividend payment of € 0.20 per share for the financial year 2024. The total payout therefore stands at € 12.1 million and dividend yield at 1.3 % in relation to the share's 2024 year-end closing price of € 15.84.

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Dividend per share / DPS	€	0.20	0.45	1.00	0.75	0.00	0.00	0.55	0.45	0.30	0.25
Total dividend	€ m	12.1	24.3	54.1	40.6	0	0	29.7	24.3	16.2	13.5

CREDIT RATING

No official rating has been issued for Salzgitter AG by the three large international rating agencies. As company ratings require a great deal of time and money, and since all material instruments of capital market financing are available to us, we are currently waiving the option of ratings.

SUSTAINABILITY RATINGS

Salzgitter AG's performance in the field of sustainability is the topic of analysis by various initiatives and agencies.

Salzgitter AG improved to 60/100 points in the EcoVadis rating and was again awarded a bronze medal for this performance. We once again outperformed the industry average in all the four rating categories of Environment, Labor & Human Rights, Ethics and Sustainable Procurement in 2024. In the ratings of MSCI ESG (A; 2023: AA), and in the S&P Global Corporate Sustainability Assessment (41/100, 84th percentile as per January 31, 2025; 2023: 34/100, 82nd percentile) we reaffirmed the gratifying evaluations of the previous year.

Additional current sustainability ratings are available under the "ESG Ratings" heading on our ↗ Sustainability website.

INVESTOR RELATIONS ACTIVITIES

With a view to fostering intensive communication with institutional and private investors, we used a range of different channels again in the financial year 2024 for our investor relations activities. Along with the developments in earnings and market conditions, our capital market partners focused in particular on progress made with the SALCOS® (Salzgitter Low CO_2 Steelmaking) transformation program, as well as on the possible voluntary takeover offer in December of a consortium including anchor shareholder GP Günter Papenburg AG. We presented the Salzgitter Group to institutional investors at investor conferences in Frankfurt, Munich, Hamburg and London, as well as via online conferences and roadshows. In addition, capital market participants visited our location in Salzgitter with a view to informing themselves on site about processes, facilities and products as well as the Salzgitter Group's potential. We presented results of the financial year 2023 and those of the first half of 2024 in online analyst conferences and discussed these results with investors and analysts.

The "Freundeskreis der Aktionäre der Salzgitter AG" (circle of friends of Salzgitter AG shareholders) arranged a series of events again for our private investors on current developments within the Group. We also took part in an investor forum in Rendsburg, Germany.

COMBINED MANAGEMENT REPORT

BACKGROUND INFORMATION ON THE GROUP

BUSINESS ACTIVITIES AND GROUP STRUCTURE

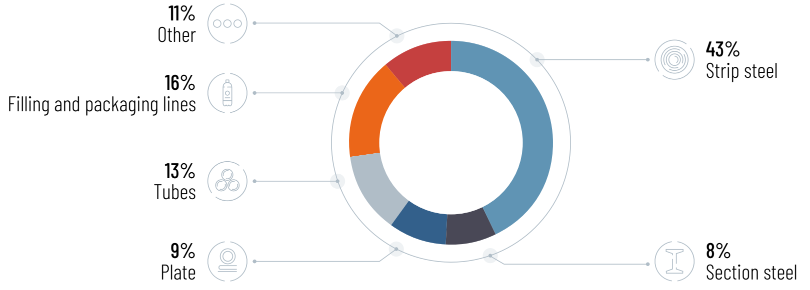
The following chapter includes appropriately marked management report-specific information that also covers reporting requirements in accordance with the European Sustainability Reporting Standards (ESRS).

With external sales of € 10.0 billion and more than 24,000 employees in the financial year 2024, the Salzgitter Group ranks among Europe's leading steel and technology corporations. The Group has an annual capacity of around 7 million tons of crude steel and comprises more than 130 subsidiaries and affiliated companies.

OUR PRODUCTS AND SERVICES

[ESRS 2 SBM-1-40 ai]: Our **core competences** lie, on the one hand, in the production and processing of rolled steel and tubes products and global trading in these products. Strip steel articles, seamless and welded steel pipes and tubes, sections and heavy plate count among our most important products in this field. On the other hand, we also operate a business in special machinery and plant engineering.

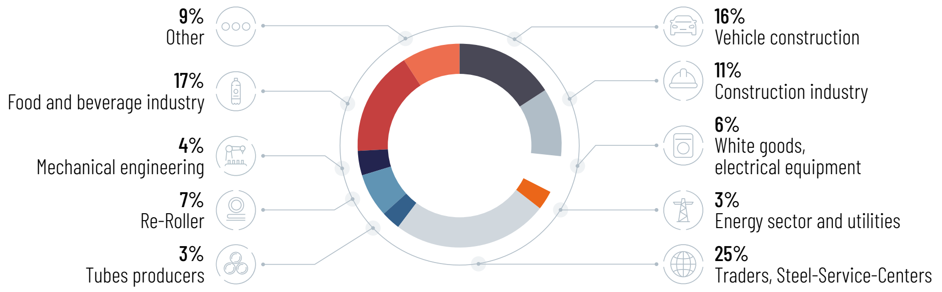
External sales by product group



Only companies included in the group of consolidated companies of the Salzgitter Group, excluding the EUROPIPE Group.

[ESRS 2 SBM-1-40 aii]: A breakdown by **customer sector** shows that around 25 % of our external sales in the reporting year was attributable to trading and the Steel Service Centers that sell directly or process beforehand – generally in smaller batches. Other significant customer sectors include primarily the food and beverages industry (17 %), the vehicle manufacturing (16 %) and the construction sector (11 %).

External sales by customer sector

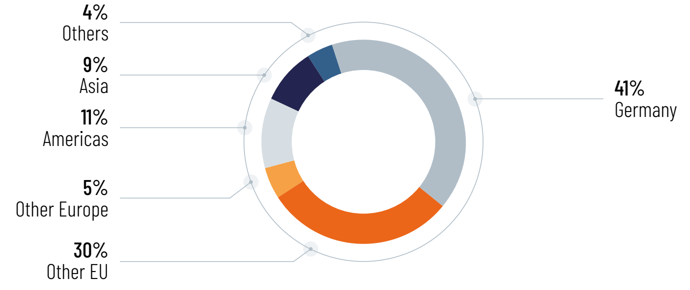


Only companies included in the group of consolidated companies of the Salzgitter Group, excluding the EUROPIPE Group.

BUSINESS ACTIVITY FOCUSED ON EUROPE

[ESRS 2 SBM-1-40 aii]: In the financial year 2024, we generated 76 % of our external sales in Europe. With a share of 41 %, Germany is traditionally by far our most important single market. It should be noted in this context, however, that many of our products are supplied to export-oriented German businesses and therefore ultimately find their way abroad. Sales outside Europe are primarily generated in the Trading and Technology business units.

External sales by region



Sales by consignee (only companies included in the group of consolidated companies of the Salzgitter Group, excluding the EUROPIPE Group).

The Salzgitter Group's rolled steel production is concentrated in Germany. The main **production sites** consist of the integrated steelworks in Salzgitter with three blast furnaces and the mini mill with two electric arc furnaces at the Peine location. In addition, the Group has two heavy plate mills in Ilsenburg and Mülheim an der Ruhr, along with 13 tube rolling mills in Germany, France, Netherlands and Mexico. The companies belonging to the Technology Business Unit are globally positioned, and also operate plants in the US, Mexico, Brazil, India and China, with a view to serving global high-growth markets. All in all, we have ↗ Group locations[1] in 44 countries and therefore maintain a virtually global presence for our customers.

[1] This reference and all other references to Internet pages in the combined management report have not been audited by the statutory auditor.

GROUP STRUCTURE AND BUSINESS UNITS

Group structure

Salzgitter Group

Salzgitter Mannesmann/Salzgitter Klöckner-Werke

Steel Production Business Unit	Steel Processing Business Unit	Trading Business Unit	Technology Business Unit	Industrial Participations/ Consolidation
Salzgitter Flachstahl	Mannesmann Precision Tubes	Salzgitter Mannesmann Handel Gruppe	KHS	Verkehrsbetriebe Peine-Salzgitter
Peiner Träger	Mannesmann Line Pipe	Universal Eisen und Stahl	Klöckner Desma Elastomertechnik	Salzgitter Digital Solutions
DEUMU Deutsche Erz- und Metall-Union	Mannesmann Grossrohr		DESMA Schuhmaschinen	TELCAT MULTICOM
Salzgitter Mannesmann Stahlservice	Ilsenburger Grobblech			Salzgitter Automotive Engineering
Salzgitter Europlatinen	Salzgitter Mannesmann Grobblech			Salzgitter Hydroforming
	Hüttenwerke Krupp Mannesmann (30%)			Salzgitter Business Service
	EUROPIPE (50%)			Salzgitter Mannesmann Forschung
				Glückauf Immobilien
				Aurubis (29.99%)
				Hansaport (51%)

As of: December 2024 (simplified presentation)

STEEL PRODUCTION BUSINESS UNIT

Along with the steel producing companies of Salzgitter Flachstahl GmbH (SZFG) and Peiner Träger GmbH (PTG), the Steel Production Business Unit also comprises DEUMU Deutsche Erz- und Metall-Union GmbH (DMU). Furthermore, the business unit includes the companies of Salzgitter Mannesmann Stahlservice GmbH (SMS) and Salzgitter Europlatinen GmbH (SZEP).

SZFG constitutes the business unit's largest organization unit. With a crude steel capacity of around 4.7 million tons a year, SZFG focuses essentially on premium steel grades for sophisticated applications. The product range encompasses hot-rolled strip, slit strip, cut-to-length strip, cold-rolled strip and surface-finished products. The lion's share of products is supplied to the automotive industry for further processing. In addition, the tubes and pipes sector and industry, including household goods manufacturers and mechanical engineering, for instance, count among the most important customer sectors. Part of the strip steel volumes produced is processed further by the business unit's own companies. Accordingly, SMS has a processing capacity of more than 600,000 tons a year. Furthermore, SZEP manufactures laser-welded tailored blanks from various strip steel grades for the automotive industry.

The second pillar of the product portfolio consists of medium-sized and heavy beams and profiles of PTG that produces crude steel from steel scrap in a mini mill with two electric arc furnaces, with a current annual capacity of around one million tons a year. In adopting this production method, PTG makes an important contribution to the circular economy. The construction industry features as PTG's main customer.

In DMU, the Salzgitter Group also has its own scrap and metal supplier that specializes in particular in trading with steel scrap, along with old and new metals and ferro alloys. The company functions as an important internal transformation partner for our → **SALCOS®** (Salzgitter Low CO_2 Steelmaking) decarbonization program.

Virtually climate-neutral steel production is to be achieved as part of the SALCOS® program by incrementally switching to a hydrogen-based route. In contrast to the former process involving blast furnaces, hydrogen and green electricity replace the carbon formerly required for producing steel. This technology enables steel production's carbon footprint to be reduced by around 95 %. Implementing the first stage of SALCOS® commenced back in 2022. At the end of 2026, products from the new production route that are generated with a mix of natural gas and hydrogen should be on the market. Once connected to the hydrogen core network, the proportion of hydrogen can gradually increase. We plan to have completed the technical transformation of the steelworks to accommodate the new procedures by the year 2033.

As the first European steel producer, SZFG obtained conformity statements back in 2021 for its green steel products with a reduced carbon footprint, produced together with PTG in accordance with the VERIsteel standard of TÜV SÜD (German technical inspectorate). The process provides proof of product-specific carbon emissions in steel production. Moreover, we have been offering green steel products with a physically reduced carbon footprint under our SALCOS® brand since 2024. The carbon emissions are recorded for the conventional blast furnace route as well as for the scrap-based electric arc furnace route that is already low carbon today. The products already correspond to Category C at minimum under the green steel classification of the voluntary and recognized ↗ Low Emission Steel Standard (LESS) labeling system developed by the German Steel Federation. These products are to be certified by way of independent auditing as soon as this is possible.

STEEL PROCESSING BUSINESS UNIT

The Steel Processing Business Unit concentrates on the downstream links in the value chain as well as on customer processes and combines the Salzgitter Group's heavy plate activities and steel tubes and pipes producing companies. Furthermore, the 30 % stake in Hüttenwerke Krupp Mannesmann GmbH (HKM), with an annual capacity in excess of 4 million tons of crude steel, has also been allocated to the business unit and is included as a joint activity on a pro rata basis in the consolidated financial statements. This provides the business unit with its own supply of crude steel.

The heavy plate mill of Ilsenburger Grobblech GmbH (ILG) boasts a production capacity of up to 700,000 tons of heavy plate a year and operates a modern heat treatment line for quarto plate. Along with standard grades, the product range encompasses plate for on- and offshore wind turbines, security steels, pipes and tubes grades, steel for shipbuilding, along with high-strength and sour-gas resistant plate. Salzgitter Mannesmann Grobblech GmbH's core competence resides above all in the production of line pipe plate for on- and offshore pipelines in medium to large batch sizes. The company is a key supplier to EUROPIPE.

In terms of pipes and tubes, the product portfolio offers a broad range of applications under the Mannesmann brand that is steeped in tradition: from longitudinally- and spiral-welded large-diameter pipes, medium-diameter line pipes, seamless and welded precision tubes.

In the line pipe product segment, Mannesmann Line Pipe GmbH (MLP) produces (high frequency inductive(HFI) longitudinally-welded steel line pipe for transporting gas, oil, water and other media. In addition, Mannesmann Grossrohr GmbH (MGR) offers spiral-welded large diameter pipe with diameters of up to 66 inches. Our line pipe activities are supplemented by the EUROPIPE Group, a 50 % joint venture with AG der Dillinger Hüttenwerke consolidated using the equity method. EUROPIPE produces longitudinally-welded large-diameter pipe in the high quality segment for application in technically sophisticated pipeline projects.

Mannesmann Precision Tubes Group (MPT Group) manufactures precision steel tubes that are used mainly in the automotive and mechanical engineering industries, as well as in the energy sector.

As part of our active portfolio management, stainless tubes specialist Mannesmann Stainless Tubes Group (MST-Group) was sold in accordance with the best owner principle on October 31, 2024 and deconsolidated.

TRADING BUSINESS UNIT

Salzgitter Mannesmann Handel GmbH as the management holding maintains a distribution network with its own stockholding locations for steel products in Europe. Customers can source steel products from the Salzgitter Group along with the complimentary products of other producers via these locations and have them processed.

In addition, the Salzgitter Mannesmann Handel Group operates an international trading business that serves a large number of its own representative offices as well as agencies all over the world. Along with selling the Salzgitter Group's rolled steel and tubes products, feedstock is also procured on the international markets for Group companies and external customers.

In addition, Universal Eisen und Stahl GmbH (UES), a heavy plate specialist that operates in Europe and North America with its own warehouses, also belongs to the business unit. The company maintains stock levels across a broad spectrum of different diameters and grades and offers a wide range of processing capabilities.

TECHNOLOGY BUSINESS UNIT

Three manufacturers of special machinery are grouped within the Technology Business Unit. More than 90 % of the Technology Business Unit's sales is accounted for by the KHS Group, a company specialized in the production of filling and packaging plants. The portfolio focuses on high-performance systems, as well as on solutions for smaller output rates for processing a wide variety of beverages and liquid food products. Moreover, KHS offers full-line systems and individual units, along with a comprehensive suite of services. The company's packaging expertise in the field of recyclable plastic containers (PET) and secondary packaging features as one of its USPs. Along with locations in Germany, KHS manufactures at production sites in the US, Mexico, Brazil, India and China.

The Klöckner DESMA Elastomer Group (KDE Group) makes injection molding machinery for rubber and silicon products. The elastomer articles manufactured in the plants are used for example in the automotive industry, energy distribution networks, raw material extraction, infrastructure components, and also in the white goods industry. The KDE Group maintains production sites in Germany, Slovakia, India, China and the US.

DESMA Schuhmaschinen GmbH (KDS) is a manufacturer of plants, machinery, automation solutions, and forms for industrial shoe production. The company offers full-line solutions, from planning factories through to developing machinery and automation concepts and on to mold-maker products, as well as providing global service.

INDUSTRIAL PARTICIPATIONS / CONSOLIDATION

Industrial Participations / Consolidation comprises the Salzgitter Group's activities that are not directly assigned to a business unit. On the one hand, such activities consist of service companies and units operating within the Group that, with their products and services, provide support for the business units' core activities. This support ranges from supplying raw materials and IT services, facility management, logistics and automotive engineering through to research and development. Some units also offer their services to third-party customers.

On the other hand, holdings such as the 29.99 % stake (measured against the total number of shares issued) in Aurubis AG, along with the 51 % stake in Hansaport Hafenbetriebsgesellschaft mbH are also assigned to Industrial Participations / Consolidation.

THE GROUP'S LEGAL STRUCTURE

Salzgitter AG is the parent company and management holding of the Salzgitter Group. All major participating investments are held through the wholly owned company Salzgitter Mannesmann GmbH (SMG) and its wholly-owned subsidiary Salzgitter Klöckner-Werke GmbH (SKWG). The Executive Board of Salzgitter AG is composed of the same persons as the management boards of interim holding companies of SMG and SKWG. SKWG performs most of the tasks associated with the Group's finance function, thereby securing centralized and unrestricted financial management for the entire Group.

Salzgitter AG's entire holdings pursuant to Section 285 item 11 of the German Commercial Code (HGB) are listed and available at ↗ Reports.

In their role as the respective shareholding companies, Salzgitter AG and SMG have issued letters of comfort in respect of SMG and SKWG. As the furnishers of the letters of comfort, Salzgitter AG and SMG undertake to fund SMG and SKWG respectively in the subsequent financial year so that obligations entered into in the current financial year can be settled in adherence to deadlines.

GOALS AND STRATEGY

SALZGITTER AG 2030

In pursuing its **"Salzgitter AG 2030"** strategy, the Salzgitter Group has embraced low carbon steel production and is committed to ensuring its position as a sustainable industrial company. The overarching goal of the corporate strategy is to position Salzgitter AG center stage in a **circular economy**. Providing innovative products and processes, underpinned by strong partnerships and networks, we intend to establish ourselves as market leader for circular economy solutions, thereby evolving into Europe's strongest steel and technology group. Our strategy focuses on people who act as pioneers, define the direction, and develop solutions for steel and technology. Our values that are embedded in our → YOUNITED mission provide the framework within which we operate.

VISION AND MISSION

As a key component of the strategy, the **PIONEERING FOR CIRCULAR SOLUTIONS vision** clearly illustrates the Salzgitter Group's leadership aspiration in the field of circularity. Our understanding of circularity consists of keeping resources once sourced from nature for as long as possible in economic use, thereby minimizing the additional introduction of finite resources into the economic cycle. In our view, circularity also signifies taking a holistic view of processes and products, combining them intelligently, and taking the entire life cycle into account right from the product development stage.

Our vision is highly compatible with the current political strategic thrusts under the European Green Deal, the Clean Industrial Deal envisaged by the EU and the Nationale Kreislaufwirtschaftsstrategie (domestic circular economy strategy).

Our **PARTNERING FOR TRANSFORMATION mission** underscores the significance of an integrated cooperation between all our business units, products, technologies, employees and external partners on the way to achieving our goals. The mission maps out the route and is a precondition for the Salzgitter Group's efficient and successful transformation.

- In pursuing our mission, we continued to expand the circle of our partnerships in 2024. One example is the cooperation agreement of Ilsenburger Grobblech GmbH with Norway-based Norsk Stål AS and Swedish Terramet Stålcenter AB. Accordingly, the two largest steel stockholders of both countries have secured heavy plate made of sustainable SALCOS® steel. This cooperation serves to support decarbonizing Scandinavia's economy, among other aspects in the wind, offshore and shipbuilding industries.
- A further example in the domain of partnerships consists of the cooperation between Verkehrsbetriebe Peine-Salzgitter GmbH and its partner, European Loc Pool. A joint leasing agreement was signed for innovative Euro Dual locomotives with the aim of raising efficiency and sustainability in transporting heavy freight via rail.
- As part of the partnership between Gasunie and Mannesmann Line Pipe GmbH, pipes made of SALCOS® steel were delivered for application in Gasunie's transmission pipeline system. This contributes to our cooperation partner's goal of becoming climate neutral.

In addition, numerous partnerships have been entered into since 2022, with the aim of securing the supply of important primary materials, along with the green energy and plant technology for low carbon steel manufacturing in the context of ↗ SALCOS® (Salzgitter Low CO_2 Steelmaking).

Further examples of strategic partnerships that have been concluded in the financial year 2024 can be found here: → **Non-Financial Report**

STRATEGIC DIRECTIONS AND GOALS

The following five strategic directions form the framework for our "Salzgitter AG 2030" strategy:

- Circular Economy
- Profitability
- Growth & Customer-Oriented Solutions
- Capital Market
- Employees

We have set ourselves concrete goals for the respective elements of the strategy for 2025 and 2030 that are summarized on the **Strategy Scorecard**. You will also find explanations of the strategic directions and core topics of our Steel Production, Steel Processing, Trading and Technology business units under the section on ↗ Strategy. Given the extremely dynamic external framework conditions and internal developments, we will be reviewing our scorecard and readjusting the goals. The revised scorecard with updated goals, including expanding scrap recycling as part of steel manufacturing activities, the use of market-compatible green electricity, depending on availability, as well as defining the next stage of our SALCOS® program will be published in the financial year 2025. The further shaping of the strategy also depends on the economic and political framework conditions, such as for example a functioning CBAM (Carbon Border Adjustment Mechanism) and specific, additional funding commitments. In harmony with the aim of going live with SALCOS® Stage 1 in 2026, we are fundamentally striving to concurrently achieve the associated interim goals, with the aim of expanding scrap recycling and deploying sources of renewable power.

CIRCULAR ECONOMY

In our case, the circular economy is focused on ramping up scrap recycling, considerably accelerating the decarbonization of steel production, as well as sourcing power from renewable energies.

In this context, strategic partnerships serve to ensure that the goals can be achieved. These partnerships include creating access to high quality scrap and renewable energy sources, as well as securing the availability of green hydrogen, direct reduction grade pellets and plants for direct reduced iron, along with electric arc furnaces.

- The primary goal in the field of circularity is **to increase the use of scrap** in steel production, from currently 2 million tons p. a. to at least 3 million tons p.a. (+50 %) through to 2030.

In the second quarter of 2024, Salzgitter AG commissioned the construction of a large shredding facility in Salzgitter. Entailing an investment volume of almost € 30 million, the plant will secure the supply of low carbon steel production with qualitatively high-grade scrap in sufficient quantities. Commissioning has been scheduled to coincide with the start of the first stage of the SALCOS® transformation program in 2026. In an accompanying phase, DEUMU Deutsche Erz- und Metall-Union GmbH set about developing scrap type 4 SALCOS® together with its partners. This scrap is in line with the properties required in the SALCOS® production process.

In addition to the aforementioned focus areas, numerous business activities in the Group were assessed in the context of the circular economy. Communication, sales and marketing approaches have been further developed, while reference opportunities in the more immediate and wider industry environment were subject to analysis – resulting in fresh impetus. In 2024, this especially includes consideration given to expanding the processing of slag.

- In 2026, we aim most particularly to have completed the first step in laying the cornerstone of our SALCOS® program that will make it technically possible for us to reduce our **Scope 1 und Scope 2 CO_2e emissions** by 30 % compared with 2018.

Salzgitter AG's ambitious climate targets were ratified by the Science Based Targets Initiative in June 2024. The Salzgitter Group's SBTi reduction targets accord with the 1.5 °C target of the Paris Agreement. The year targeted for short-term objectives is 2028. In adopting this time horizon, the Salzgitter Group is underscoring its pioneering role in transforming the steel industry. All Group companies in Germany and abroad have now been taken under responsibility to contribute to achieving the targets. In the long term, Salzgitter AG intends to reach the net zero target by 2050 at the latest. We elaborate on the details in our → **Non-Financial Report**.

- The **transformation toward virtually carbon-neutral steel production** is being implemented within the context of SALCOS®. The technical approach of SALCOS® consists of avoiding carbon emissions directly in the production process (Carbon Direct Avoidance) through replacing the carbon formerly required for producing steel incrementally - initially mainly by natural gas and subsequently by 100 % green hydrogen - in direct reduction plants to be built. SALCOS® is being implemented in stages. The first stage that is already underway consists of a direct reduction plant, an electric arc furnace, and a 100 MW electrolysis plant generating hydrogen. With this as a foundation, we aim to supply our customers with low carbon steel on an industrial scale as from 2026. Following a ramping up phase, we will be producing 2 million tons via this route, thereby realizing 30 % of Salzgitter Flachstahl GmbH's primary steel production without the use of coking coal. By the end of 2033, the transition to virtually carbon-neutral steel production at the Salzgitter location is to have been completed – well ahead of statutory requirements.

In October 2022, the EU Commission gave notification of subsidizing the SALCOS® program using federal and government funds. In April 2023, Salzgitter AG received the decision on government funding for the SALCOS® program in an amount of around €1 billion. With this subsidy approval, SALCOS® will be supported by funds of around € 700 million from the German government and € 300 million from the federal state.

/ Full alignment to low carbon steel production will be instrumental for us in achieving the target of **eliminating 1% of Germany's emissions**. As part of the transformation, the technical foundation for reducing emissions by up to 2.5 million tons a year as from 2026 and 8 million tons a year as from 2033 has been set in place.

Accordingly, all the component parts comprising the first stage of the SALCOS® program are in the production and construction phase. Following the initial years that were determined above all by foundation work for the buildings, the third quarter of 2024 saw construction work commence on the SALCOS® facilities through building the DRI plant. With a structure to house the power supply of the SALCOS® facilities, the outer skin of the first building was completed as part of SALCOS®. In addition, several other major plant components were delivered to the SALCOS® building site.

We have been offering green steel products with a physically reduced carbon footprint from the Group's own production under the SALCOS® brand since 2024. There is no calculatory emissions reduction for accounting purposes in the carbon footprint and the products correspond to Category C at minimum of the green steel classification under the voluntary and recognized ↗ Low Emission Steel Standard (LESS) labeling system of the German Steel Federation. The Salzgitter Group is endeavoring to obtain certification under LESS.

/ The reduction of Scope 2 emissions can only be successful through sourcing **power from renewable energies**. For this reason, we have plans to source the power for the Salzgitter Group's processes fully from climate-compatible production by 2030.

We are rigorously pursuing measures to lower our energy consumption. Wherever economically viable, we are switching our energy supply to renewable sources, which also includes producing power at our own locations. With the planned commissioning of the first development stage of the SALCOS® program, additional electrical energy will be required. Taking account of all relevant parameters in the integrated steelworks, we currently assume that these requirements will amount to around 2.3 TWh in 2027. To this end, a series of long-dated green power purchase agreements (PPA) have been signed. For 2027, the contractually secured PPA volume for all the Group's major consumers will amount to around 1,200 GWh.

PROFITABILITY

We have set ourselves the goal of strengthening our profitability and of setting benchmarks in a comparison across Europe's industries.

/ In this context, we measure ourselves using **return on capital employed** (ROCE), on the one hand, where we are aiming to achieve a ratio of 14 % in 2030. On the other, we are striving to achieve an EBITDA margin of more than 10 % by 2030.

Against the backdrop of the burden from an extremely challenging market environment and special items, the Salzgitter Group posted a result clearly in negative territory in 2024. The desired targets were therefore not achieved.

/ We will continue to rigorously implement the **profit improvement programs** (PIP) that have proven to be so decisive for the resilience of our results in the past. Having already achieved our original target of leveraging additional improvement potential of more than € 150 million from 2026, we are now raising our ambition to around € 250 million p.a. as part of the "Performance 2026" program of measures.

Against the backdrop of the current challenges, and with a view to strengthening our future competitiveness, we took the decision in the reporting year to build on our Performance 2026 program of measures. Measures will continue to focus on further enhancing sustainable efficiency and process improvements in the areas of procurement, logistics and sales. We anticipate an additional, significant savings effect from these measures of approximately € 250 . We have also taken measures to support liquidity and earnings in the short term. This includes restrictive allocation in the area of investment and maintenance as well as the optimization of working capital.

GROWTH AND CUSTOMER-CENTRIC SOLUTIONS

/ The Salzgitter Group aims to grow sustainably in new and existing areas of business and to lift its **overall sales to more than € 11 billion** by 2030. To this end, we plan to expand our offerings in particularly forward-looking areas, thereby tapping new revenue sources. The focus here is placed on expanding circular business models. Our aim is to position ourselves more strongly in the respective growing market segments and to achieve greater vertical integration. We review our portfolio on an ongoing basis and adjust it consistently in line with our strategy.

In pursuing its "Salzgitter AG 2030" strategy, Salzgitter AG has anchored the principle of the circular economy throughout the entire Group. Success achieved in wind energy pilot initiatives are to be perpetuated, among other measures, as part of implementing the circularity approach. Such measures include, for instance, using old scrap from dismantled wind turbines, the qualification of low carbon steel products sourced from the Group, and reinforcing companies' abilities to operate in new product areas in the field of offshore wind. In the Technology Business Unit, the KHS Group, for example, offers processes, products and services that are designed for a resource-conserving and low carbon closed production chain. Consequently, customers are provided with new, value-added solutions and upgrades during the entire life cycle of KHS plants, along with used machinery re-adapted for further deployment. This approach supports customers in achieving their own sustainability targets. Moreover, the KHS Group has been using certified green electricity in all its German locations for years and is planning to do so in its international production sites as well. In the Trading Business Unit, we collaborate with partners with the aim of significantly increasing the volume of green steel available on the market in the future. With a view to ensuring reliable supplies of green steel for our customers, we are opting for full transparency in terms of the carbon footprint of the products we trade. In addition, the Trading Business Unit is reinforcing its international trading activities in the area of steel scrap, thereby contributing to intensifying the circular economy.

We plan to generate additional growth through product innovations that enable us to enter new markets. One example is TektoSal®, a high-strength special structural steel that can also be used as low carbon SALCOS® steel for manufacturing semi-trailers, for instance. Another growth market with new customers consists of the ballistic steel segment in which Ilsenburger Grobblech GmbH is increasingly strengthening its position.

We view active portfolio management across all domains, at the level of the business areas as well as the individual companies and holdings as members of the Group, as an integral component of a successful growth strategy. With this in mind, we conducted an extensive assessment on the entire Group portfolio in the financial year 2024, applying the best-owner principle. We then investigated measures, both with a view to potential disinvestment and also in the light of attractive acquisitions. Specific portfolio measures carried out in 2024 included the sale of Mannesmann Stainless Tubes, the partial acquisition of H. F. Meyer Maschinenbau GmbH & Co. KG, as well as KHS's acquisition of a majority holding in Tyrolon-Schulnig GmbH. This acquisition has enabled KHS to strengthen its technological competence and expand its product portfolio.

CAPITAL MARKET

Our aim is to be perceived on the capital market as a successful and sustainable long-term investment, a position that hinges on reliability and transparency. These attributes are reflected in our forecast policy as well as in regular interaction with the capital market in the form of mandatory disclosures and personal communication. In an exchange of views with investors and analysts, we have defined dividend and the aspect of sustainability as key capital market issues and, in this context, determined targets for dividend return and ESG ratings.

/ Salzgitter AG pursues a policy of paying out steady dividend as far as possible. As part of the corporate strategy, we will be striving to achieve an annual **dividend yield** of at least 2 % as from 2025.

The Executive and Supervisory boards propose that the 2025 General Meeting of Shareholders approve a dividend payment of € 0.20 per share for the financial year 2024. In relation to the 2024 year-end closing price of € 15.84, this results in a dividend yield of 1.3 %.

/ Stakeholders such as customers, banks and investors require concrete proof of sustainable activity based on analyses and certifications. Sustainability ratings measure and assess the degree to which a company acts sustainably and to what extent ESG criteria have been implemented in a company. Furthermore, such ratings enable comparison with peers and other companies. Our aim is to position Salzgitter AG in a set of internationally recognized → **ESG ratings** as part of the relevant peer group comparison in the top tertile by 2025 and in the top quartile by 2030.

Based on its relevance for customers, banks and investors, we defined the rating agencies to be included in 2022. Moving on from this, an ESG rating concept for a sustainable peer group comparison and measuring against the scorecard target was developed in 2023. An in-depth and externally facilitated analysis of our assessments in the selected ESG ratings revealed improvement potential. We will be focusing on realizing this potential in the coming years through a structured, phased plan. The potential of various aspects arising from the analysis were implemented in the financial year 2024. Among other things, this approach was reflected i.a. in an improvement in the EcoVadis rating that is considered relevant. Salzgitter AG achieved a rating of 60/100 in 2024, marking an increase of five points compared with the initial certification in the financial year 2023. The Salzgitter Group was once again awarded a bronze medal for this performance. Expressed as an average, the ratings currently included in the ESG rating concept have settled at the level of the interim goal defined for 2025.

EMPLOYEES

People play a critical role in the aforementioned entrepreneurial transformation. This approach is clearly evidenced by our corporate claim "People, Steel and Technology". People – our employees – constitute the dynamic driving force ensuring realization and therefore represent a key success factor.

- The Salzgitter Group is striving to **reduce the Lost Time Injury Frequency Rate (LTIF rate)** by 35 % in 2025 measured against the reference year of 2021 and by 50 % by the year 2030. The targets assume that, as from 2025, the potential for reducing LTIF further will gradually diminish.

With a view to further reinforcing the Group's safety culture, emphasis in the reporting year was placed on holding action days focused on the issues of → **health and safety at work**. In addition, drawing up a concept for a new health and safety strategy for the Salzgitter Group commenced in the reporting year. The aim is to reinforce the interconnected topics of health and safety at work further in the future, to bring about a measurable continuous improvement in occupational health and safety, and to further enhance the occupational health and safety culture within the Group. In the financial year 2024, the LTIF came in at 7.1, thereby reflecting an improvement compared with the previous year (2023: 7.6). We hold fast to our objective of reducing the absenteeism rate and avoiding accidents and will continue to work intensively on this matter.

- Furthermore, we pursue the goal of raising the **proportion of women in newly to be filled non-tariff and management positions** to 25 % by 2025 and to 30 % by 2030. In this context, Salzgitter AG is working tirelessly to enhance its employer appeal, particularly also for women.

Our established FORWARD personnel development program functions as a central component for securing specialist and management staff within the Salzgitter Group. With a view to stepping up the program, activities to link our talent management and our mentoring program for women were undertaken in the reporting year. The aim is to involve women mentees from the mentoring program in a more targeted manner in the future in the talent management nomination process and to identify female high potentials in order to promote the process of recruiting female employees for management roles. A groupwide network event designed to support all mentees took place in 2024. A day was reserved for discussing aspects of career development for women in various workshops, keynotes and presentations, thereby strengthening the groupwide network.

Following on from last year when the "Women of Steel" network was set up at Salzgitter Flachstahl GmbH, female employees of Peiner Träger GmbH and the two heavy plate companies (ILG und MGB) came together in the reporting year for a cross-company and a company-specific "women's network meeting", with the aim of expanding the network of female employees. As a flanking measure, cross-departmental input sessions were held in the three companies in which female employees and management developed ideas and measures to increase the proportion of women and promote women in management.

EMPLOYEES

As of December 31, 2024, the core workforce of the Salzgitter Group numbered 22,381 employees, which is 757 people less than at the end of the financial year 2023 (23,138). The decline in workforce numbers is essentially attributable to the deconsolidation of companies belonging to the Mannesmann Stainless Tubes Group, effective October 31, 2024. Up until year-end 2023, this group's 960 employees were still included in the Salzgitter Group's workforce. A counter trend emanated from the initial consolidation of KHS Vietnam Company Ltd. Adjusted for these consolidation effects, the Group's workforce numbers for 2024 increased by 180 employees compared with the year-earlier period. As in previous years, the organic increase in workforce numbers is mainly due to the value-adding expansion of the KHS Group's business, along with additional personnel requirements from the SALCOS® program at Salzgitter Flachstahl GmbH. The ongoing digitalization of business processes also resulted in another increase in workforce numbers at Salzgitter

Digital Solutions GmbH. This growth was offset by the closure of a production line of the precision tubes company in Mexico and a decrease in personnel requirements as a result of sustained weak demand in the Trading Business Unit.

Including trainees and employees in non-active age-related part-time work, the total workforce of the Salzgitter Group came in at 24,473 persons (previous year: 25,183). At the end of the financial year 2024, we also employed 779 temporary staff outsourced (previous year: 835), which corresponds to 56 persons less compared with the previous year. The share of external staff outsourced in the sum total of core workforce members and staff outsourced stood at 3.4 % (previous year: 3.5 %).

Due to temporary capacity utilization problems in a number of companies, short-time work was also necessary in the financial year 2024. At the end of the reporting period, 201 employees were working short time in the domestic Group companies (previous year: 167). An average of 423 employees a month were affected by short-time work in 2024 (previous year: 290).

Workforce – key figures

	2024/12/31	2023/12/31	Change
Core workforce Group[1]	22,381	23,138	–757
Steel Production Business Unit	7,578	7,430	148
Steel Processing Business Unit	4,233	5,317	–1,084
Trading Business Unit	1,850	1,990	–140
Technology Business Unit	5,957	5,720	237
Industrial Participations / Consolidation	2,763	2,681	82
Apprentices, students, trainees	1,486	1,413	73
Non-active age-related part-time employment	605	632	–27
Total workforce	24,473	25,183	–710

Rounding differences may occur due to pro-rata shareholdings.
[1] Excluding executive body members

Regional distribution

		Germany	Rest of Europe	America	Asia	Other regions
Core workforce[1]	Employees	18,585	1,226	1,451	905	214
	%	83.0	5.5	6.5	4.0	1.0

[1] Excluding executive body members

Personnel expenses amounted to € 2,015.8 million in 2024, which is 6.8 % higher than in the year-earlier period. Along with the marginal upturn in average employment throughout the year and higher collectively agreed wages, the increase in personnel expenses is due in particular to one-off restructuring expenses of € 46.8 million.

YOUNITED CORPORATE MISSION

Under its “Salzgitter AG 2030” strategy, the Salzgitter Group has positioned itself to meet the challenges of the future. In our YOUNITED mission statement, we have formulated our understanding of ourselves based on the three pillars of Goals, Paths, Values. A review of the mission in the reporting year produced clear evidence that YOUNITED and its values are instrumental in assisting us to achieve our new strategic goals. In addition, in the context of an “upgrade” in 2023, ten corporate culture levers were identified that translate our values into specific measures and activities. The four levers of greatest relevance were prioritized for the purpose of evolving our corporate culture: “Focusing on the Customer”, “Enabling Agility”, “Taking Responsibility” and “Demonstrating and Recognizing Performance”. Advancing the development process involved focusing on creating a common understanding of the cultural levers. Workshops at business unit level were held with cultural ambassadors in 2023 who intensively addressed the four levers.

In the reporting year, awareness of these four levers was raised further and experienced by the entire workforce through targeted measures within the Group in the context of so-called “culture months” Individual measures in the various companies are to be derived on this basis and implemented in the financial year 2025 and going forward.

RESEARCH AND DEVELOPMENT

The Salzgitter Group's research and development (R&D) for the Steel Production and Steel Processing business units are grouped together under Salzgitter Mannesmann Forschung GmbH (SZMF). ↗ SZMF maps the entire process chain in the laboratory and also via simulation, from steel production through to progressing deep into steels processing. The company is also part of a tight network comprising universities, research institutes and industrial partners within the context of numerous national and international research projects. We regard this constellation as preferable to buying in external know-how, with the result that no major R&D procurement expenses were incurred in 2024. SZMF actively participates in defining the relevant norms and standards, both in the domestic and in the international arena. R&D in the Technology Business Unit is organized decentrally in the respective companies.

Patents and trademark rights underscore our innovative capabilities: the portfolio for the entire Group comprised 4,643 patent and 1,575 trademark rights (previous year: 5,593 and 1,565 respectively). With 4,169 patents and patent registrations (previous year: 5,009) and 510 trademark rights (previous year: 483), the majority is attributable to the Technology Business Unit.

R&D EXPENSES

In 2024, the Salzgitter Group spent € 82.0 million on R&D and R&D-related activities (previous year: € 86.7 million): The breakdown of expenses per business unit developed as follows:

Research and development expenses by business unit

		Group	Steel Production	Steel Processing	Technology	Third party and no BU allocation
R&D expenses	€ m	82.0	30.3	17.0	24.5	10.1
	%	100.0	37.0	20.8	29.9	12.3

Excluding the EUROPIPE Group

As of December 31, 2024, 650 employees in the Salzgitter Group were engaged in research and development activities. Of this number, 257 members of staff were active at SZMF and 394 at the operating companies. The fact that the majority of our R&D employees work in production-related areas serves to highlight how strongly our R&D activities are focused on products and therefore on our customers. We dedicate a notable part of our research capacity to pre-development projects that generally have project durations of two to five years.

Multi-year overview of research and development

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
R&D expenses[1]	€ m	80	85	85	80	88	93	96	91	85	85
R&D employees	empl.	650	669	681	684	700	762	763	750	733	767
R&D ratio[2]	%	0.8	0.8	0.7	0.8	1.2	1.1	1.0	1.0	1.1	1.0
R&D intensity[3]	%	4.3	3.7	2.7	3.1	5.7	5.7	4.5	4.5	4.8	4.8

Excluding the EUROPIPE Group
[1] R&D expenses in relation to goods and services for Group companies
[2] R&D expenses in relation to Group sales
[3] R&D expenses in relation to Group value added

R&D FOCUS AREAS

Our focuses of research and development are aligned to the requirements placed on our future products.

In implementing the ↗ SALCOS® (Salzgitter Low CO_2 Steelmaking) program, we are playing a pioneering role in decarbonizing the steel industry. The SALCOS® principle is anchored in avoiding process-related carbon emissions, also known as carbon direct avoidance (CDA). Technical implementation takes place in stages through replacing our blast furnaces by direct reduction plants, with downstream electric arc furnaces. Natural gas and, with increasing availability, green hydrogen will substitute the fossil fuel reducing agent of coking coal. Once the transition has been completed, only water vapor will be emitted instead of environmentally detrimental carbon dioxide.

By 2023, the BeWiSe project (Begleitforschung Wasserstoff in der Stahlerzeugung – accompanying research on hydrogen in steel production) had been successfully completed as part of **flanking SALCOS® research**, and the successor BeWiSer project, promoted by the German Federal Ministry of Education and Research had been seamlessly initiated. Among other aspects, the direct reduction process, based on experimental and numeric models, is to be optimized and technologies investigated for harnessing ferrous biogenic residual materials. Extensive trials are planned for the experimental investigations, most particularly for looking more closely at the flexible use of natural gas and hydrogen blends, as well as the impact of various iron feedstocks.

With a view to capturing all the relevant aspects of SALCOS®, social and techno-economic aspects are also incorporated in the form of future dialog and extended environmental footprint models. Along with these endeavors, comprehensive investigations are underway to lay the ground for commissioning the first stage of SALCOS®, scheduled for 2026. Here, the focus is placed on the metallurgical treatment of molten steel, conditioning of the respective slack, and optimizing the use of secondary material (scrap) in primary production.

Further focuses of research and development in the field of **strip steel** include high-strength steels with improved formability and residual expansion, as well as ultra high-strength steels for special component geometry and sections. With regard to the automotive industry, the development of high and ultra high-strength hot strip, cold-rolled multi-phase steels and press-hardened steels with enhanced product properties takes center stage in the conventional grades segment. The emphasis here is placed on chassis steel with 1,000 MPa strength that also meets additional customer requirements beyond the boundaries of the VDA standard. With DH and FH (Dual Phase High and Formability High) steels, cutting-edge developments for bodywork steel form part of the so-called third generation of AHSS (Advanced High Strength Steels). These steels are produced in particular on the new Hot Dip Galvanizing Line 3 in Salzgitter. Current developments in hot strip apply to the market segment for ultra high-strength, wear-resistant and tough hot strip. Advanced analytics methodologies and artificial intelligence support both R&D and the continuous optimization of our production processes in metallurgy, in the hot and cold rolling mill as well as in surface finishing. For the aforementioned reasons, the process and product transformations in connection with decarbonizing steel production play an increasingly important role.

Heavy-duty **precision tubes** for use in electromobility form an integral part of development work in the automotive customer segment. Products here, such as rotor shafts and stabilizers from ultra high-strength steel grades, are destined for the electric drive train and bodywork. Hydrogen-resistant pipes and containers from selected steels with special coatings are developed for fuel cell vehicles. In the Industry customer segment, surface quality and the material of ultra-strong hydraulic pipe are optimized to achieve the desired fatigue strengths for mobile hydraulic machinery, while keeping weight to a minimum.

Transporting and storing hydrogen and carbon dioxide are becoming increasingly important in the context of the energy transition and climate protection. These aspects apply most particularly to our **large-diameter pipes** and **medium-diameter line pipe** product segment. Significant need for research consists above all in detecting and meeting specific market requirements, to which we are intensively committed in pioneering a sustainable steel industry. Our additionally extended laboratory equipment in the newly established **"H2SteeLab" hydrogen competence center** located in our Duisburg research location serves to combine our competence developed over decades in this complex field. This positions us at the forefront of European steel research. The respective R&D services are not only available to the Group but also externally to our customers.

In the **heavy plate** segment, ballistic and security steels for various applications and strength grades are developed and qualified. In this context, we have adopted two approaches: Conventional steels for ballistic applications are made ready for serial production, and a technologically innovative security steel with improved processing ability is adapted to various applications and optimized. Thick metal sheet with maximum toughness for wind turbines and the qualification of sour gas grades for line pipes are further key areas of development.

R&D priorities in the **area of the technology business** consist of projects designed to ensure and strengthen the competitiveness of the product range. In addition, we strive to fulfill our responsibility of reducing the carbon footprint of new and existing machinery through innovative products and intelligent solutions. Our aim in doing so is to enable our customers to keep the use of auxiliary media and consumables to a minimum and deploy recycled material within the meaning of circular solutions. Our aspiration is to assist our customers in improving earnings, reducing costs, and enhancing resource efficiency through forward-looking solutions. Measures are developed in line with a defined R&D road map, with a focus on core applications. Furthermore, the fungibility of innovative products is the subject of constant monitoring.

Examples of the aforementioned development focus points include optimizing product costs, in particular by way of modularization and standardization, projects in the domain of bottle washing, palletizing and filling technology, along with expanding and improving the product portfolio for sensitive beverages. In order to exploit optimization potential in operating filling and packaging plants based on digital technologies, projects centered around cloud-based services for the collection and processing of production data are being implemented for the existing KHS IoT platform. In this context, the growing requirements placed on the operating safety of networked KHS filling and packaging plants at the customer are especially taken into account. Moreover, development projects are being carried out with the aim of advancing and refining the KHS product portfolio the area of inspection technology.

DECLARATION OF CORPORATE GOVERNANCE[1]

The corporate governance of Salzgitter AG is geared to ensuring the sustainable development and long-term success of the company in harmony with the principles of a social market economy and in observance of its corporate responsibility for people and the environment. It is based on the provisions set out under German stock corporation law and the recommendations laid down in German Corporate Governance Code. It is therefore both intrinsically important to us and our obligation to ensure that the prevailing laws are complied with at all times, that generally accepted basic values in dealing with people and companies are observed, and that nature is preserved in conducting the company's business.

2024 DECLARATION OF CONFORMITY WITH THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The Executive Board and Supervisory Board submitted the following declaration on December 5, 2024, in respect of the recommendations of the German Corporate Governance Code, pursuant to Section 161 of the German Stock Corporation Act:

"Since submitting the last Declaration of Conformity dated December 7, 2023, Salzgitter AG has complied – and will continue to comply in the future – with all of the recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette, bar the following exceptions:

- Recommendation B.3 was not complied with. Under this recommendation, management board members shall initially be appointed for a period of no more than three years.
- Recommendation G.10, sentence 1, is not complied with. This recommends that amounts of variable remuneration shall be invested predominantly in company shares or granted as share-based remuneration.
- Recommendation G.13 was not complied with. Under this recommendation. any payments made to a management board member in the context of premature termination shall not exceed twice the annual remuneration.

[1] This section is not part of the combined management report that requires auditing.

In the case of a successor joining the Executive Board from 2021, the member was initially appointed for three years and four and a half months to allow for a time lag between the time when the new Executive Board member is appointed and the time when the appointment of other Board members elapses.

The variable remuneration amounts granted to Executive Board members are 36 % based on shares. The Supervisory Board considers this proportion appropriate.

In accordance with their current employment contracts and under certain conditions, Executive Board members were and are entitled to a settlement of up to a maximum of three year's remuneration if they leave the company's service prematurely due to a change of control. This arrangement corresponded to the recommendations of the Code valid up until March 2020, but does not accord with the new version of the Code drawn up in 2020, however. In view of current employment contracts, the new version cannot or should not be complied with in the interest of equitable treatment of the Executive Board members."

MANAGEMENT AND CONTROL

THE EXECUTIVE BOARD OF SALZGITTER AG

The members of the Executive Board of Salzgitter AG are appointed by the Supervisory Board. The Supervisory Board can rescind the appointment for an important reason. The Executive Board represents, heads up the company and manages the company's business under its own responsibility in accordance with the German Stock Corporation Act (AktG). It determines the strategic direction and the future development of the company together with the Supervisory Board. The Executive Board is mandated with safeguarding the company as a going concern and enhancing its value in the interest of the company and in consideration of the interests of the shareholders, the workforce and other stakeholders associated with the company. It strives to achieve the highest possible return on capital employed within the scope of the corporate purpose. The Supervisory Board has determined that certain business transactions may only be carried out with Supervisory Board approval. The Annual General Meeting of Shareholders can only decide matters affecting the management of the Group if this has been requested by the Executive Board.

Over the course of the financial year 2024, the Executive Board consisted of five members in total – Mr. Groebler as the Chief Executive Officer and Chairman of the Executive Board, the Chief Financial Officer (initially, Mr. Becker, and subsequently Ms. Potrafki), the Chief Personnel Officer (Mr. Kieckbusch) and Ms. Dietze who was initially an Executive Board member without a portfolio and who has held the office of Chief Personnel Officer since January 1, 2025. The Supervisory Board has fundamentally assigned each Executive Board member a portfolio of responsibilities for specific organization units and has specified the decisions for which all Executive Board members are jointly responsible. The management of the four business units is the joint responsibility of all the members. A Group Management Board is at hand to assist them. Members of this board are the Executive Board members and generally one manager from each of the four business units who coordinates the activities of their respective business unit (business unit manager).

Over the months from February 1 through December 31, 2024, the Executive Board consisted of more than three persons. Throughout this period, at least one woman and at least one man were members of the Executive Board.

The members of the Executive Board are liable to the company for any dereliction of duty. The company's D&O insurance provides for an appropriate deductible that accords with statutory requirements.

In the financial year 2024, the following members belonged to the Executive Board of Salzgitter AG and held memberships in the following a) statutory supervisory boards and b) comparable domestic and foreign controlling bodies of commercial enterprises:

Member	Mandates
Gunnar Groebler Chairman Born in 1972 German nationality Member since May 17, 2021 Chairman since July 1, 2021 Appointed through to September 30, 2029	**Consolidated companies:** a) Membership in other statutory supervisory boards: / Ilsenburger Grobblech GmbH, Ilsenburg (Chairman) / KHS GmbH, Dortmund (Chairman since April 1, 2024) / Mannesmann Precision Tubes GmbH, Mülheim an der Ruhr (Chairman since June 21, 2024) / Peiner Träger GmbH, Peine (Chairman) / Salzgitter Flachstahl GmbH, Salzgitter (Chairman) / Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Chairman) / Salzgitter Mannesmann Handel GmbH, Düsseldorf (Chairman) / Aurubis AG b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Ilsenburger Grobblech GmbH, Ilsenburg, and Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Joint Advisory Council, Chairman) **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Semco Maritime A/S, Esbjerg, Denmark, until April 30, 2024 **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: / Aurubis AG, Hamburg / Heidelberg Materials AG, Heidelberg, since May 16, 2024 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Burkhard Becker Finance Born in 1960 German nationality Member since February 1, 2011 Appointed through to March 31, 2024	**Consolidated companies:** a) Membership in other statutory supervisory boards: / Hüttenwerke Krupp Mannesmann GmbH, Duisburg (Second Vice Chairman) / EUROPIPE GmbH, Mülheim an der Ruhr (Chairman since April 24, 2024) / KHS GmbH, Dortmund (Chairman) until March 31, 2024 / Peiner Träger GmbH, Peine, until March 31, 2024 / Salzgitter Flachstahl GmbH, Salzgitter, until March 31, 2024 / Salzgitter Mannesmann Handel GmbH, Düsseldorf, until March 31, 2024 / Mannesmann Precision Tubes GmbH, Mülheim an der Ruhr (Chairman), until June 30, 2024 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Supervisory Board of Hansaport Hafenbetriebsgesell-schaft mbH, Hamburg, until March 31, 2024 / Ilsenburger Grobblech GmbH, Ilsenburg, and Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Joint Advisory Council), until March 31, 2024

Member	Mandates
	Non-listed and non-consolidated companies: a) Membership in other statutory supervisory boards: / Bantleon Invest AG, Hanover until May 31, 2024 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates	Member	Mandates
Birgit Dietze Member of the Executive Board Born in 1973 German nationality Member since September 1, 2024 Appointed through to August 31, 2027	**Consolidated companies:** a) Membership in other statutory supervisory boards: / Salzgitter Flachstahl GmbH, Salzgitter, / since September 1, 2024 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.		**Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Michael Kieckbusch Personnel Born in 1961 German nationality Member since February 20, 2013 Appointed through to December 31, 2024	**Consolidated companies:** a) Membership in other statutory supervisory boards: / KHS GmbH, Dortmund / Mannesmann Precision Tubes GmbH, Mülheim an der Ruhr / Peiner Träger GmbH, Peine / Salzgitter Flachstahl GmbH, Salzgitter / Salzgitter Mannesmann Handel GmbH, Düsseldorf / Verkehrsbetriebe Peine-Salzgitter GmbH, Salzgitter b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Supervisory Board of Hansaport Hafenbetriebsgesellschaft mbH, Hamburg (Chairman) / Ilsenburger Grobblech GmbH, Ilsenburg, and Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Joint Advisory Council) / Supervisory Board of Wohnungsbaugesellschaft mbH Salzgitter, Salzgitter (Vice Chairman) **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Supervisory Board of Allianz für die Region GmbH, Braunschweig / Supervisory Board of Projektgesellschaft Salzgitter-Watenstedt GmbH, Salzgitter (Vice Chairman) **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Birgit Potrafki Finance Born in 1971 German nationality Member since February 1, 2024 Finance since April 1, 2024 Appointed through to January 31, 2027	**Consolidated companies:** a) Membership in other statutory supervisory boards: / KHS GmbH, Dortmund, since April 1, 2024 / Peiner Träger GmbH, Peine, since April 1, 2024 / Salzgitter Flachstahl GmbH, Salzgitter, since April 1, 2024 / Salzgitter Mannesmann Handel GmbH, Mülheim an der Ruhr, since March 1, 2024 / Mannesmann Precision Tubes GmbH, Mülheim an der Ruhr, since July 1, 2024 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Ilsenburger Grobblech GmbH, Ilsenburg, and Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Joint Advisory Council), since April 1, 2024 **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
	Listed non-consolidated companies: a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

The members of the Executive Board bear joint responsibility for the overall management of the company and the development of the Group. In addition, a general monitoring and control obligation is incumbent on each member of the Executive Board in working toward averting any threat of adverse developments, implementing desirable improvements or appropriate changes. The Chairman of the Executive Board coordinates the work of Executive Board members. Resolutions shall be passed unanimously by the Executive Board, as far as possible. If consensus cannot be achieved, resolutions will be passed by the majority.

The **Group Management Board** bears joint responsibility for consulting and deciding on all transactions and matters concerning Salzgitter AG and the Group companies that largely pertain to the business units and for coordinating the Group's operating activities.

The following members belonged to the Group Management Board in the financial year 2024:

Gunnar Groebler
Chairman and (from April 1 through September 30, 2024) Steel Processing Business Unit

Kai Acker
Technology Business Unit

Burkhard Becker
Finance and Steel Processing Business Unit (until March 31, 2024)

Amit Bedi
Steel Processing Business Unit (as from October 1, 2024)

Dr.-Ing. Sebastian Bross
Trading Business Unit

Birgit Dietze
Member of the Executive Board (as from September 1, 2024)

Ulrich Grethe
Steel Production Business Unit

Michael Kieckbusch
Personnel

Birgit Potrafki
Member of the Executive Board (as from February 1, 2024) and Finance (as from April 1, 2024)

APPOINTING OF MEMBERS AND COMPOSITION OF THE EXECUTIVE BOARD

The Executive Board members are appointed by the Supervisory Board for a maximum of five years. The Supervisory Board ensures long-term successor planning together with the Executive Board. As part of this process, the Supervisory Board discusses in good time before the expiration of a contract whether the incumbent should be offered a renewal of his/her employment contract. The Supervisory Board informs the Executive Board member accordingly of the result. In the event of replacement or if recruiting for a newly created Executive Board position, the Supervisory Board's Presiding Committee approves a requirement profile and searches for suitable candidates, generally with the support of external consultants. Following a pre-selection process, the Presiding Committee then presents one or a selection of several candidates for appointment.

When appointing Executive Board members, the Supervisory Board takes account of the fact that the period of office of the person appointed does not exceed the age of 65. As part of the Board's diversity concept, it also gives consideration to the following:

- that the member to be appointed possesses the personal competence, skills and expertise necessary for professionally and responsibly performing their tasks; this includes, on the one hand, the specific skills and knowledge for heading up the executive portfolio in question and, on the other, the necessary leadership skills for participating in the management of both company and Group by the entire Executive Board;
- that, along with their suitability in terms of personal competence, skills and expertise, consideration is also given to age as far as possible, on the one hand in order to permit service to the company for a number of years so as to promote continuity and sustainability in corporate management and, on the other, to have younger persons who are familiar with more recent specialist knowledge and management methods as well as older persons on the Executive Board who have greater professional, life and management experience;
- that, in the case of equal suitability of personal competence, skills and expertise, as far as possible both male and female persons are represented on the Executive Board, with the Supervisory Board targeting a proportion of women of at least 30 % by June 30, 2025, in the event of any future opening for a successor;
- that, along with their suitability in terms of personal competence, skills and expertise, members of the Executive Board have as wide a range of educational backgrounds as possible, including technical, business, legal and other humanistic and scientific disciplines.

Taking account of the company-specific requirements, the diversity concept applied to the composition of the Executive Board is aimed at contributing to the professional and responsible performing of the management duties of the entire Board through the greatest possible diversity.

The Supervisory Board realizes the concept of diversity in the composition of the Executive Board by taking account of the aspects of diversity under this concept when selecting members to be appointed to the Executive Board. The search for suitable persons is incumbent on the Supervisory Board's Presiding Committee.

The diversity concept for the composition of the Executive Board is implemented to the highest degree possible.

WORKING PRACTICES OF THE EXECUTIVE BOARD

The Executive Board holds regular meetings as well as online and telephone conferences for the purpose of discussion and decision-making. It has not currently formed any standing committees.

In its management and control of the subsidiaries and affiliates, the Executive Board deploys the following instruments, while also consulting with the Group Management Board:

- rules and regulations on reporting duties and approval requirements in corporate guidelines and the articles of association of Group companies pertaining to specific areas of business,
- defining of the Group's management principles in the policy entitled "Management and Organization",
- obligation of all Group companies to prepare annual shipment and sales budgets as well as investment, financial and personnel planning,
- the regular monitoring of progress made throughout the year in all Group companies; if necessary, the taking of appropriate measures,
- regular audits and special case-by-case audits performed by an internal audit department,
- operating of a groupwide monitoring system for the early detection of risks and a risk management system, and
- agreeing of the goals and deciding of a performance-oriented remuneration component for managers and senior executives of the Group companies.

HANDLING CONFLICTS OF INTEREST

We counteract conflicts of interest at Executive Board level by having Executive Board sideline activities (beyond the prohibition on competition pursuant to Section 88 AktG) subject to prior consent by the Supervisory Board, and Executive Board members are obliged to disclose any conflicts of interest immediately to the Chairman of the Supervisory Board or the other Executive Board members. Furthermore, transactions that pose a danger of a conflict of interest may also only be undertaken with the prior consent of the Chairman of the Supervisory Board. No Executive Board member disclosed a conflict of interest in the financial year 2024.

THE SUPERVISORY BOARD OF SALZGITTER AG

The core tasks of the Supervisory Board are to advise and supervise the Executive Board in its management of the company. In accordance with the statutory requirements, certain fundamental decisions may only be made with its approval. The Supervisory Board has determined that, in addition, certain types of transactions require its approval. The members of the Supervisory Board are liable to the company for any dereliction of duty.

COMPOSITION AND WORKING PRACTICES OF THE SUPERVISORY BOARD

The company's Supervisory Board comprises 21 members, specifically ten shareholder and ten employee representatives plus one other member. This composition has been laid down under the provisions of the Co-Determination Amendment Act applicable to the company, in conjunction with Article 7 of the company's Articles of Incorporation. In the proposals for election or, in the case of the judicial appointment of Supervisory Board members, the Supervisory Board ensures that the candidates have generally not reached the age of 70 at the start of their term of office and, in the case of judicial appointments, when they join the Supervisory Board. Once the mandate has been accepted, Salzgitter AG supports new members of the Supervisory Board by offering them an onboarding program that presents the Group and its business activities. In addition, each Supervisory Board member is provided with an extensive manual comprising information on the Group relevant to Supervisory Board activities. Furthermore, Salzgitter AG supports Supervisory Board members with measures for continuous professional development. The Supervisory Board regularly assesses how effectively it performs its tasks overall and the effectiveness of its committees. In the financial year 2024, this self-assessment took place with the aid of an external consultant by way of a survey directed at members of the Executive Board and the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD

In the financial year 2024, the following members belonged to the Supervisory Board of Salzgitter AG and held memberships in the following a) statutory supervisory boards and b) comparable domestic and foreign controlling bodies of commercial enterprises.

Member	Mandates
Heinz-Gerhard Wente Member since September 16, 2015 Chairman since April 1, 2016 Elected until 2028 Member of the Management Board of Continental AG, retired, Hanover	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Alpha ABMD Holdco B.V., Alkmaar, Netherlands (Supervisory Board member) **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Prof. Dr. Hans-Jürgen Urban Member since May 21, 2008 Vice Chairman since August 26, 2011 Elected until 2028 Chairman Member of the Management Board of IG Metall, Frankfurt am Main	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Supervisory Board of DGB Rechtsschutz GmbH **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Konrad Ackermann Member since May 23, 2013 Elected until 2028 Chairman of the General Works Council of KHS GmbH, Dortmund	**Consolidated companies:** a) Membership in other statutory supervisory boards: / KHS GmbH, Dortmund b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Manuel Bloemers Member since July 1, 2021 Elected until 2028 Union Secretary, IG Metall Management Board, Düsseldorf	**Consolidated companies:** a) Membership in other statutory supervisory boards: / Siemens Energy Management GmbH b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: / Siemens Energy AG, Munich b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.
Ulrike Brouzi Member since May 23, 2013 Elected until 2028 Member of the Management Board of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: / Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall / R+V Allgemeine Versicherung AG, Wiesbaden / R+V Lebensversicherung AG, Wiesbaden / Union Asset Management Holding AG, Frankfurt am Main b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Supervisory Board of DZ CompliancePartner GmbH, Neu-Isenburg (Chairman) **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Hasan Cakir Member since July 17, 2006 Elected until 2028 Chairman of the Group Works Council of Salzgitter AG, Salzgitter Chairman of the Works Council of Salzgitter Flachstahl GmbH, Salzgitter	**Consolidated companies:** a) Membership in other statutory supervisory boards: / Salzgitter Flachstahl GmbH, Salzgitter b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Dr. Bernd Drouven Member since May 24, 2018 Elected until 2028 Member of the Executive Board of Aurubis AG, retired, Hamburg	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Marco Gasse Member since February 21, 2023 Elected until 2028 Chairman of the Works Council of Hüttenwerke Krupp Mannesmann GmbH, Duisburg	**Consolidated companies:** a) Membership in other statutory supervisory boards: / Hüttenwerke Krupp Mannesmann GmbH, Duisburg / Mannesmann Precision Tubes GmbH, Mülheim an der Ruhr b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Gabriele Handke Member since March 1, 2015 Elected until 2028 Vice Chairwoman of the Works Council of Peiner Träger GmbH, Peine	**Consolidated companies:** a) Membership in other statutory supervisory boards: / Peiner Träger GmbH, Peine b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Karin Hardekopf Member since January 1, 2023 Elected until 2028 Member of the Management Board of GP Günter Papenburg AG, Hanover	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Gerald Heere Member since January 3, 2023 Elected until 2028 Minister of Finance Federal State of Lower Saxony, Hanover	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: / NORD/LB, Hanover (Chairman) / Deutsche Messe AG, Hanover, until October 15, 2024 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Board of Supervisory Directors of Kreditanstalt für Wiederaufbau (KfW), Berlin **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Frank Klingebiel Member since May 19, 2021 Elected until 2028 Lord Mayor of the independent City of Salzgitter, Salzgitter	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: / Öffentliche Versicherung Braunschweig, Braunschweig / Helios Klinikum Salzgitter GmbH, Salzgitter, (Vice Chairman) b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Braunschweigische Landessparkasse, Braunschweig (Board of Administration, First Vice Chairman) / Supervisory Board of WEVG Salzgitter GmbH & Co. KG, Salzgitter (Chairman) / Supervisory Board of Entsorgungszentrum Salzgitter GmbH, Salzgitter (Chairman) / Supervisory Board of Projektgesellschaft Salzgitter-Watenstedt GmbH, Salzgitter (Chairman) / Supervisory Board of Wohnungsbaugesellschaft mbH Salzgitter, Salzgitter / Supervisory Board of Kraftverkehrsgesellschaft mbH Braunschweig, Salzgitter / Supervisory Board of Allianz für die Region GmbH, Braunschweig / Supervisory Board of Wirtschafts- und Innovationsförderung Salzgitter GmbH, Salzgitter
Frank Klingebiel	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.
Prof. Dr. Susanne Knorre Member since May 24, 2018 Elected until 2028 Business consultant, Hanover	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: / Deutsche Bahn AG, Berlin / NORD/LB, Hanover / Rain Carbon Germany GmbH, Castrop-Rauxel b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Heinz Kreuzer Member since May 24, 2018 Elected until 2028 Chairman of the Management Board of TUI InfoTec GmbH, retired, Hanover	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: / eves_information technology AG, Braunschweig, until May 31, 2024 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Dirk Markowski Member since May 25, 2023 Elected until 2028 Chairman of the Works Council of Mannesmann Precision Tubes GmbH, Werk Brackwede, Bielefeld Chairman of the General Works Council of Mannesmann Precision Tubes GmbH, Hamm	**Consolidated companies:** a) Membership in other statutory supervisory boards: / Mannesmann Precision Tubes GmbH, Hamm b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Klaus Papenburg Member since July 1, 2021 Elected until 2028 Member of the Management Board of GP Günter Papenburg AG, Halle	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Advisory Council of STOCKMEIER Holding GmbH, Bielefeld **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Anja Piel Member since July 22, 2021 Elected until 2028 Member of the Federal Executive Board of Deutscher Gewerkschaftsbund, Berlin	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Prof. Dr. Joachim Schindler Member since November 24, 2017 Elected until 2028 Member of various supervisory boards:	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: / Rocket Internet SE, Berlin, (Vice Chairman) until June 27, 2024 / Zoologischer Garten Berlin AG, Berlin / CMBlu Energy AG, Alzenau / Rocket Internet AG, Berlin (Vice Chairman) b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Christine Seemann Member since May 24, 2018 Elected until 2028 Works Council Representative of Salzgitter Flachstahl GmbH, Salzgitter	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Clemens Spiller Member since May 24, 2018 Elected until 2028 Systems analyst, Chairman of the Works Council of Salzgitter Digital Solutions GmbH, Salzgitter	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Member	Mandates
Dr. Susanna Zapreva-Hennerbichler Member since May 25, 2023 Elected until 2028 Management Board member Verbund AG, Vienna	**Consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies:** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies:** a) Membership in other statutory supervisory boards: / PNE – Pure New Energy AG, Cuxhaven / CropEnergies AG, Mannheim, until August 31, 2024 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

COMMITTEES OF THE SUPERVISORY BOARD

PRESIDING COMMITTEE
Heinz-Gerhard Wente (Chairman)
Konrad Ackermann
Hasan Cakir
Gerald Heere
Klaus Papenburg
Prof. Dr. Hans-Jürgen Urban

AUDIT COMMITTEE
Prof. Dr. Joachim Schindler (Chairman)
Manuel Bloemers
Karin Hardekopf
Christine Seemann

STRATEGY AND SUSTAINABILITY COMMITTEE
Heinz-Gerhard Wente (Chairman)
Konrad Ackermann
Manuel Bloemers
Hasan Cakir
Dr. Bernd Drouven
Gerald Heere
Klaus Papenburg
Prof. Dr. Hans-Jürgen Urban

NOMINATION COMMITTEE
Gerald Heere
Klaus Papenburg
Heinz-Gerhard Wente

TAKEOVER COMMITTEE (SINCE DECEMBER 5, 2024)
Heinz-Gerhard Wente (Chairman)
Prof. Dr. Hans-Jürgen Urban (Vice Chairman)
Konrad Ackermann
Ulrike Brouzi
Hasan Cakir
Prof. Dr. Joachim Schindler

OBJECTIVES FOR THE COMPOSITION AND THE COMPETENCE PROFILE OF THE SUPERVISORY BOARD

The shareholder representatives serving on the Supervisory Board consider at least six independent shareholder representatives on the Supervisory Board to be an appropriate number. In the opinion of the shareholder representatives, the following shareholder representatives can currently be considered independent within the meaning of the German Corporate Governance Code: Ulrike Brouzi, Dr. Bernd Drouven, Karin Hardekopf, Gerald Heere, Prof. Dr. Susanne Knorre, Heinz Kreuzer, Klaus Papenburg, Prof. Dr. Joachim Schindler, Heinz-Gerhard Wente and Dr. Susanna Zapreva-Hennerbichler.

In December 2017, the Supervisory Board defined the objectives set out below as further important goals for its composition and competence profile and redefined them last in December 2024: Along with all statutory requirements placed on the individual Supervisory Board members, they should possess the necessary expertise and personal competence anchored in expert knowledge, capabilities and experience, as well as in their personal suitability for assuming the tasks incumbent on them. As a whole, they must be familiar with the sectors of steel and mechanical / plant engineering. The members should include persons with technical expertise, practical experience in managing companies and in developing corporate strategies, with expertise in aspects of sustainability important for the company, knowledge of financial instruments, expertise in digitalization and information technologies, and preferably international experience. Furthermore, they should have skills and competences in work organization, knowledge of labor and social law, as well as of codetermination, along with familiarity with the company's geographical locations and know-how in the field of transformation and change in organizational structures. At least one member must be qualified in accounting and at least one member in statutory auditing. Expertise in accounting should in particular comprise knowledge and experience in the application of accounting principles and internal control and risk management systems, and expertise in statutory audit should consist of special expertise and experience in this field. Sustainability reporting and the audit thereof also form part of accounting and statutory audit. With Supervisory Board proposals to be tabled at the 2023 Annual General Meeting of Shareholders, the objectives of the Supervisory Board for its composition and the competence profile that it has drawn up for the entire Board have been fulfilled.

The status of implementing the competence profile is disclosed in the following in the form of a qualification matrix.

Qualification matrix

	Heinz-Gerhard Wente	Prof. Dr. Hans-Jürgen Urban*	Konrad Ackermann*	Manuel Bloemers*	Ulrike Brouzi	Hasan Cakir*	Dr. Bernd Drouven	Marco Gasse*	Gabriele Handke*	Karin Hardekopf	Gerald Heere	Frank Klingebiel**	Prof. Dr. Susanne Knorre	Heinz Kreuzer	Dirk Markowski*	Klaus Papenburg	Anja Piel*	Prof. Dr. Joachim Schindler	Christine Seemann*	Clemens Spiller*	Dr. Susanna Zapreva-Hennerbichler
Familiarity with steel sector	×	×		×		×	×	×	×			×	×		×		×		×	×	
Familiarity with mechanical/ systems engineering sector	×	×	×	×		×	×								×	×					
Technical expertise						×	×							×						×	×
Practical experience of management	×				×		×			×		×	×	×		×	×	×			×
Practical experience in developing corporate strategies	×	×	×	×	×	×	×	×	×	×		×	×	×	×	×	×	×	×	×	×
Expertise in the sustainability aspects of significance for the company																					
Climate protection	×	×				×		×			×	×				×		×		×	×
Energy		×		×		×	×	×		×	×	×				×		×			×
Air pollution	×						×											×			×
Water							×											×			×
Circular economy	×						×			×						×					×
Waste							×									×		×			×
Working conditions	×	×		×		×	×	×	×			×				×	×			×	×
Equal treatment and equal opportunities for all	×	×		×	×	×	×	×	×			×	×	×			×	×		×	×
Shortage of skilled workers	×	×		×	×	×	×	×	×	×	×	×	×	×			×	×		×	×
Corporate culture	×	×		×	×	×	×	×	×	×	×	×	×	×		×	×	×		×	×
Value chain	×	×			×	×				×	×		×			×				×	

* Employee representatives
** Other member within the meaning of Section 5 (1) lit. c) MontanMitbestGErgG (act regarding the representation of employees on the supervisory and management boards of companies in the mining and iron and steel producing industries)

	Heinz-Gerhard Wente	Prof. Dr. Hans-Jürgen Urban*	Konrad Ackermann*	Manuel Bloemers*	Ulrike Brouzi	Hasan Cakir*	Dr. Bernd Drouven	Marco Gasse*	Gabriele Handke*	Karin Hardekopf	Gerald Heere	Frank Klingebiel**	Prof. Dr. Susanne Knorre	Heinz Kreuzer	Dirk Markowski*	Klaus Papenburg	Anja Piel*	Prof. Dr. Joachim Schindler	Christine Seemann*	Clemens Spiller*	Dr. Susanna Zapreva-Hennerbichler
Knowledge of financial instruments	×				×		×			×	×	×	×			×		×			×
Experience of international business	×						×							×				×			×
Digitalization and information technologies		×			×					×	×			×						×	×
Expertise in organizing work, knowledge of labor and social legislation as well as co-determination	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Knowledge of the transformation and modification of operating structures	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Expertise in the field of accounting	×				×		×			×		×	×			×		×			×
Expertise in the field of auditing																		×			
Familiarity with the company's geographical locations																					
Germany	×	×	×	×	×	×	×		×	×	×	×	×	×	×	×	×	×	×	×	×
Europe	×	×		×			×						×		×	×					×
Asia	×						×							×							
Africa																					×
North America							×						×								×
South America																					
Australia																					

* Employee representatives
** Other member within the meaning of Section 5 (1) lit. c) MontanMitbestGErgG (act regarding the representation of employees on the supervisory and management boards of companies in the mining and iron and steel producing industries)

DIVERSITY CONCEPT FOR THE COMPOSITION OF THE SUPERVISORY BOARD

In terms of the composition of the Supervisory Board, and while taking account of the company-specific requirements, the diversity concept is aimed at contributing to the professional and responsible performing of the duties of the entire Supervisory Board through the greatest possible diversity of the personal competences, skills and expertise represented on the Board, the educational and professional backgrounds, as well as different assessment aspects based on age and gender.

Against this backdrop, in selecting candidates for its proposals for the election of Supervisory Board members to be put forward to the General Meeting of Shareholders, the Supervisory Board gives consideration to the following:

- that the personal competence, skills and expertise necessary for professionally and responsibly performing of duties of the Supervisory Board – essentially the appointing of Executive Board members, the supervising of the Executive Board's management of the company, as well as the examination of the annual financial statements and management reports – are represented on the Board as a whole; this includes particularly technical expertise, practical experience in corporate management and the crafting of corporate strategies, expertise in the key areas of the company's sustainability strategy, knowledge of financial instruments, expertise in digitalization and information technology, and experience in international business with regard to the sectors in which the companies of the Salzgitter Group operate and also with respect to the management tasks of Salzgitter AG;
- along with suitability in terms of personal competence, expertise and skills, that younger persons exercising their professions as well as older persons more experienced in professional life and life in general are represented on the Supervisory Board;
- along with suitability in terms of personal competence, skills and expertise, that female and male persons are represented on the Supervisory Board, whereby the entire Supervisory Board must consist of at least 30 % women and at least 30 % men in accordance with legal requirements;
- along with suitability in terms of personal competence, expertise and skills, that such persons come as far as possible from the widest educational backgrounds – including technical, business, legal and other humanistic and scientific disciplines – with different professional backgrounds – including professionals from technical, business, scientific and legal professions.

The Supervisory Board endeavors to implement the diversity concept applied to its composition by taking the aspects of this concept into account as far as possible in the election of Supervisory Board members, along with other aspects to be considered when selecting appropriate candidates for its proposals for the election of Supervisory Board members. The search for suitable candidates and their pre-selection are incumbent on the Supervisory Board's Nomination Committee. The ultimate decision is the province of Salzgitter AG's shareholders in the General Meeting of Shareholders.

The diversity concept applied to the composition of the Supervisory Board is implemented to the greatest extent possible.

WORKING PRACTICES OF THE SUPERVISORY BOARD

The Supervisory Board meets a minimum of four times a year, has the Executive Board report in detail, and discusses the development of business and the situation of the company and of the Group with the Executive Board. Furthermore, it takes receipt of written reports submitted by the Executive Board at regular intervals on the course of business and the performance of the company.

The Supervisory Board deploys the following instruments in particular in performing its advisory and supervisory function:

- defining the allocation of duties at Executive Board level, with clear assignment of areas of competence,
- obligation of the Executive Board to submit regular, timely and comprehensive reports to the Supervisory Board,
- regular discussion of the planning, business development and the strategy with the Executive Board,
- determination of the type of transactions and measures of the Executive Board that necessitate Supervisory Board approval,
- obligation of the Executive Board to submit a longer term corporate plan on an annual basis and to report on the execution of such a plan, and
- agreeing variable remuneration components for Executive Board members.

WORKING PRACTICES OF THE COMMITTEES OF THE SUPERVISORY BOARD

In order to prepare its meetings and decisions the Supervisory Board has currently formed four standing committees and a temporary committee:

The **Presiding Committee** undertakes the preparatory work in connection with the appointing of Executive Board members and, in place of the Supervisory Board plenum, makes decisions on certain business measures requiring approval as laid down in the bylaws for the Executive Board and in the case of business measures requiring urgent approval.

The **Audit Committee** focuses on the following:

- accounting (preparatory examination of the separate financial statements and the consolidated financial statements, discussion of financial reports during the year with the Executive Board), along with sustainability reporting,
- monitoring of the accounting process and the process of sustainability reporting, the effectiveness of the internal control system, the internal audit system and the risk management system,
- compliance with the provisions applicable to the company (corporate compliance), as well as
- the audit of the financial statements and of the non-financial report (recommendation to the Supervisory Board for the selection of the external auditor, assignment of the audit engagement and determination of key audit areas, monitoring the quality of the audits carried out and the independence of the auditors, approval of additional services to be provided).

Members of the Audit Committee in the financial year 2024 included Prof. Dr. Schindler and Ms. Hardekopf.

Prof. Dr. Schindler has special expertise and experience in statutory audit and in the application of accounting principles. He has been a certified public accountant since 1989 and, among other positions, was responsible for a number of years for accounting at the level of KPMG Germany's Managing Board and in its Global Executive Team. In the context of Prof. Dr. Schindler's long-standing supervisory board service, he engaged intensively with the topic of the steady development of sustainability reporting and its auditing.

Since successfully completing her business studies in 1991, Ms. Hardekopf has been responsible for finance in her role as managing director of GP Günter Papenburg GmbH and member of the Management Board of GP Günter Papenburg AG. Her tasks comprise consolidated accounting, including sustainability reporting, tax and the company's internal control and risk management systems.

The **Strategy and Sustainability Committee** (until September 26, 2024: Strategy Committee) consults when required in detail with the Executive Board on the company's strategy and on sustainability aspects that are significant for the company.

The **Nomination Committee**, which is exclusively comprised of representatives of the shareholders, proposes suitable candidates to the Supervisory Board that, in turn, presents its proposals to the Annual General Meeting of Shareholders for the election of shareholder representatives to the Supervisory Board.

The **Takeover Committee**, formed on December 5, 2024, is responsible for all questions and decisions in the context of a possible takeover offer by the consortium consisting of GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG to purchase the shares of the company, with the exception of the decision on a substantiated statement that is to be submitted by the Executive Board and the Supervisory Board pursuant to Section 27 of the Securities Acquisition and Corporate Takeover Act (WpÜG).

HANDLING CONFLICTS OF INTEREST

Supervisory Board members must disclose conflicts of interest to the Supervisory Board. In the event of critical conflicts of interest that are not of a temporary nature, the respective Supervisory Board member must lay down his or her office. In the financial year 2024, Supervisory Board members Karin Hardekopf and Klaus Papenburg indicated that they may be subject to a conflict of interest insofar as the Supervisory Board would need to deliberate on the voluntary public takeover offer submitted by GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG to the shareholders. This conflict of interest was resolved by the aforementioned Supervisory Board members not participating in resolutions taken by the Supervisory Board in connection with the possible takeover and by their temporary withdrawal from Supervisory Board meetings at such times when the Supervisory Board addressed topics that pertained to the potential takeover offer.

REMUNERATION SYSTEM AND REMUNERATION REPORT

The remuneration report on the financial year now ended and the auditor's report pursuant to Section 162 AktG, the current remuneration system pursuant to Section 87 (1, 2) sentence 1 AktG, and the resolution on remuneration passed by the Annual General Meeting of Shareholders on May 29, 2024, pursuant to Section 113 (3) AktG have been made publicly available on the company's website at ↗ Corporate Governance.

SUSTAINABLE CORPORATE GOVERNANCE

The Salzgitter Group reports on its sustainability activities in the financial year 2024 in the → **Non-Financial Report** that forms part of the annual report. The separate non-financial report on the Group for the period from January 1 through December 31, 2024, was prepared in accordance with Sections 315b and 315c of the German Civil Code (HGB) and the requirements pursuant to Article 8 of the Directive (EU) 2020/852. Parts of the European Sustainability Reporting Standards (ESRS) were used for the first time as a framework.

TARGET PARAMETERS FOR THE PROPORTION OF WOMEN IN MANAGEMENT

In 2022, the Executive Board defined a target of 13.3 % for the proportion of women in the first management level under the Board and 22.2 % for women at the second management level under the Board. These quotas are to have been achieved by June 30, 2027. To promote the development of women high potential within the Group, Salzgitter AG has defined further targets for filling salaried positions not covered by collective agreements with women. These targets are anchored in the corporate strategy (scorecard).

In 2020, the Supervisory Board decided, in the event of an Executive Board member having to be replaced by June 30, 2025, to strive for a target of 30 % in respect of the proportion of women represented on the Executive Board that, at the time, consisted of three male persons.

The statutory minimum requirement in respect of men and women on the Supervisory Board was adhered to during the financial year.

CORPORATE COMPLIANCE

The Executive Board is responsible for compliance with the relevant statutory requirements and company guidelines and acts, among other things, by deploying the following measures and through their observance by the Group companies (Compliance Management System):

- publication of a code of conduct binding on all employees in which the Executive Board explicitly declares its commitment to observe all laws at all times and in all places,
- issuance of a corporate guideline on “Corporate Compliance” that lays down the responsibilities and organizational duties, as well as providing all Group companies and their employees with detailed descriptions and instructions in the form of guidelines on conduct that complies with the law and the fulfilling of their compliance duties in particularly sensitive areas of the law, for instance, guidelines on the avoidance of corruption, correct behavior in competition and information on insider law,
- setting up the FAIR TOGETHER whistleblower system in order to give all employees as well as customers, suppliers and other business partners the possibility of reporting infringements of the law in the company,
- setting up a Compliance Committee with the involvement of the Executive Board to facilitate the discussion of topical compliance issues and for arriving at a common consensus and decisions, for instance on changes to the compliance structure or the implementation of special compliance measures,
- setting up a compliance management organization unit with a compliance officer,
- carrying out of regular compliance training in order to raise the awareness of managers and employees regarding the observance of standards, to identify potential hazards and to recommend suitable courses of action, and
- regular analysis of the compliance risks within the Group.

The Executive Board has mandated Internal Audit with reviewing the suitability and effectiveness of the compliance management system (CMS) in the Salzgitter Group. The respective reviews of the CMS form an integral part of the audit plan. The CMS is subject to regular reviews both at Group level and as a mandatory part of the compliance audits conducted at Group companies, as well as on an event-driven basis.

Further information on our CMS is available on our website at ↗ Compliance as well as in the → **Non-Financial Report**.

ETHICAL STANDARDS OF SALZGITTER AG

Beyond the statutory requirements placed on managing companies and the recommendations of the German Corporate Governance Code, we have developed a ↗ Mission Statement by the name of YOUNITED for our Group. In this process, employees from all Group companies across all hierarchical levels have defined a shared system of values, among other things. This system includes values such as reliability, fairness and sustainability.

Moreover, the Executive Board has defined a set of clear rules regulating conduct for all the Group's employees in the form of a ↗ Code of Conduct that they are to follow in carrying out their activities. This Code of Conduct includes in particular observance of human rights, compliance with the law, commitment to fair competition, and the rejection of corruption of any kind. In addition, these rules enable the trustful cooperation of the employees among themselves and honest dealings with one another and with business partners.

SHAREHOLDERS AND ANNUAL GENERAL MEETING OF SHAREHOLDERS

The shareholders principally exercise their rights at general meetings of shareholders. Each shareholder of Salzgitter AG is entitled to participate in the General Meeting of Shareholders, which takes place at least once a year, to ask pertinent questions and submit relevant motions and to exercise their voting rights. Fundamental decisions affecting the company, such as changes to the Articles of Incorporation, the appropriation of annual profit, the election of shareholder representatives to the Supervisory Board, the raising or lowering of capital, or the selection of the annual independent auditor are reserved for the General Meeting of Shareholders. It also decides on the remuneration of the Supervisory Board. We facilitate the process of shareholders exercising their voting rights without personally taking part in the General Meeting of Shareholders: They can appoint a proxy of the company and instruct this person on how they wish to exercise their voting rights.

The results of voting by the ↗ 2024 Annual General Meeting of Shareholders have been published on the website of Salzgitter AG.

DIRECTORS' DEALINGS

Members of the Executive Board and the Supervisory Board are obliged, pursuant to Section 19 Regulation (EU) No. 596/2014 dated April 16, 2014, on market abuse (market abuse regulation) of the European Parliament and of the Council, to disclose their own dealings with shares or debt instruments of Salzgitter AG, or the relevant derivatives or other associated financial instruments, inasmuch as the overall amount of the transactions carried out by a member or related parties reaches or exceeds an amount of € 20,000 in a single calendar year. In the financial year ended, only Mr. Groebler notified Salzgitter AG about purchasing shares of the company in the relevant scope.

TRANSPARENCY OF THE COMPANY

Salzgitter AG publishes an annual report once a year and also provides a summary of the development of business on a quarterly basis as the year progresses. This ensures that our shareholders are kept informed about the situation of the company and the Group in a timely manner. The dates of publication are announced in the ↗ Financial Calendar sufficiently in advance for the coming financial year and posted on the company's website. Furthermore, the Executive Board explains the results of each financial year elapsed at an annual results press conference, reported on by the media, that takes place directly after the meeting of the Supervisory Board when the financial statements are adopted.

Moreover, we regularly hold analyst conferences for analysts and institutional investors and present the company at investment conferences and roadshows. Finally, the Executive Board reports to the general public on significant events by way of press releases and ad-hoc announcements. All ↗ Reports and Statements are published on the company's website in both German and English.

ACCOUNTING AND STATUTORY AUDIT

In accordance with Sections 315 (5) and 298 (2) of the German Commercial Code (HGB), the management report of the Salzgitter Group and the management report of Salzgitter AG are combined. Any eventual discrepancies are explained in detail in the management report.

The consolidated group financial statements of Salzgitter AG, Salzgitter, and their affiliated companies was prepared in compliance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as mandatorily applicable within the European Union (EU). Salzgitter AG's financial statements were drawn up in accordance with the principles of HGB.

Salzgitter AG's separate annual financial statements and consolidated financial statements, as well as the combined management report at company and at Group level, are prepared by the Executive Board and audited by the statutory auditor as well as, following preparation by the Audit Committee, by the Supervisory Board. The statutory auditor participates in consultations of the Audit Committee and the Supervisory Board on the annual financial statements at company and at Group level, reports on the process and on the findings of its audit, and is available to respond to questions and to provide additional information. With regard to the financial year 2024, the Annual General

Meeting of Shareholders selected EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover, on May 29, 2024, as the auditor of the two sets of annual financial statements at company and at Group level. Before the Supervisory Board puts forward a proposal to the Annual General Meeting of Shareholders for appointing the statutory auditor, the statutory auditor gives the Supervisory Board assurance of its independence and objectivity.

In accordance with the requirements of the German Corporate Governance Code, the consolidated financial statements and the management report on the Group are published within 90 days following the end of the financial year (December 31), and financial information throughout the year (interim report on the first six months and quarterly statements) within 45 days following the end of the respective quarter or half year.

The ↗ Declaration of Corporate Governance is accessible on Salzgitter AG's website.

Salzgitter, March 14, 2025

The Executive Board	The Supervisory Board
Gunnar Groebler	**Heinz-Gerhard Wente**
Chairman	Chairman

INFORMATION CONCERNING TAKEOVERS

DISCLOSURES PURSUANT TO SECTIONS 289A AND 315A OF THE GERMAN COMMERCIAL CODE (HGB)

The subscribed capital of Salzgitter AG consisted of 60,097,000 ordinary bearer shares with a notional value per share of € 2.69 in the capital stock on the reporting date. All shares are subject to the same rights and obligations laid down under the German Stock Corporation Act (AktG).

To the knowledge of the Executive Board, the only restrictions on the voting rights or the assignment of shares on the reporting date were as follows: The company was not entitled to any voting rights from its treasury shares (6,009,700 units), and the members of the Executive and Supervisory boards were not entitled to any voting rights from their shares in respect of the resolution passed on their own ratification and discharge. For further explanations, we make reference to Note (22), "Subscribed capital" in the → Notes to the Consolidated Financial Statements.

A participating interest of more than 10 % of the voting rights as per the reporting date accrued to Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover (HanBG), that announced in its voting rights notification on April 2, 2002, that it owned 25.5 % of the voting rights in Salzgitter AG; as a proportion of the total number of shares issued that has fallen since then, this corresponds to a share of 26.5 % in the voting rights. Sole shareholder of HanBG is the Federal State of Lower Saxony. Moreover, a participating interest of more than 10 % of the voting rights as per the reporting date accrued to GP Günter Papenburg AG, Hanover, that announced in its voting rights notification on May 9, 2022, that it owned 25.1 % of the voting rights in Salzgitter AG. This holding is assigned to Mr. Günter Papenburg pursuant to Section 34 of the German Securities Trading Act (WpHG).

There are no shares with special rights that confer powers of control. The Executive Board does not know of any employees participating in the capital who do not exercise their power of control directly.

The appointing and dismissing of members of the Executive Board and amendments to the Articles of Incorporation are carried out solely within the provisions set out under the German Stock Corporation Act and the German Co-Determination Amendment Act.

Based on the resolutions passed by the General Meeting of Shareholders, the Executive Board has the following three options of issuing or buying back shares:

- Upon approval by the Supervisory Board, the Executive Board may issue 30,048,499 new no par bearer shares against payment in cash or in kind on or before June 1, 2027 (Authorized Capital 2022), whereby, under certain circumstances, a maximum of 12,019,400 units (20 % of all shares issued on June 2, 2022) may be issued excluding the subscription rights of the shareholders. The 20 % cap is reduced by the proportionate amount in the capital stock to which the following relate: the option or conversion rights and the option or conversion obligations attached to the warrants, convertible bonds, profit participation rights and / or participating bonds or a combination of these instruments which have been issued, with subscription rights excluded, since June 2, 2022.
- Moreover, upon approval by the Supervisory Board, the Executive Board may issue bonds in a total nominal amount of up to € 1 billion on or before June 1, 2027, and grant the holders of the respective bonds option or conversion rights to shares of the company in a total amount of up to 30,048,499 units (Contingent Capital 2022). In this context, shareholder subscription rights can be excluded under certain preconditions. Bonds with option or conversion rights or obligations excluding shareholder subscription rights may be issued only if shares making up a proportion of 20 % of the capital stock, excluding subscription rights, from the Authorized Capital, have not yet been issued since June 2, 2022.
- The Executive Board is authorized to purchase the company's own shares equivalent to a proportion of the capital stock of up to 10 % in the period on or before July 7, 2025, and to use these shares for all purposes permitted under the law.

In the reporting year, the Executive Board did not avail itself of the authorization to issue shares from the Approved Capital 2022 nor to issue warrants, convertible bonds, profit participation rights and / or participating bonds or a combination of these instruments from Contingent Capital 2022. Similarly, in the reporting year, the Executive Board did not avail itself of the authorization to buy back the company's own shares.

Subject to the condition of change of control following a takeover offer, there are material agreements of the company that have the following effects:

/ In the event of a takeover offer, the members of the Executive Board have the right to terminate their contracts of employment under certain preconditions and are entitled to settlement in an amount of the total remuneration over the residual term of their respective contracts. There is, however, a cap on the maximum amount of this entitlement, specifically two times the average annual remuneration (fixed and variable components).

The information required under Section 289a (1) sentence 1 and Section 315a (1) sentence 1 of the German Commercial Code (HGB) on the existence of a participating interest pursuant to Section 160 (1) item 8 of the German Stock Corporation Act (AktG) is published on Salzgitter AG's website under the ↗ Reports heading.

FINANCIAL CONTROL SYSTEM

The Executive Board of Salzgitter AG prepares medium-term planning once a year covering a planning period of three years, along with an annual budget. Based on the current business trend, a forecast for the respective financial year is also drawn up in March, June and September. The Executive Board monitors the achievement of objectives by way of gap analysis, while factoring in the forecast.

In its task of overseeing and assessing business development and future strategic decisions derived therefrom, the Executive Board avails itself of the following performance indicators. The development of financial indicators during the reporting year is explained in the section entitled → Profitability, Financial Position and Net Assets.

Along with sales, the Salzgitter Group's key financial indicators include return on capital employed (ROCE), earnings before interest, tax, depreciation and amortization (EBITDA) and earnings before taxes (EBT).

Other parameters of control include order intake, shipment volumes and the cash flow from operating activities.

SALES – REVENUES

Sales are defined as external sales, namely the proportion of overall sales generated by transactions with companies outside the consolidated group of Salzgitter AG. In the business units directly concerned with steel, ensuring that the partly sharp increases in purchase prices are adequately reflected in higher selling price is fundamental to earnings performance.

ROCE – RETURN ON CAPITAL EMPLOYED

Annualized ROCE measures the return on capital employed and shows the relationship of EBIT I (earnings before interest and taxes) to capital employed.

EBIT I shows the result before taxes and interest expenses, adjusted for the interest portion of transfers to pension provisions. Interest income forms part of EBIT I as it is considered to be part of ordinary activities and therefore contributes to the return on capital employed.

Capital employed is interest-bearing equity and debt. In calculating capital employed, non-interest-bearing balance sheet items and pension reserves are deducted from total assets. The pension provisions and related interest expenses are eliminated in the calculation of ROCE as these components cannot be directly influenced by management decisions. Deferred taxes are fully disregarded in a consideration of ROCE. The individual components are taken from the consolidated financial statements. We use reporting date-related figures from the financial statements for our calculations.

We use ROCE targets that are determined on an annual basis for the Group to develop specific strategic goals for each business unit and each company.

EBITDA – OPERATING RESULT

From the standpoint of Salzgitter AG's Executive Board, EBITDA best reflects the development of the operating result, both of the Group and of its business units, as this metric is adjusted by stripping out finance income and finance expenses, depreciation and amortization, along with taxes. Along with earnings before taxes, we therefore view EBITDA (earnings before interest, taxes, depreciation and amortization) as a further metric for assessing earnings performance at the level of the Group and of its business units in our financial control system.

EBT – PROFITABILITY

Earnings before taxes is equivalent to the pre-tax profit disclosed in the consolidated income statement. EBT is our key parameter for assessing our company's profitability and for comparing our international subsidiaries. The metric includes both depreciation and amortization and interest payments while eliminating different national tax arrangements. Moreover, it is free of special tax effects and is therefore suitable for comparing different financial years.

PERFORMANCE REPORT

GENERAL BUSINESS CONDITIONS

OVERALL ECONOMIC DEVELOPMENT

In its most recent economic outlook, the International Monetary Fund (IMF) estimated **global economic growth** at 3.2 % for the year 2024 (previous year: 3.3 %). Growth in industrial production and global trade that set in in mid-year 2023 continued. Measures introduced by many central banks to combat inflation were increasingly taking effect. The various regions displayed partly very disparate developments: In the US, economic growth remained roughly around the level of the previous year. The Chinese economy continued its strong expansion, albeit at the lowest pace seen in the past three decades. The economies of Brazil, the Middle East and Africa reported robust growth rates, as opposed to Japan and Mexico where the economies cooled notably.

In the **eurozone**, economic momentum remained subdued in 2024 as well. This scenario was attributable to reticent consumption and ongoing lackluster investment activity, also caused by the persistently high energy costs. Consumer confidence nevertheless brightened in most member states, encouraged by lower inflation and an increase in real wages. In regional terms, the differences already ascertained in the previous year, ranging from recessionary tendencies in Germany through to a slight recovery in Italy and France and on to strong growth in Spain, persisted. All in all, the IMF calculated an increase in the growth rate to 0.8 % (previous year: 0.4 %) for the eurozone as a whole in the full year 2024.

Having sustained a contraction in economic output for the second time in a row, **Germany** once again proved to be the problem child among the euro countries in 2024. According to calculations by the ifo Institute, the Federal Republic's economic performance in 2024, remained at the level of 2019, marking the longest phase of stagnation in post-war history. Companies' weak order situation had an especially negative impact on economic development. Manufacturing companies are especially burdened by a loss of competitive edge as a result of structural deficits, as well as by comparatively high taxes, bureaucracy and energy costs, among other factors. The IMF and the German Statistical Federal Office reported a decline in the gross domestic product of 0.2 % in 2024 (previous year: – 0.3 %).

The information was obtained mainly on the basis of the following sources: International Monetary Fund (1/2025): World Economic Outlook Update; ifo Economic Forecast Winter 2024; German Council of Economic Experts: Annual Report 2024/25; World Bank (1/2025): Global Economic Prospects; German Federal Statistical Office, January 2025.

OVERALL STATEMENT BY MANAGEMENT ON THE ECONOMIC SITUATION

The financial year 2024 was characterized by the subdued economic development in Europe and, in particular, the lack of economic recovery in Germany for the second year in a row. The economic environment, characterized by high imports and uncompetitive energy costs, had a negative impact on the business performance of Salzgitter AG's steel-related activities. The Technology Business Unit and the investment in Aurubis AG made positive contributions to earnings.

The Salzgitter Group's external sales fell to € 10.0 billion (previous year: € 10.8 billion), primarily due to lower average selling prices for steel products. EBITDA fell to € 445 million (previous year: € 677 million) and the pre-tax result to € – 296 million (previous year: € + 238 million). The result includes a total of € 406 million in impairment expenses, along with expenses in connection with restructuring and other special effects that will have a positive impact in future periods. The contribution of the investment in Aurubis AG (€ 184 million; previous year: € 40 million), which is accounted for using the equity method (IFRS accounting), and the Technology Business Unit that recorded a record year, had a positive effect. In addition, the first effects of the short-term measures to support earnings that we initiated in the 2024 financial year to supplement our established "Performance 2026" earnings improvement program became apparent. Accordingly, we achieved a positive result net of special items of € 109 million (previous year: € 252 million). Earnings after tax of € – 348 million (previous year: € 204 million) resulted in earnings per share of € – 6.51 (previous year: € 3.70). The return on capital employed (ROCE) amounted to – 3.4 % (previous year: 5.6 %). The net financial position decreased noticeably to € – 574 million (previous year: € – 214 million), due in particular to higher financial debt driven by investments, while the equity ratio remained at a sound 42.5 % (previous year: 46.0 %).

In view of the economic challenges, the focus in the 2024 financial year was on stabilizing the Group's earnings and financial position with the help of measures to secure earnings and liquidity in the short term, but also to increase profitability in the long term. The structural adjustments made also include the sale of the Mannesmann Stainless Tubes Group companies, which was completed last year as part of our active portfolio management. At the same time, we pressed ahead with the implementation of our SALCOS® transformation program and reached important milestones in the marketing of green steel.

COMPARISON BETWEEN ACTUAL AND FORECASTED PERFORMANCE

At the time when the forecast was published in March 2024, we assumed that, given evidence of impetus for recovery at the start of the year, the market environment would gradually brighten over the course of the financial year so we anticipated the following for the Salzgitter Group in 2024:

- sales of between € 10.5 billion and € 11.0 billion,
- earnings before interest, taxes, depreciation and amortization (EBITDA) of between € 700 million and € 750 million,
- earnings before taxes (EBT) of between € 250 million and € 300 million, and
- a return on capital employed (ROCE) at the previous year's level.

This guidance was based on the expectation of a significant year-on-year improvement in the profit achieved by the Steel Production, Trading and Technology business units, as opposed to notably lower figures anticipated for the Steel Processing Business Unit.

Following a first quarter that was still impacted by the adverse conditions in the second half of 2023 and proved to be challenging, in line with expectations, there were signs in May 2024 that the economic recovery of Germany and of Europe was likely to set in later and less strongly than originally anticipated. As this update had a direct impact on the business expectations first and foremost of our Group's steel-related companies, we revised the outlook for the financial year 2024. Accordingly, we anticipated the following for the Salzgitter Group: sales of around € 10.5 billion, EBITDA of between € 550 million and € 625 million, a pre-tax profit in a range of € 100 million to € 175 million, as well as a marginally lower ROCE compared with the previous year.

Based on the half-year results and an updated outlook from the subsidiaries, we adjusted guidance for sales and earnings of the Salzgitter Group again at the end of July. In the process, we took account of delays in the construction of infrastructure projects planned long term such as Germany's hydrogen core network, along with the persistently high energy costs for procurement and grid usage, as well as the relatively high level of imports. A trend reversal after the summer seemed uncertain. We therefore assumed sales of around € 10.0 billion, EBITDA of between € 400 million and € 500 million, a pre-tax result at breakeven, and ROCE visibly below the previous year's level.

In specifying our guidance at the end of October, we factored in one-off expenses costing up to € 120 million in the consolidated financial statements for the financial year 2024, resulting in particular from restructuring measures in the Trading Business Unit, along with impairment of approximately € 150 million in the Steel Processing Business Unit. Including the aforementioned special items, and with regard to the economic outlook for the remainder of the year, we then anticipated the following for the financial year 2024: sales of € 9.5 billion to € 10.0 billion, EBITDA of between € 275 million and € 325 million, and a pre-tax loss of € 275 million to € 325 million. Guidance for ROCE was confirmed.

At €10.0 billion, consolidated sales settled in the upper range of the most recently revised forecast from October. The Salzgitter Group closed the financial year 2024, with EBITDA of € 445.2 million that exceeded expectations, also thanks to effects from the program of measures. At € –296.2 million, the pre-tax result was within the forecast range. The result includes € –277.8 million in expenses for impairment in the Steel Processing and Technology business units, as well as a sum total of € –127.7 million in restructuring expenses and other non-recurrent items. Alongside the Technology Business Unit that delivered a record result, the participating interest in Aurubis AG, accounted for using the equity method (IFRS accounting), also made a notably positive contribution to earnings (€ 183.9 million). ROCE that came in at –3.4 % fell visibly short of the year-earlier level, as expected.

Forecast-actual comparison for the Salzgitter Group

		Result 2023	Forcast March 2024	Forecast May 2024	Forecast July 2024	Forecast October 2024	Result 2024
Sales	€ billion	10.8	10.5 - 11.0	Around 10.5	Around 10	9.5 - 10.0	10.0
EBITDA	€ m	677.0	700 - 750	550 - 625	400 - 500	275 - 325	445.2
EBT	€ m	238.4	250 - 300	100 - 175	breakeven	275 - 325 pre-tax loss	–296.2
ROCE	%	5.6	at the previous year's level	slightly below the previous year's level	visibly below the previous year's level	visibly below the previous year's level	–3.4

PROFITABILITY, FINANCIAL POSITION AND NET ASSETS

PROFITABILITY OF THE GROUP

The Group's **external sales** declined to € 10,012 million compared with the year-earlier figure primarily due to lower selling prices for steel products (previous year: € 10,790 million). Exchange-rate effects resulted in a negative effect of € 22 million; deconsolidations in the financial year contributed € 50 million to the decline in sales.

The table below shows a breakdown of external sales by business unit:

Consolidated sales by business unit

	2024		2023		Change	
	In € million	In %	In € million	In %	In € million	In %
Steel Production	**3,389**	**34**	3,528	33	–139	–4
Steel Processing	**1,576**	**16**	2,127	20	–550	–26
Trading	**3,057**	**31**	3,313	31	–256	–8
Technology	**1,804**	**18**	1,647	15	157	10
Industrial Participations / Consolidation	**186**	**2**	176	2	10	6
Group	**10,012**	**100**	**10,790**	**100**	**–778**	**–7**

The regional distribution of sales revenues remained virtually unchanged: As before, the business activities of the Salzgitter Group are therefore focused on the EU (€ 7,110 million; 71 % share of sales). Germany remained by far the largest single market with sales of € 4,089 million, equivalent to a share of 41 %. It should be noted in this context, however, that many of our products are supplied to export-oriented German businesses and therefore ultimately find their way abroad.

Consolidated sales by region

	2024		2023		Change	
	In € million	in %	In € million	in %	In € million	in %
Germany	**4,089**	**41**	4,925	46	–836	–17
Other EU countries	**3,021**	**30**	3,030	28	–9	0
Rest of Europe	**501**	**5**	509	5	–8	–2
America	**1,074**	**11**	1,059	10	15	1
Asia	**878**	**9**	793	7	85	11
Other regions	**449**	**4**	474	4	–25	–5
Group	**10,012**	**100**	**10,790**	**100**	**–778**	**–7**

In the 2024 financial year, the Salzgitter Group recorded a **pre-tax result** of € –296.2 million (previous year: € +238.4 million). While the Steel Production, Steel Processing and Trading business units did not match the year-earlier figures, also due to impairment expenses, expenses in connection with restructuring and other special items, the Technology Business Unit and the Other/Consolidation segment achieved a significant increase in earnings in a year-on-year comparison. The result includes a contribution of € 183.9 million from the participating investment in Aurubis AG accounted for using the (IFRS) equity method (previous year: € 40.0 million).

Results of the business units and consolidated result

In € million	2024	2023
Steel Production	186.2	295.5
Steel Processing	–78.6	227.4
Trading	–20.9	20.5
Technology	148.5	114.9
Industrial Participations / Consolidation	210.1	18.8
EBITDA Group	**445.2**	**677.0**
Steel Production	–60.9	75.8
Steel Processing	–391.4	144.7
Trading	–81.2	–13.6
Technology	93.5	81.1
Industrial Participations / Consolidation	143.8	–49.7
EBT Group	**–296.2**	**238.4**
Taxes	51.7	34.3
Consolidated result[1]	**–347.9**	**204.1**

[1] Including minority interest

Special items

	EBT		Restructuring[1]		Impairment / reversal of impairment[2]		Other		EBT without special items	
In € million	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Steel Production	–60.9	75.8	–16.9	6.7	–	–	–	–	–44.0	69.1
Steel Processing	–391.4	144.7	–6.7	0.8	–260.2	–20.0	–	–	–124.5	164.0
Trading	–81.2	–13.6	–21.8	–0.1	–	–	–71.3	–	11.9	–13.5
Technology	93.5	81.1	–1.3	0.4	–17.6	–	–	–	112.4	80.7
Industrial Participations / Consolidation	143.8	–49.7	0.0	–1.0	–	–	–9.7	–	153.6	–48.7
Group	–296.2	238.4	–46.7	6.8	–277.8	–20.0	–81.0	–	109.3	251.5

[1] This disclosure takes account of expenses for a restructuring measure and gains from the release of a restructuring provision. In the case of the Steel Processing Business Unit this disclosure includes income only whereas, for all other business units, this is expenses and income. In the case of the Steel Processing Busines Unit, the disclosure for the previous year included income only whereas, for all other business units, this was expenses and income.

[2] Disclosure as an impairment / write-up in this overview has only been reported if the cash flows are allocated to a group of assets.

MEASURES AIMED AT IMPROVING PROFIT AND SECURING LIQUIDITY

We counteract the current challenges firstly with our established “Performance 2026” profit improvement program and secondly through further short-term measures designed to stabilize earnings and secure liquidity.

PERFORMANCE 2026

As part of the “Salzgitter AG 2030” strategy, measures with a profit improvement effect of € 250 million at present were identified and recorded. In harmony with the corporate strategy, “Performance 2026” is geared to the three strategic thrusts of “Profitability”, “Growth” and “Circularity”. In terms of content, the effects are driven in particular by improving in-house efficiencies, flanked by stepping up market development activities to generate higher shipment volumes and margins. The Steel Production and Steel Processing business units are the main contributors to the effects, with the Trading and Technology business units also making notable contributions. Measured against the previous year, effects worth € 65 million had already been achieved by the reporting date. Some measures were already having an impact in previous years, thereby generating an effect of around € 134 million since then.

SUPPLEMENTARY MEASURES

In order to take account of the current economic environment and with a view to sharpening our future competitive edge, we have introduced measures that will have an impact on liquidity and support earnings in the short term. These measures include restricting allocation in investment and maintenance as well as optimizing working capital.

Similarly, we have launched an additional profit improvement program to supplement the existing Performance 2026 measures. Measures will continue to focus on further enhancing sustainable efficiency and process improvements in the areas of procurement, logistics and sales. We anticipate an additional significant financial effect of around € 250 million over the period up until 2028.

DEVELOPMENT OF SELECTED INCOME STATEMENT ITEMS

The consolidated income statement is explained in detail in the → **Notes to the Consolidated Financial Statements**. Selected items are explained in the following.

Based on the aforementioned sales trend and the changes in inventories and other work capitalized, which were positive (€ 0.1 billion; previous year: € –0.2 billion) despite the inclusion of impairment losses on inventories, total output declined by 4.4 % to € 10.1 billion in the 2004 financial year (previous year: € 10.6 billion).

The cost of materials (–3.7 %) dropped to a level similar to that of total output, which was mainly caused by the lower prices of input materials.

Personnel expenses stood at € 2,015.8 million as of the reporting date on December 31, 2024 (previous year: € 1,887.7 million). Along with slightly higher average workforce numbers and higher collectively agreed wages, the increase in expenditure especially is due to non-recurrent restructuring expenses recognized through personnel expenses.

Other operating income came in at € 539.5 million in 2024 (previous year: € 671.8 million). The year-on-year decrease resulted mainly from lower gains from the valuation of financial derivatives and positions held in a foreign currency worth € 78.4 million (previous year: € 179.7 million). Similarly, the level of provisions released dropped below that of the previous year (€ 53.6 million; previous year: € 105.8 million). By contrast, income from exchange rate fluctuations (€ 175.6 million; previous year: € 159.3 million) and income from refunds from previous years (€ 69.5 million; previous year € 40.3 million), on the other hand, exceeded the figures for the same period of the previous year.

As a countertrend, other operating expenses amounted to € 1,437.4 million in the reporting year (previous year: € 1,584.4 million). This item essentially includes expenses of € 391.8 million (previous year: € 391.1 million) for services sourced externally and for sales expenses (€ 344.2 million; previous year: € 344.9 million), exchange rate induced losses amounting to € 184.4 million (previous year:163.2 million) and expenses for the measurement of financial derivatives and foreign currency positions of € 34.3 million (previous year: € 213.1 million).

The result of the companies included at equity increased to € 184.4 million (previous year: € 92.5 million). While the participating interest in Aurubis AG delivered a significantly higher earnings contribution (€ 183.9 million; previous year: € 40.0 million), the EUROPIPE Group was unable to repeat the previous year's result (€ 0.3 million; previous year: € 53.6 million).

EBIT before depreciation and amortization (EBITDA) therefore declined to € 445.2 million (previous year: € 677.0 million).

Depreciation and amortization totaled € 624.2 million in the 2024 financial year (previous year: € 321.5 million). While scheduled depreciation and amortization only slightly exceeded the year-earlier level, unscheduled depreciation and amortization rose substantially due to impairments, particularly in the Steel Processing Business Unit (€ 294.7 million; previous year: € 3.5 million). Further information can be found in the → **Notes to the financial statements**, Note 5, Depreciation and amortization and impairment on property, plant and equipment and intangible assets.

EBIT stood at € –179.1 million (previous year: € 355.1 million).

Both the finance income (€ 33.4 million; previous year: € 44.9 million) and finance expenses (€ 150.6 million; previous year: € 161.6 million) were lower than the year before. Financing expenses fell in particular due to a reduction in the interest portion of provisions for pensions. In addition, interest in connection with investments in the context of SALCOS® was capitalized.

Accordingly, earnings before taxes amounted to € –296.2 million in the reporting year (previous year: € 238.4 million).

Taking account of € 51.7 million in tax expenses (previous year: € 34.3 million), **consolidated net loss** posted € 347.9 million (previous year: € 204.1 million in consolidated net income). The tax rate stood at –17.4 % in the financial year 2024 (previous year: 14.4 %). Thanks to the utilization of tax loss carryforwards that had previously not been taken into consideration, actual tax expenses were reduced by € 1.6 million (previous year: € 2.1 million). The tax expenses in the reporting year included out-of-period income of € 16.8 million compared with out-of-period expenses of € 21.5 million in the previous year.

Basic earnings per share were calculated accordingly at € –6.51 (previous year: € 3.70).

Multi-year overview of earnings

In € million	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015[1]
EBT	–296.2	238.4	1,245.4	705.7	–196.4	–253.3	347.3	238.0	53.2	4.1
EBIT I[2]	–202.5	335.7	1,296.2	743.4	–138.1	–212.0	390.8	295.7	96.6	69.5
EBIT[3]	–179.1	355.1	1,311.6	753.2	–119.2	–187.5	412.6	316.8	119.2	81.9
EBITDA[4]	445.2	677.0	1,618.2	1,261.6	176.1	354.2	797.2	707.2	476.4	422.6
EBT margin	–3.0	2.2	9.9	7.2	–2.8	–3.0	3.7	2.7	0.7	0.1
EBIT margin[3]	–1.8	3.3	10.5	7.7	–1.7	–2.2	4.5	3.5	1.5	1.0
EBITDA margin[4]	4.4	6.3	12.9	12.9	2.5	4.1	8.6	7.9	6.0	4.9
ROCE %	–3.4	5.6	20.1	16.2	–3.9	–5.8	10.3	8.6	2.7	1.9

[1] Restatement due to inventory valuation correction
[2] Excluding elimination of interest expenses for provisions
[3] EBT + interest expenses / – interest income
[4] EBT + interest expenses / – interest income + depreciation and amortization of property, plant and equipment, intangible assets and non-current financial assets

Reconciliation EBIT / EBITDA

In € million	2024	2023
EBT	–296.2	238.4
+ Interest expenses	150.6	161.6
– Interest income	–33.4	–44.8
= EBIT	–179.1	355.1
+ Depreciation / amortization[1]	624.2	321.9
= EBITDA	445.2	677.0

[1] Depreciation / amortization of property, plant and equipment, intangible assets and non-current financial assets

With significantly lower earnings before taxes and net interest income at the year-earlier level, EBIT also declined substantially. The reduction in **EBITDA** was less pronounced compared with the previous year as depreciation and amortization that are eliminated in this metric were significantly higher than in the previous year.

Return on capital employed (ROCE)

In € million	2024	2023
EBT	–296	238
+ Interest expenses	151	162
– Interest expenses for pension provisions	–57	–64
= EBIT I	–202	336
Total assets	10,465	10,502
– Pension provisions	–1,638	–1,668
– Other provisions excluding provision for income taxes	–494	–443
– Trade payables, contract liabilities, other liabilities excluding notes payable, liabilities in connection with assets held for sale[1]	–1,949	–2,111
– Deferred tax assets	–365	–325
= Capital employed	6,019	5,955
in %		
ROCE	–3.4	5.6

[1] Notes payable amounting to € 1.5 million (2023: € 1.5 million).

ROCE shows the relationship of EBIT I to capital employed and measures the return on capital employed. The figures used for the calculation of the ratios are taken from the consolidated financial statements. We use reporting date-related figures from the financial statements for our calculations. ROCE came in at –3.4 % in the 2004 financial year (previous year: 5.6 %), which was due to the disproportionate decline in EBIT, while interest-bearing equity and debt merely edged up compared with the previous year.

VALUE ADDED IN THE SALZGITTER GROUP

The operational value added of the Group amounted to € 1,861 million in 2024 (previous year: € 2,278 million), thereby not providing cover for personnel expenses (€ 2,073 million; previous year: € 1,952 million). In terms of the public sector, the proportion in the form of taxes and levies stood at 2.8 % (previous year: 1.5 %). At 4.6 %, the proportion of lenders exceeded the year-earlier figure (previous year: 3.8 %). Shareholders (including treasury shares) will receive 0.7 % of value added for the financial year ended (previous year: 1.2 %). In the period under review, a negative amount remained within the Group. In the last 15 years, funds of € 0.8 billion in value added were contributed to the Group.

Value added

	2024/12/31		2023/12/31	
	In € million	in %	In € million	in %
Sources				
Group outputs	10,923	100.0	11,458	100.0
Inputs	9,061	83.0	9,180	80.1
Value added	1,861	17.0	2,278	19.9
Appropriation				
Employees	2,073	111.4	1,952	85.7
Public sector	52	2.8	34	1.5
Shareholders	12	0.7	27	1.2
Lenders[1]	85	4.6	88	3.8
Remaining within the Group	–360	–19.3	177	7.8
Value added	1,861	100.0	2,278	100.0

[1] Component of the finance expenses item

Reconciliation value added

In € million	2024	2023
Sales	10,011.7	10,790.5
Changes in inventories / other own work capitalized	137.7	–171.3
Other operating income	539.5	671.8
Income from shareholdings	1.3	1.0
Result from investments accounted for using the equity method	184.4	92.5
Income from reversal of impairment losses of financial assets	23.5	38.8
Financial result[1]	24.6	35.0
Group outputs	10,922.7	11,458.3
Cost of materials	6,975.1	7,246.0
Depreciation / amortization	624.2	321.5
Other operating expenses	1,437.4	1,584.4
Expenses from reversal of impairment of financial assets	24.6	28.5
Input	9,061.4	9,180.4

[1] Excluding income from securities and loans, interest expense, allocation to pension reserves as well as excluding interest expense and similar expenses

BUSINESS UNIT PERFORMANCE

STEEL PRODUCTION BUSINESS UNIT

Key data		2024	2023
Order intake	kt	5,032	4,892
Order backlog as of 12/31	kt	1,251	1,162
Crude steel production	kt	5,156	4,540
Salzgitter Flachstahl	kt	4,257	3,699
Peiner Träger	kt	899	841
Rolled steel production	kt	4,267	4,165
Salzgitter Flachstahl	kt	3,420	3,381
Peiner Träger	kt	847	784
Shipments	kt	5,225	5,103
Segment sales[1]	€ m	4,551.9	4,823.2
Sales to other segments / Group companies	€ m	-1,163.2	-1,295.2
External sales[2]	€ m	3,388.8	3,528.0
EBIT before depreciation and amortization (EBITDA)	€ m	186.2	295.5
Earnings before interest and taxes (EBIT)	€ m	0.1	126.2
Earnings before taxes (EBT)	€ m	-60.9	75.8

[1] Including sales with other business units in the Group
[2] Contribution to consolidated external sales

Along with the two steel producing companies of Salzgitter Flachstahl GmbH (SZFG) and Peiner Träger GmbH (PTG), the **Steel Production Business Unit** also comprises DEUMU Deutsche Erz- und Metall-Union GmbH (DMU) as an important internal transformation partner for our ↗ SALCOS® decarbonization program. Furthermore, the business unit includes the companies of Salzgitter Mannesmann Stahlservice GmbH (SMS) and Salzgitter Europlatinen GmbH (SZEP). The product range of the business unit comprises hot-rolled strip, galvanized and coated cold-rolled strip, sections and laser-welded tailored blanks, among other products.

STEEL MARKET DEVELOPMENT

In 2024, the European and the German steel market in particular was determined by a strikingly low level of demand in almost all key customer sectors for strip steel and section products. Along with weak construction and industrial activity, the automotive industry also merely stagnated compared with the previous year.

The ailing economy was also reflected in the price trend on the **strip steel market**. While spot prices were still rising at the start of the year, which is typical of the season, deterioration on the market was followed by two distinct phases, with prices tumbling and subsequently trending sideways. The benchmark price published by S&P Global for a ton of hot strip ex Ruhr shed more than 20 % over the course of the year. As a result, European mills on the lookout for the necessary volumes to ensure capacity utilization were exposed to great price pressure that also impacted long-term business. Along with slack demand, this situation was attributable to global surplus capacities, as before, with high import volumes to Europe as a consequence. The situation was exacerbated by China's weak economy as less steel was used in the country itself and significantly higher volumes were earmarked for export and redirected. Chinese suppliers therefore continued to be active on the European market due to the very low steel prices and despite trade defense measures, which further reinforced the negative price spiral. In addition, China's steel exports of more than 100 million tons in 2024 were responsible for numerous redirection effects to Europe. During the period under review, the level of demand in Europe's steel market was even lower than in the 2020 pandemic year. This scenario weakened the market position of domestic steelworks further, resulting in low order intake, while imports grew significantly compared to the year-earlier period.

The situation on the **sections market** was similar in 2024. Reluctance to invest, also as a result of political uncertainty, kept demand generally weak. Following a period of brief stabilization in the third quarter that was not, however, based on sustainable special effects, demand dropped off again in the fourth quarter – and with it the price level. As in recent years, traders continued to significantly scale back inventories, which additionally aggravated the situation. Consequently, stocks held in the sections trade had dropped more than 25 % below the pre-pandemic period by the end of 2024. In contrast to the trade, producers did not generally give in to price pressure due to sufficient capacity utilization and uncertainty regarding cost trends, particularly with regard to the future development of electricity prices.

PROCUREMENT

IRON ORE

At the start of the year, the iron ore price declined from its initial level of 140 USD/dmt to just over 100 USD/dmt through to the end of the first quarter. In May, the price rose briefly to more than 120 USD/dmt before moving only between 100 and 110 USD/dmt in the remainder of the second quarter following a correction phase. Iron ore requirements that dwindled in line with Chinese demand for steel were also reflected in the increase in iron ore inventories in China's import harbors that, having posted almost 150 million tons at the end of the first half of the year, were approaching capacity limits. As from July, the persistently negative economic outlook determined the development of the iron ore market. After a short-lived upturn, prices dropped further in September to 89.35 USD/dmt, hitting their lowest level since November 2022. At the beginning of the fourth quarter, prices were fluctuating around the 100 USD/dmt mark again. Following the US elections, the iron ore price partly declined again in anticipation of potential US duties levied on Chinese exports in conjunction with the demand for steel and steel production dropping off. Repeated announcements by the Chinese government of its intention of initiating measures to support the country's economy led to prices rising again at the end of the year. As a result, the iron ore price for the IODEX 62% Fe CFR China benchmark grade settled within a range of 100–105 USD/dmt. Compared with 2023, the average annual price shed 8.6%, dropping to 109.44 USD/dmt.

COKING COAL

Having risen briefly to 338 USD/t at the start of the year, the benchmark price dipped to just under 245 USD/t at the end of March, pressured by the weak outlook for the steel market and slack demand from key customers such as India and Europe. In the second quarter, the coking coal price stabilized initially at a level of 230–240 USD/t before the price – impacted by a few isolated spot market shipments – rose to partly exceed the 250 USD/t mark in June. Following a short sideways movement to just under 260 USD/t at the start of the third quarter, the price then fell below the 200 USD/t mark again for the first time in two years, subsequently dropping to its lowest point for the year of 180 USD/t in mid-September. In preparation for the Golden Week, Chinese demand increased at the end of September, which lifted the coking coal price above the 200 USD/t threshold again. The measures to reinvigorate China's economy and the return of Indian market participants who had held back on buying in the third quarter due to the monsoon season were unable to exert a sustainable impact on the market in the months that followed. At year-end, the price level remained virtually unchanged at 200 USD/t. Compared with 2023, the annual average price for 2024 declined 18.9% to 240.37 USD/t.

Depending on the situation in the market, the Salzgitter Group hedges limited volumes of iron ore and coking coal in order to mitigate the procurement risks.

STEEL SCRAP

With the exception of a slight downturn in the spring, the first half of 2024 generally reported stable demand and prices in an uptrend. At the start of the third quarter, plant requirements dropped off considerably due to vacation-related downtime at the plants. In conjunction with weak export activity from the euro area, this resulted in excess supply and consequently to significant price markdowns. The decline in export activity was made all the more acute by the demand of Turkish mini mills for scrap running at a low level. For reason of competition, these mills restricted their activities to rolling heavily discounted semi-finished products. Despite low inflows of scrap, Germany also saw more price reductions in the fourth quarter.

BUSINESS DEVELOPMENT

In the financial year 2024, the **order intake** of the Steel Production Business Unit slightly exceeded the previous year's level, while **orders on hand** were higher year on year. The business unit's **crude steel output** was notably higher than in 2023 that was impacted by the relining of Blast Furnace A. **Rolled steel production** remained at the year-earlier level. Against the backdrop of stable **sales**, **external sales** decreased marginally due above all to lower prices compared with 2023, while **segment sales** suffered a more pronounced downturn. Price declines were recorded in the strip steel as well as in the sections business. The Steel Production Business Unit generated **EBITDA** of € 186.2 million (previous year: € 295.5 million) and € –60.9 million in **earnings before taxes** (previous year: € +75.8 million). The result includes € –16.9 million in net expenses in connection with restructuring provisions (previous year: € +6.7 million in net income from the release of restructuring provisions). Despite the decline in scrap prices and the lower costs of energy and raw materials, the result of PTG and also of SZFG settled in negative territory in connection with declining selling prices. With the exception of the SMS Group, the companies belonging to the business unit were unable to match their year-earlier results.

INVESTMENTS

In the first nine months of 2024, performance and availability tests were conducted on Blast Furnace A that, following full upgrading, was fired back up again and recommissioned at the end of 2023. In the final quarter of 2024, the focus was placed on the remaining work to be carried out. In relining the blast furnace, the Salzgitter Group has completed an important operational step in securing the pig iron basis for the incremental transformation toward low carbon steel production in the context of SALCOS®.

SALCOS®

SALCOS® is aimed at fully converting the integrated steelworks into low carbon crude steel production over the period up until 2033. Through to the end of 2026, we plan to invest approximately € 2.3 billion in the transformation of primary steel production. In this first stage, SALCOS® will be supported by public funds of around € 700 million from the German government and € 300 million from the federal state. Salzgitter AG approved funds of its own amounting to € 1.3 billion. At the end of 2026, we aim to be among the first operating on the market with products produced via the SALCOS® route.

At the present point in time, we are in the process of building a 100 MW electrolysis plant, a direct reduction plant (DRI plant) and an electric arc furnace (EAF) at the Salzgitter location. The facilities are capable of producing around two million tons of low carbon crude steel a year, thereby replacing a blast furnace and a converter in the first stage.

Work on laying the ground for the 100 MW electrolyzer was essentially completed in 2024. The plant is to produce around 9 ktons of green hydrogen a year as from the fourth quarter of 2026, which marks the beginning of the industrial utilization of hydrogen in the context of SALCOS®.

The DRI plant has a production capacity of around two million tons of direct reduced iron a year. Following the first part of 2024 that marked concrete and foundation work, the move to assemble the DRI plant's reactor commenced in the third quarter. The fourth quarter saw one of the largest plant components, the so-called DRI cooler, installed in the reactor tower.

During the reporting period, all the necessary pile foundations were drilled for the foundations in the building that will house the electric arc furnace and a number of concrete building structures were erected. The go-ahead was given for the steel construction of the building in the fourth quarter.

The first quarter of 2024 marked the start of construction work along Tennet's approximately 10 km long 380 kV overhead cable. Together with the substation built by SZFG itself on its premises, upon completion the cable is to ensure electricity supplies for the SALCOS® facilities.

In addition, the construction of a shredder plant in the direct proximity of the SALCOS® facilities was also commissioned in the second quarter of 2024. The new plant will enable the processing of high-quality scrap grades, thereby representing another module of producing "green steel" in line with SALCOS®.

STEEL PROCESSING BUSINESS UNIT

Key data		2024	2023
Order intake	€ m	1,727	2,220
Order backlog as of 12/31	€ m	509	872
Crude steel production	kt	1,235	1,170
Rolled steel production	kt	912	984
Shipments	kt	1,326	1,461
Segment sales[1]	€ m	2,508.8	3,028.8
Sales to other segments / Group companies	€ m	−932.5	−902.3
External sales[2]	€ m	1,576.3	2,126.5
EBIT before depreciation and amortization (EBITDA)	€ m	−78.6	227.4
Earnings before interest and taxes (EBIT)	€ m	−371.2	161.6
Earnings before taxes (EBT)	€ m	−391.4	144.7

[1] Including sales with other business units in the Group
[2] Contribution to consolidated external sales

The companies producing steel tubes and pipes and the Salzgitter Group's heavy plate activities are combined under the **Steel Processing Business Unit**. The pipes and tubes portfolio covers a wide range of line pipe diameters, supplemented by precision steel tubes and, up until the sale of the Mannesmann Stainless Tubes Group (MST Group) in October 2024, stainless steel and nickel-based tubes. Two heavy plate mills also belong to the business unit. Along with standard grades, the Ilsenburg mill produces high-strength and sour-gas resistant plate. The competence of the mill operating out of Mülheim an der Ruhr resides above all in the production of line pipe plate for onshore and offshore pipelines in medium to large batch sizes. The business unit has its own supply of input material through its participation in Hüttenwerke Krupp Mannesmann GmbH (HKM).

HKM is included at 30 % on a proportionate basis in the consolidated financial statements. The 50 % stake held in the EUROPIPE Group is accounted for using the equity method.

As part of active portfolio management, the MST Group was sold and deconsolidated, effective October 31, 2024. Accordingly, the MST Group's key data was fully included in the business unit's figures for the first ten months of 2024 and fully recognized in the financial year 2023.

MARKET DEVELOPMENT

QUARTO PLATE

The weak economy also dominated the heavy plate market throughout the whole of 2024. Demand declined successively as the year progressed, with market prices down to an extremely low level at year-end, such as last seen at the start of 2021. Only onshore wind energy and steel bridge construction as key customer sectors reported stable demand, accompanied by an otherwise weak order situation. Despite demand trending down overall, significant input volumes continued to crowd onto the EU heavy plate market, especially from South Korea, India, Japan, Indonesia and North Macedonia, with the result that European producers lost market shares. Intense competitive pressure has been increasingly exacerbated by the availability of cheap heavy plate based on Russian semi-finished products. Insufficient sanctions by the EU in this area are making the challenging situation on the market even more difficult.

STEEL TUBES AND PIPES

With regard to the large-diameter tubes market, the financial year 2024 stood under the influence of postponements in the project business, both in terms of considerable delays in finalizing the awarding of projects, as well as due to the approval for the hydrogen core network that was only granted in the autumn. The medium-diameter line pipe segment recorded weak demand from traders. Furthermore, uncertainty regarding the potential impact of the new US president's policies was reflected in a weak order situation in the international project business. The precision tubes market was determined by reticent demand from core segments over the course of the year. Orders from the automotive industry in particular failed to meet expectations. Lackluster momentum in the key markets for stainless steel tubes was ongoing through to the sale of the MST Group in the fourth quarter

BUSINESS DEVELOPMENT

In 2024, the **order intake** of the Steel Processing Business Unit fell considerably short of the previous years' figure. With the exception of Mannesmann Grossrohr GmbH that exceeded the low order inflow of the comparison period, the steel tubes producers and the heavy plate companies reported significant declines. Against the backdrop of the weak order situation across all products (excluding the MST Group as at the reporting date), the business unit's **orders on hand** and its **shipments** dropped below the figures posted in 2023. Consequently, **segment** and **external sales** also fell considerably short of the year-earlier level. The business unit generated **EBITDA** of € –78,6 million (previous year: € 227,4 million) and **a pre-tax result** of € –391,4 million (previous year: € +144,7 million). The result included impairment of € –260.2 million (previous year: € –20.0 million) in the precision tubes (€ –129.6 million) and in the stainless steel tubes business (€ –20.0 million) and at HKM (€ –110.6 million). This figure also takes account of an amount of € –6.7 million in restructuring expenses (previous year: € +0.8 million in income from the release of restructuring provisions).

INVESTMENTS

In the year 2024, the Steel Processing Business Unit concentrated first and foremost on replacement and supplementary investments. The focus in the heavy plate business was placed on reinforcing the resilience of the Mülheim mill and expanding the range to comprise an even higher quality product mix. Despite the tight economic situation, the groundbreaking ceremony to mark the start of construction work on a new education and communication center took place in Ilsenburg in the fourth quarter. This measure underscores the priority Salzgitter AG accords education and continuous professional development.

TRADING BUSINESS UNIT

Key data		2024	2023
Shipments	kt	3,379	3,167
Segment sales[1]	€ m	3,101.1	3,356.7
Sales to other segments / Group companies	€ m	–44.4	–43.8
External sales[2]	€ m	3,056.7	3,313.0
EBIT before depreciation and amortization (EBITDA)	€ m	–20.9	20.5
Earnings before interest and taxes (EBIT)	€ m	–67.2	2.9
Earnings before taxes (EBT)	€ m	–81.2	–13.6

[1] Including sales with other business units in the Group
[2] Contribution to consolidated external sales

The **Trading Business Unit** comprises a well-developed organization of stockholding steel trading subsidiaries in Europe with a wide range of processing capabilities, various companies specialized in plate, as well as an international trading network spanning the globe. Along with selling rolled steel and tubes products of the Salzgitter Group and complementary products of other producers, feedstock is also procured on the international markets for Group companies and external customers.

MARKET DEVELOPMENT

In the financial year 2024, the stockholding steel trade in Europe reported weak demand in the relevant sales markets against the backdrop of the challenging economic situation. Following a pronounced decline in demand in the previous year, overall shipments dropped again in the period under review. At the start of 2024, warehouse sales prices increased only temporarily before falling noticeably as the year progressed, thereby contributing to the lower level of inventories in the value chain. Conversely, shipments developed well in the US but have nevertheless also been trending down slightly since the end of the second quarter. Shipments in international trading improved compared with the year-earlier period.

BUSINESS DEVELOPMENT

Thanks to significantly higher sales volumes in international trading, the Trading Business Unit's **shipments** rose moderately compared with the weak year of 2023. By contrast, the European stockholding steel trade reported a notable downturn in volumes as a result of very reticent demand in the market. The business unit's **segment** and **external sales** fell short of the figures posted in the previous year as selling prices were a great deal lower year on year. The price trend also negatively impacted the operating margins. In view of expectations for market weakness in some countries persisting in the medium term, extensive restructuring measures were initiated in the reporting year. The expenses in the context of these restructuring measures totaled € –93.1 million (previous year: € –0.1 million). Consequently, **EBITDA** (€ –20.9 million; previous year: € +20.5 million) and the **pre-tax result** (€ –81.2 million; previous year: € –13.6 million) were a great deal lower than the year-earlier figures.

INVESTMENTS

Against the backdrop of the challenging market environment in Europe, investments in the Trading Business Unit were initially restricted in the first quarter to completing projects underway aimed at expanding finishing capacities, along with targeted, individual measures to ramp up capacity. An even more extensive halt to investments has been set in place since the second quarter.

TECHNOLOGY BUSINESS UNIT

Key data		2024	2023
Order intake	€ m	1,653	1,952
Order backlog as of 12/31	€ m	1,278	1,443
Segment sales[1]	€ m	1,804.7	1,648.0
Sales to other segments / Group companies	€ m	–0.8	–0.7
External sales[2]	€ m	1,803.9	1,647.4
EBIT before depreciation and amortization (EBITDA)	€ m	148.5	114.9
Earnings before interest and taxes (EBIT)	€ m	96.2	81.9
Earnings before taxes (EBT)	€ m	93.5	81.1

[1] Including sales with other business units in the Group
[2] Contribution to consolidated external sales

Three manufacturers of special machinery steeped in tradition are grouped within the **Technology Business Unit**. More than 90 % of sales is generated by the KHS Group that, as a plant engineering specialist, holds a leading global position in filling and packaging technology. The KHS Group is a full-line supplier. The product range covers intralogistics and processing through to the filling and packaging of beverages. The Klöckner DESMA Elastomer Group (KDE Group) manufactures injection molding machinery for rubber and silicon products, while DESMA Schuhmaschinen GmbH (KDS) sells special machinery for the shoe industry.

MARKET DEVELOPMENT

The German Engineering Federation (VDMA) reported a sharp decline in the German mechanical engineering's order intake in 2024. Consequently, the downtrend in demand that had commenced in the previous year continued. In contrast to the sustained, pronounced weakness in investment activities in Germany, demand from abroad improved slightly.

BUSINESS DEVELOPMENT

Mirroring the downtrend in the sector, the Technology Business Unit's **order intake** in the financial year 2024 dropped considerably below the very strong year-earlier level. Thanks to incoming orders at year-end 2023, the business unit's **orders on hand** had nevertheless settled at a healthy level as of the reporting date, albeit notably below the previous year's figure. The high order backlog supported capacity utilization at the KHS Group and resulted in the business unit generating **segment** and **external sales** that were higher in a year-on-year comparison. All in all, the Technology Business Unit lifted **EBITDA** to € 148.5 million (previous year: 114.9 million) and **earnings before taxes** to € 93.5 million (previous year: 81.1 € million). Despite unscheduled write-downs (€ –17.6 million; previous year: € 0.0 million) at the KDE Group and € 1.3 million in net expenses for restructuring (previous year: € +0.4 million in net income from the release of restructuring provisions), the Technology Business Unit achieved a record result. This performance was mainly attributable to the positive development of the KHS Group's business. KDS also achieved a result that outperformed that of the previous year.

The Technology Business Unit's efficiency and growth program consistently interacts and meshes with the Salzgitter Group's strategy. Extensive measures contributed to the increase in revenue and profits achieved so far despite the fiercely competitive market environment, hallmarked by uncertainty. Along with continuously developing its production locations in Germany, the KHS Group's strategic focus is especially placed on expanding its international presence.

INVESTMENTS

In the reporting period, the Technology Business Unit continued to focus on ongoing replacement and streamlining measures. Special emphasis here was placed on the KHS production location in Dortmund as well as on expanding logistics. In order to ensure the steady optimization of organizational workflows, IT projects in Germany and in the international companies were also carried out within the KHS Group.

With a view to strengthening customer relationships, further capital expenditure by the KHS Group is aimed at expanding global production capacities for processing customer orders and at securing after sales business, for example, through global expansion and standardizing field service management. A move to ramp up the production capacities in the South American market was initiated. Expanding facilities at the production location in India is under way.

Moreover, in the context of active portfolio management, investments in strengthening technology expertise and expanding the KHS's product portfolio were made in the financial year 2024 through acquiring H. F. Meyer Maschinenbau GmbH & Co. KG as well as a majority holding in Tyrolon-Schulnig GmbH.

INDUSTRIAL PARTICIPATIONS / CONSOLIDATION

Key data		2024	2023
Sales	€ m	1,101.4	1,205.1
Sales to other segments / Group companies	€ m	–915.4	–1,029.5
External sales[1]	€ m	186.0	175.6
EBIT before depreciation and amortization (EBITDA)	€ m	210.1	18.8
Earnings before interest and taxes (EBIT)	€ m	163.0	–17.5
Earnings before taxes (EBT)	€ m	143.8	–49.7

[1] Contribution to consolidated external sales

Industrial Participations / Consolidation comprises activities that are not directly allocated to a business unit. As a management holding company, Salzgitter AG does not have any operations of its own. Instead, it manages Salzgitter Mannesmann GmbH and Salzgitter Klöckner Werke GmbH under which the major companies of the Salzgitter Group are held. Aside from this, the results of companies operating primarily within the Group, as well as those of Group companies that support the core activities of the business units with their products and services, are recorded here.

Sales in the Industrial Participations / Consolidation segment, which are based mainly on business in semi-finished products with subsidiaries and external parties, moved within a range that was discernibly lower year-on-year. By contrast, **external sales** increased in comparison with the previous financial year. At € 210.1 million, **EBITDA** (previous year: € 18.8 million) significantly outperformed the year-earlier figure. The increase in the business unit's result is essentially attributable to the higher contribution of € 183.9 million (previous year: € 40.0 million) from the participating investment in Aurubis AG consolidated in accordance with the equity method (IFRS accounting). At year-end, Salzgitter AG held an unchanged stake of 29.99 % in Aurubis AG in terms of the overall number of shares in circulation.

Earnings before taxes of Industrial Participations / Consolidation rose to € 143.8 million (previous year: –49.7 € million). Reporting-date related valuation effects of foreign currency and derivatives positions, as well as net interest income from the cash management of the consolidated group delivered a positive result overall (€ 28.2 million; previous year: € –29.1 million). The profit contribution included in the previous year's pre-tax result and not directly allocated to a business unit could nevertheless not be repeated in the financial year 2024, which was due above all to the unscheduled write-down of a property.

FINANCIAL POSITION AND NET ASSETS

FINANCIAL MANAGEMENT

Salzgitter Klöckner-Werke GmbH (SKWG), a wholly owned subsidiary of Salzgitter AG (SZAG), has carried out cash and foreign currency management principally on a centralized basis for the companies belonging to the Salzgitter Group since January 1, 2012. Joint venture companies are not included here.

The internal financing of Group companies is fundamentally conducted through making Group credit lines available in the context of Group financial transactions and, in individual cases, external loan guarantee commitments. In order to cover the financial requirements of foreign Group companies, in particular those outside the euro area, the Salzgitter Group also makes use of local lending markets. At the same time, it draws on the liquidity surplus of the Group companies for financing. Supplies and services within the Salzgitter Group are settled via internal accounts. Central finance management enables us to procure external capital at favorable conditions and has a positive impact on our financing costs. We calculate the Group's liquidity requirements through financial planning with a multi-year planning horizon and a monthly rolling liquidity planning with a six-month forecasting horizon.

Cash investments, medium-term bilateral credit lines, a syndicated credit facility of € 1,030 million renewed in 2023 with ten banks and a term through to August 2029 as a back-up line not used, and the tapping of the bond markets guarantee that our liquidity requirements are covered. In 2024, the volume of Salzgitter Flachstahl's short-term genuine EUA repo agreements was increased to € 900 million, with a due date in December 2025. Similarly, at the level of Salzgitter Flachstahl GmbH, an amount of € 503 million in ECA-covered purchaser financing was raised to fund the DRI plant and an electric arc furnace in the context of decarbonizing steel production. The syndicated credit facility does not include any financial covenants. The portfolio of committed, but not yet utilized, credit lines including guarantees stood at € 830 million as of December 31, 2024 (previous year: € 1,030 million). Another bonded loan (Schuldschein) issued in 2019 is still valued at the equivalent of € 85.5 million with a residual term until May 2029 at the latest. At the time, funds were raised from around 100 investors.

Our international business activities generate cash flows in a number of different currencies. In order to secure against the resulting currency risk, Salzgitter Group companies must hedge foreign currency positions at the time when they arise in accordance with Group guidelines. Internal Audit monitors compliance with these regulations in the context of their regular tasks. In the case of transactions denominated in US dollar, which make up a major portion of our foreign currency transactions, the option of setting off sales and purchasing items (netting) is considered first within the Group. Any surplus amounts are covered by way of hedging transactions that are customary in the market.

Pension provisions still play a significant role in corporate financing. Based on an actuarial interest rate (3.5 %) derived from the current level of the long-term capital market rates, pension provisions amounted to € 1,638 million as of December 31, 2024 (previous year: € 1,668 million at 3.5 %). In accordance with the standards of international accounting, the effect of adjusting the actuarial interest rate was reported in the statement of comprehensive income in equity with no effect on net income.

CASH FLOW STATEMENT

The cash flow statement (detailed disclosure in the section on the → **Consolidated Annual Financial Statements**) shows the source and application of funds. The cash and cash equivalents referred to in the cash flow statement correspond to the balance sheet item "Cash and cash equivalents".

Cash and cash equivalents

In € million	2024	2023
Cash inflow from operating activities	408.4	892.0
Cash outflow from investment activities	–677.4	–430.5
Cash outflow / inflow from financing activities	331.9	–498.3
Change in cash and cash equivalents	**62.9**	**–36.9**
Changes in the Group of consolidated companies / changes in exchange rates	–0.4	–11.8
Cash and cash equivalents on the reporting date	**1,002.2**	**939.7**

In the financial year 2024, the Group generated **cash flow from operating activities** of € 408 million (previous year: € 892 million), which was lower than in the previous year due to the negative pre-tax result despite the reduction in working capital. The **cash outflow from investment activities** (€ 677 million) exceeded the level of the previous year (€ 431 million). Compared with year-earlier period, funds in a higher volume were paid out for investments in property, plant and equipment and intangible assets. The main investments in the reporting year were accounted for by the SALCOS® transformation program for which funds of € 401 million were paid out on balance

(€ 537 million in disbursements and € 136 million in subsidies received). In addition, we invested € 27 million in connection with building a new landfill site and € 19 million in relining Blast Furnace A. Disbursements in the financial year were offset in particular by proceeds from the sale of subsidiaries as well as by the disposal of property, plant and equipment and intangible assets.

The cash outflow from financing activities is determined by the redemption of loans granted (€ 1,020 million; previous year: € 879 million), interest payments (€ 100 million; previous year: € 94 million) and dividend payouts (€ 24 million; previous year: € 54 million). This cash outflow was offset by cash inflow from borrowing, resulting in an overall **cash inflow from financing activities** of € 332 million (previous year: cash outflow of € 498 million).

Net financial position

In € million	2024/12/31	2023/12/31
Cash and cash equivalents acc. to balance sheet	1,002.2	939.7
+ Other investments of funds[1]	2.3	5.8
= Investments of funds	1,004.5	945.5
Financial liabilities acc. to balance sheet	1,755.5	1,300.8
– Liabilities from leasing agreements and liabilities from financing	177.1	141.0
= Financial liabilities of net financial position	1,578.4	1,159.8
Net financial position	–573.9	–214.3

[1] Loans excl. valuation allowances (€ 1.7 million; previous year: € 2.2 million), other cash investments reported under other receivables and other assets (€ 0.6 million; previous year: € 3.6 million).

The **net financial position** of € –574 million (previous year: € –214 million) was lower principally due to higher financial liabilities, mainly in connection with the short-term lending of emissions certificates to be surrendered in the future.

Marginally higher cash investments, including securities (€ 1,005 million; previous year: € 946 million) were offset by a notable increase of € 1,578 million in liabilities at the end of the year (previous year: € 1,160 million). The Federal Republic of Germany and the Federal State of Lower Saxony have committed to providing funds in the dimensions of € 1 billion for the SALCOS® transformation program that will be paid out depending on the investments implemented. An amount of € 336 million in total had been paid out from these funds in 2023 and by the reporting date. Obligations arising from leasing agreements are not included in the net financial position.

INVESTMENTS

Additions to property, plant and equipment and to intangible assets from investments stood at € 899 million in the 2024 financial year (previous year: € 583 million). This amount includes € 70 million from lease accounting for newly concluded or renewed contracts over their full contractual term under which the impact on payments lies in the future. Capitalized investments more than doubled depreciation and amortization (€ 330 million). Along with the Steel Production Business Unit (€ 654 million), a major part of the investments in property, plant and equipment and intangible assets were made in the Steel Processing Business Unit (€ 96 million) in 2024.

On the reporting date, a purchase commitment on investments existed in an amount of € 1,170.0 million (previous year: € 1,435.5 million). More explanations on the development of the purchase commitments can be found under Note (33) "Other financial obligations" in the → **Notes to the consolidated financial statements**. The planned financing of investment obligations is explained under → **Financial management** in this section. With regard to contingent liabilities, we refer to Note (32) "Contingencies" in the → **Notes to the consolidated financial statements**.

Along with scheduled depreciation and amortization, impairment of € 294.7 million (previous year: € 3.5 million) was reported through profit and loss.

	Investments		Depreciation / amortization[1]	
In € million	2024	2023	2024	2023
Steel Production	654	404	186	169
Steel Processing	96	80	293	66
Trading	31	32	46	18
Technology	57	41	52	32
Industrial Participations / Consolidation	62	27	47	36
Group	899	583	624	321

[1] Scheduled and unscheduled write-downs

ASSET POSITION

The Group's total assets that stood at € 10,465 million as of December 31, 2024, settled around the year-earlier level (€ 10,502 million). Non-current assets increased tangibly compared with the last reporting date (€ +421 million). Property, plant and equipment and intangible assets rose as the investments (€ 899 million) significantly exceeded scheduled and unscheduled depreciation and amortization (€ 624 million). The shares in the companies accounted for using the equity method also increased (€ +150 million). Current assets declined considerably (€ –458 million) compared with the previous year. This was due in particular to the lower level of assets held for sale (€ –265 million) due to the disposal of companies in the stainless tubes business, along with lower trade receivables including contract assets (€ –153 million) and lower inventories (€ –126 million). Cash and cash equivalents rose by € 62 million compared with previous year's reporting date.

Asset and capital structure

	2024/12/31		2023/12/31	
	In € million	in %	In € million	in %
Non-current assets	4,992	47.7	4,570	43.5
Current assets	5,474	52.3	5,932	56.5
Assets	10,465	100.0	10,502	100.0
Equity	4,449	42.5	4,834	46.0
Non-current liabilities	2,485	23.7	2,353	22.4
Current liabilities	3,532	33.7	3,314	31.6
Equity and liabilities	10,465	100.0	10,502	100.0

Working capital stood at € 2,483 million, which is notably lower than the year-earlier figure (€ 2,769 million).

The equity ratio dropped to 42.5 % in the financial year 2024 (previous year: 46.0 %). Non-current liabilities rose appreciably by € 131 million. While the non-current financial liabilities and deferred income tax liabilities increased by € 105 million and € 56 million respectively compared with the year-earlier period, provisions for pensions and similar obligations declined (€ –29 million). Current liabilities notably exceeded the year-earlier figure (€ +217 million). Higher current financial liabilities (€ +350 million) and other provisions (€ +53 million) were offset by the lower level of liabilities from assets held for sale (€ –124 million), other liabilities (€ –44 million) and lower income tax liabilities (€ –22 million).

THE ANNUAL FINANCIAL STATEMENTS OF SALZGITTER AG

The annual financial statements of Salzgitter AG for the financial year 2024 have been drawn up in application of the accounting policies and valuation methods of the German Commercial Code (HGB), taking account of the supplementary provisions set out under the German Stock Corporation Act.

As the management holding, Salzgitter AG heads up the Group's business units that are responsible at the operational level. The main associated companies are held through the wholly-owned company Salzgitter Mannesmann GmbH (SMG) via its wholly-owned subsidiary Salzgitter Klöckner-Werke GmbH (SKWG). Letters of comfort have been issued between SZAG and SMG, as well as between SMG and SKWG by the respective controlling companies. These controlling companies undertake to furnish SMG and SKWG respectively in the subsequent financial year so that obligations entered into in the current financial year can be settled true to deadlines.

As a non-operational holding company, Salzgitter AG is an integral part of the Salzgitter Group's management and control concept and is therefore subject to the same consequences arising from the risks and opportunities as the Salzgitter Group. The profitability of the company depends on the business progress made by its subsidiaries and on the extent to which the shareholdings retain their value. The legal requirements placed on managing and controlling Salzgitter AG have been taken into account here.

Balance sheet of Salzgitter AG (condensed HGB)

	2024/12/31		2023/12/31	
	€ m	%	€ m	%
Non-current assets	67.0	10.1	62.1	9.2
Property, plant and equipment[1]	25.3	3.8	20.4	3.0
Financial assets	41.7	6.3	41.7	6.2
Current assets	593.9	89.9	610.1	90.8
Inventories	–	–	–	–
Trade receivables and other assets[2]	593.9	89.9	610.1	90.8
Cash and cash equivalents	–	–	0.0	–
Assets	660.9	100.0	672.1	100.0
Equity	382.0	57.8	397.0	59.1
Provisions	232.0	35.1	247.6	36.8
Liabilities	46.9	7.1	27.5	4.1
Equity and liabilities	660.9	100.0	672.1	100.0

[1] Including intangible assets
[2] Including prepaid expenses

The receivables from the liquidity (€ 467.3 million; previous year: € 474.5 million) provided to the subsidiary SKWG as part of a groupwide cash management continue to form the main item on the assets side. The treasury shares (€ 16.2 million; previous year: € 16.2 million) are disclosed separately from equity in accordance with the regulations prescribed by the HGB.

On the liabilities side, pension obligations of € 209.8 million (previous year: € 225.9 million) are disclosed in particular, alongside equity. The equity ratio had declined slightly to 57.8 % (previous year: 59.1 %) as of December 31, 2024.

Income statement of Salzgitter AG (condensed HGB)

In € million	2024	2023
Sales	35.1	33.2
Other operating income	14.6	23.8
Personnel expenses	27.2	31.2
Depreciation / amortization[1]	21.9	21.9
Other operating expenses	49.6	43.3
Income from shareholdings	62.5	65.7
Net interest result	–3.1	–3.1
Income tax	–0.1	0.0
After-tax result	10.4	23.3
Other taxes	–1.0	–2.2
Consolidated net income/loss	9.3	21.1

[1] Including write-downs on financial assets and marketable securities

Sales revenues largely consist of earnings from the levying of a Group contribution. Other operating income mainly comprises proceeds from the sale of property, plant and equipment, income from insurance recoveries, as well as income from affiliated companies. Personnel expenses were lower than the previous year's figure, also due to changes in the parameters for measuring pension provisions. Other operating expenses increased notably on the back of higher project costs. Write-downs of financial assets pertain to impairment of a shareholding (€ –20 million). Income from shareholdings consisted almost exclusively of the contribution to the result received by SMG. As of December 31, 2024, 190 employees were employed in the company (year-earlier reporting date: 176 employees). Hiring new employees was also necessary in order to comply with new statutory and organizational requirements, especially in the context of sustainability reporting and in the field of IT security.

APPROPRIATION OF THE PROFIT OF SALZGITTER AG

Salzgitter AG reported unappropriated retained earnings of € 12.1 million for the financial year 2024.

The company's Executive Board and the Supervisory Board will propose to the Annual General Meeting of Shareholders that these unappropriated retained earnings (€ 12.1 million) be used to fund payment of a dividend of € 0.20 per share (based on the capital stock of € 161.6 million divided into 60,097,000 shares) and that the remaining amount be carried forward to new account.

If the company holds treasury shares on the day of the Annual General Meeting of Shareholders, the proposed appropriation of profit will be adjusted accordingly at the Meeting as treasury shares are not eligible for dividend.

The dividend amount will be geared to the performance of Salzgitter AG in the future as well. The unappropriated retained earnings in the annual financial statements of Salzgitter AG drawn up under German commercial law are the sole determining factor for the ability to pay dividend and, in as much, relevant for the dividend proposal. We strive in the medium term for a minimum dividend yield of 2 % in relation to the year-end closing price of the Salzgitter share. Against the backdrop of the market environment currently to be expected and the dependence of Salzgitter AG's earnings on its subsidiaries we anticipate unappropriated retained earnings for the financial year 2025 at the level of the financial year 2024.

OPPORTUNITIES AND RISK REPORT, GUIDANCE

We treat risk and opportunity management separately as a matter of principle. A separate reporting system documents the risks and facilitates monitoring them. By contrast, recording and communicating opportunities forms an integral part of the management and control system that operates between our subsidiaries/associated companies and the holding company. The identification, analysis and implementation of operational opportunities are directly incumbent on the management of the individual companies. Together with the holding company of the Group, goal-oriented measures are devised to reinforce strengths and to tap strategic growth potential.

OPPORTUNITIES AND OPPORTUNITIES MANAGEMENT

The ongoing monitoring and analysis of the relevant developments affecting the products, technology, markets and competition in the environment of the Group companies are an integral part of opportunity management dedicated to ensuring that we can identify, seize and realize opportunities.

Our group and management structure that is aligned to efficient and effective governance forms an important foundation for the identification and consistent leveraging of potential. Strategy workshops facilitate the identification and the tracking of potential opportunities. This approach enables us to seize market opportunities more swiftly and in a more selective manner against the backdrop of a challenging and dynamic environment.

Business opportunities are to be taken advantage of under the aspect of sustainable profitability. We are not only concerned with measures already initiated to promote organic growth but also with investigating new business models, and we screen external options with regard to their potential contribution to securing success. Moreover, the process of double materiality assessment that is deployed in prioritizing and analyzing opportunities pertaining to ESG should also be mentioned in the context of identifying opportunities. Further details on this topic can be found in the → Non-Financial Report.

As part of developing the “Salzgitter AG 2030” → Strategy, overarching opportunities were identified for the Group and integrated into the corporate strategy as ↗ Strategic Goals for all business units. We perceive opportunities particularly in the fields described in the following.

DECARBONIZATION

The Salzgitter Group considers that the steel industry’s decarbonization harbors huge potential. We are setting about tapping this potential through our → SALCOS® transformation program.

As part of the debate in society at large, the issue of sustainability in the value chain inherent in many companies’ procurement decisions plays an important role. In the view of many of our customers, substituting energy- and carbon-intensive gray steel for green steel is an important lever for reducing their carbon footprint in the upstream value chain (Scope 3 emissions) and for achieving their own sustainability goals. We therefore consider that possible surplus demand for green steel will present opportunities, particularly in the first years following the transformation of our sector. The keen interest of our customers from various sectors in being supplied with low carbon steel at an early stage, reflected in further agreements concluded in the financial year 2024, corroborates our assessment.

CIRCULAR ECONOMY

Our “Salzgitter AG 2030” corporate strategy encompasses the concept of a circular economy as a key component. With this in mind, we develop circular networks with customers, suppliers and process partners along the entire value chain. In terms of achieving our goals of expanding our scrap recycling activities and benefiting from the anticipated increase in global demand for metal scrap, we consider ourselves well-positioned through our subsidiary DEUMU Deutsche Erz- und Metall-Union GmbH.

Along with the innovative design of recycling compatible packaging, the Technology Business Unit makes a contribution to the circular economy by refurbishing machinery and equipment, thereby tapping into the opportunity of benefiting from the trend toward sustainable business models.

PROCESS TECHNOLOGY DEVELOPMENT

We continue to anticipate opportunities from intensifying vertical production in the Steel Production Business Unit for our core customer segments of automotive and household appliances. This approach will enable us to put our target customer base on a broader footing, which may also generate potential for the future sale of low carbon steel products.

ENERGY TRANSITION

In the Steel Processing Business Unit, we see opportunities most particularly in the context of the energy transition and the associated investment in the respective infrastructure. We already operate in this field in the wind industry as a supplier of heavy plate for foundation structures and wind turbines. The line pipe business is likely to benefit from the necessary expansion of Europe's hydrogen infrastructure and the solutions required for transportation along with carbon capture and storage.

EXPANDING OUR GLOBAL PRESENCE AND TECHNOLOGICAL INNOVATIONS

A strategic thrust of the Technology Business Unit lies in expanding the KHS Group's global presence with a view to guaranteeing the service business for customers. Furthermore, additional market shares are to be won in the standard business by consistently implementing technological innovations in development – for glass and can product lines, as well as PET lines.

RISKS AND RISK MANAGEMENT

Business activity makes risk taking unavoidable in many instances, as this is frequently a precondition for exploiting opportunities. As far as possible, all medium and significant risks must therefore be containable and kept within certain limits by the management of the company. For this reason, foresighted and effective risk management is an important and value-creating contribution of management that is geared toward safeguarding the company as a going concern, along with our investors' capital and jobs.

In organizational terms, our risk management reports directly to the Executive Board. The Executive Board bears overall responsibility and decides on the organizational and operational structure of risk management. The Board approves the results of risk management that are documented and integrates them into managing and controlling the company. As an independent authority, Internal Audit examines the systems used throughout the Group in terms of their adequacy, security and efficiency and provides impetus for their further development as and when required. The effectiveness of our risk management system is constantly reviewed by Internal Audit and is regularly monitored by the Supervisory Board's Audit Committee.

In order to achieve its objectives of effectively managing and ensuring that corporate governance principles and the statutory requirements are observed, Salzgitter AG pursues the Three Lines Model.

The first line of defense rests with the management of operations that is responsible for managing and controlling the risks arising in this area and dealing with them. The second line of defense lies in risk management. Internal Audit acts as a third line of defense in its role as an independent monitoring body reporting to the Executive Board.

QUALIFIED TOP-DOWN SET OF RULES AND REGULATIONS

The management holding company is tasked with putting risk management guidelines in place as a basis for uniform and adequate handling and for ensuring the communication of risks throughout the Group. We communicate the relevant concept to our subsidiaries and associated companies with the aid of a risk policy. This policy sets out principles concerning the

/ identification,
/ assessment,
/ dealing with risk,
/ communication and
/ documentation

of the risks in order to standardize them throughout the Group and to guarantee the informative value for the entire Group. We develop our risk management system (RMS) on a steady basis in response to requirements. We expanded our governance risk management in 2022 against the backdrop of the growing significance of sustainability topics.

We generally include all the consolidated companies of our business units in our risk management. We limit the risks arising from joint ventures and participating interests in which we do not hold a majority stake by way of appropriate reporting and consultation structures, through participation in supervisory committees and through contractual arrangements. Members of the Executive Board of Salzgitter AG are, for instance, represented on the Supervisory Board of EUROPIPE GmbH, a joint venture, and Hüttenwerke Krupp Mannesmann GmbH. Moreover, on the reporting date, one Executive Board member of our company served on the Supervisory Board of Aurubis AG, a participating investment of ours. The potential economic developments of these participating investments are regularly factored into our forecast for the Group.

IDENTIFICATION

A risk within the meaning of risk management in the Salzgitter Group is defined as potential damage that has not yet occurred and has not been factored into a Group company's planning or forecast. With risk management within the Salzgitter Group in mind, situations are analyzed in the business units that we have not yet incorporated – or been able to incorporate – into our planning or in our forecast. We have drawn up a checklist that can be used to identify risks. The companies' risk managers appointed by the respective senior management teams ensure an ongoing process by incorporating the respective risk owners. At the same time, the risks identified are allocated to risk types. In the Salzgitter Group we categorize the risk types as follows:

- strategic / political risks,
- performance risks,
- financial risks and
- general risks.

In terms of the strategic / political risks, environmental and energy policy risks are a focus for our Group.

The area of performance risks within the Salzgitter Group primarily addresses the main price and procurement risks from the raw materials and energy required, above all in the Steel Production and Steel Processing business units. This group of risks also includes production downtime risks essentially relating to key plant equipment and machinery such as the rolling mills.

The economic risks – principally interest rate and currency risks, as well as liabilities and liquidity risks – for companies belonging to the corporate finance and fiscal group are coordinated and controlled by the management holding across all business units.

In order to ensure a fundamental methodology, we record and monitor mandatory risks for a series of risks – irrespective of the amount of loss – such as performance risks, for instance, arising from sales, procurement, stocks and production downtime. Experience has shown that this selection covers the main risks in our Group's risk portfolio.

ASSESSMENT

So as to be able to assess the risks, we generally evaluate the threat scenario, while taking into account all factors of influence. Assessing the individual specific risks is the responsibility of the risk owner in consultation with the risk manager. All risks identified are reviewed at least once a year across a short-to medium-term horizon in terms of their potential damage and loss amount – defined as the divergence from the forecast or anticipation of the likely results (result and / or liquidity) – and the probability of their occurrence (PO) along the planning horizon. We assign the probability of occurrence to five categories:

- very unlikely (PO: 1),
- unlikely (PO: 2),
- rather unlikely (PO: 3),
- likely (PO: 4), and
- very likely (PO: 5).

Risks in the first three categories are events that, after careful commercial, technical and legal consideration, are deemed unlikely to occur. In the case of risks in the risk categories above these, loss accruing to the company from an undesirable event can no longer be ruled out.

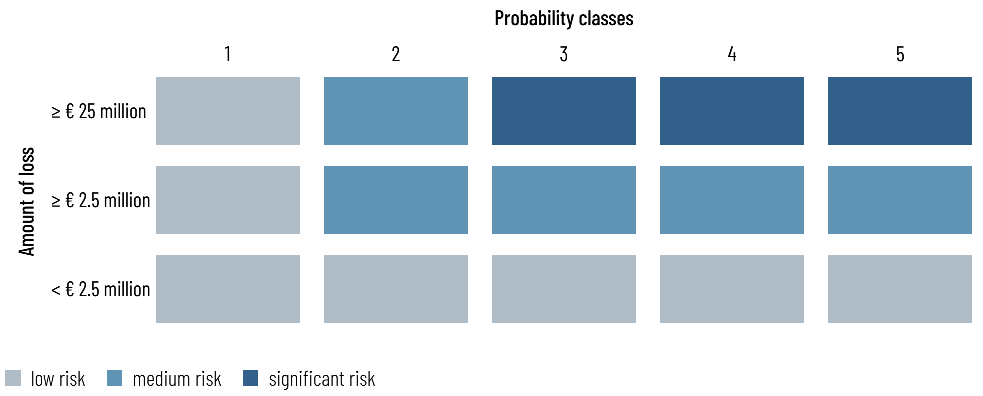
The extent of loss or damage is quantified with the aid of various distribution functions within the respective horizon under review. We conduct an assessment of our greatest risks as defined by the respective amounts in ranges, i.e. by using a PERT distribution that takes into account three loss scenarios: best case, expected case and worst case. As is customary, the residual risks are assessed with an equal distribution as part of a worst-case scenario. In addition, we distinguish between major risks in excess of a gross loss of at least € 25 million and other risks involving loss or damage of less than a gross loss of € 25 million that are categorized internally in a more detailed breakdown. We consider this categorization as suitable since, in the recent past, we have also reported financial years with pre-tax results around breakeven. With a view to consistent application, these figures will be retained. In deriving net loss from gross loss we take account of all measures to contain loss. In the event, provisions and valuation allowances reduce the amount of loss, which is noted in the risk documentation.

For the Salzgitter Group, we regard risks incurring a loss of at least € 25 million and categorized as "likely" or "very likely" in terms of their probability of occurrence as significant and, insofar as they exist, report them in quantified form. For reasons of caution, we also include risks that are "rather unlikely" in these considerations. As of December 31, 2024, we were not aware of any significant risks, which is why we list selected risks in the following, sorted by risk category. The highest risk in terms of the amount inherent in the respective risk group is definitive for classifying the risk level of the risk groups.

Overview of selected risks in the Salzgitter Group

Risk category	Classification of the risk amount
Strategic / political risks	Medium
Performance risks	Medium
Financial risks	Medium
General risks	Medium

The classification of the risk levels in the risk categories is based on the following thresholds:



Major risks include a number of risks that are of particular significance for the Salzgitter Group. Such risks include the development of prices in the sales and procurement markets, freight rates, along with energy prices and exchange rates (above all, USD / EUR). Owing to their significance, these risks are monitored on a running basis and are therefore consistently integrated into the forecasts.

Risks from loss or damage and liabilities claims, for example, fire and operational downtime, covered by our insurance policies are not recorded.

The development of prices in the sales and procurement markets, of freight rates, along with energy prices and exchange rates (above all, USD / EUR), is particularly important for the Salzgitter Group. At the present point in time, we could still be exposed to the economic impact of geopolitical conflicts, along with volatility on the commodities and energy markets. The effects arising from these conflicts have been factored into the guidance of the companies to the extent foreseeable from today's standpoint.

The calculation and assessment of risks relevant for ESG have been integrated into the established risk management procedure and, accordingly, complies with the standardized risk management process. Physical climate risks are analyzed by Central Risk Management across all the Group companies. At the time when the Non-Financial Report 2024 was being drawn up, the Salzgitter Group had not identified any material non-financial risks. For more information on ESG risks, we make reference to our → **Integrated Risk Management** in the Non-Financial Report.

Developing and deriving strategic risk parameters as part of Salzgitter AG's overall risk strategy is of paramount importance in the context of groupwide risk management with a view to drawing appropriate conclusions for the management and control of the company. Two key parameters in this context consist of the aggregated overall risk position and risk capacity. The process of aggregating risk consists of analyzing specific risks by way of a reporting cap, pre-consolidated if appropriate, and subsequent aggregation to a global position using a Monte Carlo simulation model. Mutual dependencies between the risks are taken account of in the aggregation. Furthermore, the overall risk position is juxtaposed to risk capacity. The Salzgitter Group's risk capacity is defined as the maximum amount of risk-related damage or loss that can be covered by financial and / or capital resources without endangering the Group as a going concern. The risk capacity is analyzed from a result- and also from a liquidity-oriented standpoint, the aim being to detect possible developments at an early stage that may pose a going concern threat by way of comparing the risk capacity with the overall risk position.

DEALING WITH RISK

We incorporate risks as an integral part of our intra-year forecasting as well as our medium-term planning. We have defined a set of different procedures, rules, regulations and tools with the aim of avoiding potential risks and of controlling and managing the risks that arise and taking preventive measures. A critical component for risk mitigation is our → **Internal control system**. As a result of the high degree of transparency achieved with regard to developments that involve risk, we as a Group are able to take appropriate countermeasures and implement them in a targeted manner at an early stage. The conditions that must be fulfilled for these measures to be effective are documented, periodically examined, and updated if necessary.

COMMUNICATION AND DOCUMENTATION

We use our groupwide reporting system to ensure that Group management is provided with the necessary and pertinent information. Risks are reported to the Executive Board in accordance with the reporting thresholds. Reports are submitted i.a. at the meetings of the Group Management Board that take place every two weeks, in the form of monthly controlling reports, controlling and planning deliberations throughout the year and on an ad-hoc basis. The ad-hoc obligation to report to the Executive Board comes into play if risks exceed the threshold of € 25 million for the first time (irrespective of the probability of occurrence) or € 2.5 million (in the case of "likely" and "very likely" probability of occurrence). We analyze and assess the risks at Group level, monitor them punctiliously and, especially in the case of risks necessitating urgent action, align them to our overall business situation.

For its part, the Executive Board reports to the Supervisory Board on the risk position of the Group as well as – where appropriate – on the status of individual risks. The Supervisory Board has formed an Audit Committee that is tasked with addressing issues relating to risk management in its regular meetings.

We document the measures that have been and would need to be taken for evaluating and overcoming the risks and report on this as described below.

SPECIFIC RISKS

STRATEGIC / POLITICAL RISKS

CORPORATE STRATEGY RISKS

We invest regularly in securing our future profitability. More detailed information is included in the section on → **Business Unit Performance**.

Risks arise on occasion in various permutations from our SALCOS® decarbonization program that will run for a number of years and entails investments in a volume of around € 2.3 billion (€ 1 billion of which is publicly funded). Even though experienced plant engineering companies are used for numerous subprojects, the construction of an electric arc furnace or a DRI plant, for instance, risks of this kind cannot be excluded due to the complex nature of the overall project, changes in scheduling, and in the context of internal and external fund allocation. Risk considerations from cost increases anticipated in plant engineering in particular are meticulously monitored as part of a project organization and measures developed, also involving external expertise. Reports on this are regularly made to Salzgitter AG's Executive Board and Supervisory Board. We currently assess a financial burden above and beyond the estimated investment volume as unlikely since unavoidable and known cost increases are included in our forecasts. Similarly, the SALCOS® project management organization set in place also monitors the basic assumptions underlying investment decisions such as sales and selling price expectations, including green steel premium, development of prices for carbon emission allowances, commodity and energy price assumptions, including hydrogen and its availability, along with changes in the regulatory environment (see the section on geopolitical and economic risks). Developments are compared on a running basis with the current situation and the progress of the project. Future decisions on implementing the next stages of the decarbonization program are also mapped right through to full transformation using these standardized processes.

"Imponderables regarding the transformation of primary steel production" constitute a transitory risk. This risk pertains to the technological progress made in transforming the facilities in their entirety beyond the first stage of SALCOS®. A range of different risk factors could lead to us losing our transformation lead when compared with the competition. In addition to the aforementioned basic assumptions, possible imponderables relate to the financial viability of the further transformation, especially as the project and budget planning for further SALCOS® stages has not yet been completed. Of major import here are the introduction and the effectiveness of regulatory instruments, such as "key green markets" or border adjustment systems. Ultimately, the competitive production of low CO_2e steel products is decisive for the success of our transformation. This, in turn, depends most particularly on the availability and the costs of renewable sources of energy.

Further information on SALCOS® can be found in the section entitled → **Goals and Strategy**.

We approach any restructuring requirements necessitated by the market and competition in a targeted manner. The continuous improvement of our cost structure and process efficiency is addressed under our program of measures that involves all major companies. We consider the risks inherent in this restructuring to be manageable.

In order to minimize business risks, we monitor the key trends and take account of them in risk forecasts. This is also true of potential restrictions resulting from financial or political measures affecting international business.

GEOPOLITICAL RISKS

Salzgitter AG is a group with global operations and is therefore especially exposed to geopolitical impact. Geopolitical crises and political imponderables may have a negative impact, either directly or indirectly, on Salzgitter AG's business model. Effects in this context may also manifest on the sales markets, the commodities markets, the energy markets and on transport routes of the Group.

Following Hamas' terrorist attack on Israel and other parties entering the war, the situation in the Middle East threatens to escalate, specifically Iran's attack on Israel, the conflict in Lebanon, and the opaque situation in Syria. The impact on Salzgitter AG is likely to be reflected on the energy markets, especially for oil and gas. Depending on the potential spreading of the conflict, disruptions to trade and thus to supply chains are possible. At the current point in time, no notable effects on Salzgitter AG's business activities are discernible.

Concerning the Salzgitter Group, the economic uncertainties resulting from the Russia/Ukraine war pertain most especially to price trends and supply reliability on the procurement markets for energy and commodities and future sales prospects. The Salzgitter Group may be indirectly affected by insufficiently drafted sanctions. For instance, slab from Russia can still be imported into the EU in significant volumes and at prices detrimental to the market (see also industry-specific risks) over the period up until 2028.

The decline in sales in the war-affected regions plays a minor role for Salzgitter AG. Furthermore, within the context of Russia/Ukraine, we inventorize all the Group's assets and investments, market-related risks pertaining to sales and procurement as well as outstanding receivables in these countries. As we do not anticipate any fundamental change in the medium term, we have significantly scaled back our business activities in these regions.

A further geopolitical risk emanates from Donald Trump's election as US President. With this new president, the US may withdraw its support from Ukraine and the conflict regarding trade with China may escalate and intensify, which also applies to the EU. Flat-rate import and export duties or even exclusion from America's domestic market would hit export-oriented branches of Europe's industries hard. Such a scenario would also have a direct and detrimental impact on Salzgitter AG's business model given the high volumes of Germany's indirect steel imports into the US and some Group companies' direct deliveries. At the current point in time, we are anticipating a decline of 2 - 3 million tons in direct and indirect steel imports from Europe, which corresponds to 2 - 3 % of the demand in the EU. In this context, the Salzgitter Group may be impacted to a significant degree in connection with Mannesmann Line Pipe GmbH (MLP). Despite the tariffs, MLP initially continued to export in 2018 as prices in the US had risen sharply, a situation we anticipate will renew against the backdrop of the strong demand in the oil and gas sector. KHS USA Inc. is likely to be affected merely to a minor extent by Section 232 as steel is only responsible for a small portion of the manufacturing costs.

Tensions between "the West" and China continue unabated due to China's support of Russia and the former's repeated and intensified threats regarding Taiwan. Along with the risk of military conflict, tensions regarding trade policies continue to rise. The US, Canada and also the EU have imposed tariffs on the importing of Chinese electric vehicles, for instance. China has responded in turn by tightening export restrictions on rare earths and metals, which the EU is particularly dependent on. The threat of blocks forming in global trade is already redirecting investment flows. Important customers in the steel industry, for instance, are relocating their value chains to the US and China, with the aim of circumventing trade defense measures.

Geopolitical risks are also emerging on the European continent, however. The rise of populist parties in many European countries is causing uncertainty about short-term economic developments with regard to the direction of fiscal policy, and not only this: A further deterioration in the investment climate could also exacerbate recessionary tendencies in Germany's economy and prolong the slump on the steel market.

ECONOMIC RISKS

The aforementioned risks may negatively impact the short-term development of the global economy. This is compounded by further risks for the global economy, such as China's weak economic growth or imponderables regarding inflation in the advanced economies. These risks are framed by growing tensions regarding trade policies that constitute yet another risk for the global economy.

Over the course of 2024, the prospects for global economic development have stabilized, albeit with a merely modest pace of expansion. The Organization for Economic Cooperation and Development (OECD) anticipates growth of 3.3 % in 2025. The heterogeneous developments of sectors and regions are especially conspicuous. Generally speaking, the services sector performed better than industry. A look at the regions shows that, contrary to expectations in the summer, the US economy continued to expand strongly in 2024. According to forecasts to date, the upswing is likely to lose some momentum in the coming year at the earliest. In the short term, stimulus measures such as lowering corporate tax could additionally galvanize the US economy. In the medium to long term, growth could slacken due to the announced deportations of migrant workers or inflationary trade and fiscal policies. According to OECD forecasts, growth of 2.4 % is expected in 2025 and 2.1 % in 2026.

China's economy had already dropped to pre-pandemic trend levels in 2023. The dent in the economy is explained by the crisis in the real estate sector, with the downtrend still unabated. The high level of uncertainty and increasingly unprofitable projects are firstly putting the brakes on the construction industry and secondly causing consumer spending reticence. The OECD predicts that growth will slow further, namely to 4.7 % in 2025 and 4.4 % in 2026. The economic support packages from China's central government have so far not translated into any decisive impact and have remained too abstract to deliver any recovery. In addition, there are growing signs that regional governments' high level of indebtedness is increasingly burdening the Chinese economy.

Europe's economy performed below average in 2024 but at least recorded slight growth. In 2025, growth in Europe is likely to take the 1 % hurdle (1.3 %) while nevertheless lagging behind the US, also in the year thereafter (2026: 1.5 %). The German economy is responsible for constraining growth in Europe. Last year's value added contracted by 0.3 %. The manifold factors of uncertainty have caused a relatively strong divergence in the 2025 forecasts. RWI expects an expansion of 0.6 %. By contrast, the ifo Institute and the German government's Council of Experts are less optimistic, estimating growth at 0.4 %. IfW Kiel assumes that the economy will stagnate. Along with exogenous geopolitical risks, economic policy in particular is likely to influence the economy. Accordingly, alongside a basic scenario, the ifo Institute has calculated a positive alternative scenario in which growth is estimated at 1.1 % in 2025. No leaps in growth are expected in the average forecast through to 2027 either. Although the Bundesbank's forecasts for 2026 (0.8 %) and 2027 (0.9 %) are above potential growth, as this was revised downward due to structural changes, a catch-up effect by 2027 is unlikely. Benchmarked against the global economy, the Salzgitter Group's key industrial markets are developing below average.

Against the backdrop of a weaker economic outlook and geopolitical imponderables, the Salzgitter Group may face the risk of sustained reduced demand on Germany's core market. Subdued demand in Germany as well as across Europe as a whole, in conjunction with global and still growing surplus capacities, are keeping prices at a low level on Europe's steel market.

The election of the new US President may mean that foreign trade risks and trade conflicts could worsen. The tariffs imposed on China at the beginning of February and the counter-tariffs already set in place confirm that the conflict is primarily between the US and China. Upon the announcement of tariffs, also on EU steel imports into the US, among other things, as well as potential further tariffs on all imports, transatlantic trade relations are once again in the focus of the US government. A potential trade conflict is likely to impact the German export industry in particular, which has a high level of exposure to the US and Mexico. The expected consequences, such as a decline in business or a relocation of production, would, in turn, have a negative impact on local demand for steel.

Inflation in the euro area and in the US poses a further risk. The economic policy measures announced in the US are likely to drive prices up. If the increase in prices should accelerate further and if the US Federal Reserve raises interest rates, this would have a negative effect on financing conditions across the globe and hamper economic development. The disinflation process in the euro area could come to a halt due to rising wages and new shocks from geopolitical factors hitting supply chains. This scenario could put the European Central Bank under pressure, which would prompt it to halt the cycle of lowering interest rates. Delays in or the failure of interest rate cuts to materialize would negatively impact the Salzgitter Group's key markets as stimulus from the construction industry would remain lackluster and consumer spending on cars or household appliances, for example, would be more difficult to finance.

The current phase of stagnation in Germany is the longest in the post-war period and is proving to be an intransigent and structural weakness. Rising wage levels in the Germany, accompanied by price hikes for imports and for energy in particular, has caused a sustained deterioration in Germany's competitiveness. These circumstances could put a permanent damper on the demand for steel not only due to weaker exports, but also from steel producers relocating their production sites elsewhere, thereby exerting sustained pressure on demand and steel prices. China's sluggish growth represents an indirect risk. Ailing demand is presenting European exporters with challenges as China represents a key sales market. At the same time, considerable export pressure is building up due to the massive subventions that have resulted in excess capacities in China in many parts of the country's industry. This scenario has negative consequences for the steel industry's key European industries such as traditional steel construction, vehicle and heavy machinery construction, as well as for wind turbine manufacturers that are having to face even stronger competition on the global markets.

A further risk is inherent in changes in Germany's financial and economic policies. On the one hand, the early election could shorten the phase of economic policy uncertainty. On the other, however, looking at the currently emerging government constellations, the lines of debate on redistribution, relief, the federal budget, special assets and reform of the debt cap persist. Inasmuch, there still is a risk that the uncertainty currently prevailing will be carried forward into the future. Along with delays to the reforms necessary for bolstering investment, uncertainty about the reliability of economic and political framework conditions is hampering investment behavior and is contributing to perpetuating the economic weakness.

SECTORAL RISKS

A structural sector-specific risk for the global steel industry arises from continued growth in global surplus capacities, which the OECD estimates at more than 600 million tons in 2024. By comparison: The EU produces around 150 million tons of crude steel a year. An additional factor is that these surplus capacities are likely to be supplemented further in the coming three years. At the same time, however, the increase in the demand for steel is expected to be moderate, which will ratchet up the pressure on import markets such as the EU. These import volumes will negatively impact steel prices in turn. Structural solutions such as in the framework of the "Global Sustainable Steel Arrangement" between the EU and the US have not yet been successful. Given the renewed levying of a 25 % tariff on all steel exports to the US announced at the beginning of February 2025 and the corresponding termination of the quota system for deliveries from the EU, there is likely to be little chance of multilateral agreements in the foreseeable future. The unilateral introduction of a tariff by the US is likely to cause further redirections from non-EU countries, quite apart from a repeat of the loss of the EU's own export volumes.

More than two thirds of the new capacities are produced in carbon-intensive blast furnaces, which undermines global efforts to decarbonize. These carbon-intensive capacities jeopardize transformation in Europe if the requisite carbon costs cannot be levied on imports into the EU in the future. In December 2022, the EU member states agreed on the introduction of a Carbon Border Adjustment Mechanism (CBAM) as a future Carbon Leakage Safeguard Instrument and as a replacement for free allowances. A transition phase commenced as from October 1, 2023, and, as from January 1, 2026, importers will need to factor in the cost of carbon, similar to EU producers. Risks arise from the form the new instrument will take as there is still no mechanism for relieving the burden on exports, while the regulations for circumventing the CBAM are not stringent enough, and important processing stages of the steel value chain are not covered by the CBAM, meaning that there is a risk of production being relocated.

In the spring of 2024, EU member states decided to extend the safeguard measures through to the summer 2026. With a view to the plunge in steel prices in the summer of 2024 and dwindling demand, the current safeguards are, however, no longer appropriate for stabilizing the EU steel market. EU steel producers have responded by urging EU member states to conduct a further review and significantly tighten import quotas. On December 18, 2024, the EU Commission acceded to this request and now, in the first quarter of 2025, is in the process of investigating what form tightening could take. Risks arise from the changes to the safeguard not having the sufficient impact and therefore not resulting in any stabilization on the EU steel market in the coming five quarters.

In addition, all structural changes to the safeguard play a key role for a potential successor instrument as from the summer of 2026. In this instance, however, there is a general risk that the safeguards will expire from July 2026 onward without a successor instrument and that the EU market is no longer protected against surplus capacities.

In October 2021, the EU and the US reached an agreement on developing a "Global Sustainable Steel Arrangement". In this context, the parties to the negotiations had set a deadline through to October 2023 for achieving an agreement that would introduce effective measures against non-market economy surplus capacity in the steel sector, promote the industry's decarbonization, and create green key markets. By the end of 2023 the negotiating parties had been unable to reach an agreement on a treaty. As negotiation positions were still too far apart, the current tariff reductions introduced in 2021 were extended by two years so that negotiations could continue. Given the new US administration, it is currently unlikely that an agreement will be reached. The resulting considerable risk resides in losing preferential access to the US market remains, which would significantly encumber exports again.

In 2022, the EU member states resolved to introduce import restrictions on Russian steel products. The sanctions that took effect from October 2023 have been softened insofar as obligations to provide evidence are concerned. Furthermore, the import prohibition on Russian semi-finished products, due in fact to remain in place until October 2024, was lifted in December 2023 and transitioned to a quota regime, allowing the import of the respective products through to 2028. Consequently, Russian semi-finished products whose prices are 20 % to 30 % below the otherwise customary level due to the Russian war, may still be used on the EU market. The greatest impact is reflected on the European heavy plate market as the volumes involved here entail an approximate 15 % to 20 % range of production using Russian slabs.

GREENHOUSE GAS EMISSIONS TRADING SCHEME

At the end of 2022, EU institutions arrived at a fundamental agreement on adjusting the rules in the European Emission Trading Scheme (EU ETS), particularly at the start of the fourth trading period as from 2026, along with the introduction of a carbon border adjustment mechanism. On the basis of information currently available, once this mechanism has been introduced the allocation of free carbon allowances, including in the steel industry, will be gradually phased out, a process that will accelerate toward the end of the current emissions trading period. In terms of all sectors subject to CBAM rules, the mechanism provides for full abolition of the former free allocation by 2034. Furthermore, based on current information, there is an expectation that the benchmarks on which the free allocation is based will be updated at the start of the fifth trading period and that the erosion will accelerate from 2031. Since we have purchased carbon allowances as a precaution, the shortfall estimated in the medium term following allocation should compensate Salzgitter AG's fully consolidated subsidiaries subject to EU ETS at least through to the end of the fourth trading period. The situation can only be more precisely assessed when all the provisions on aspects relevant to allocation have been defined in detail. Assuming the development of unfavorable framework conditions, the necessity of procuring further carbon allowances, at least in the second half of the fourth trading period, cannot be excluded in our current judgment. In procuring carbon allowances, we still keep an eye on a potential deterioration in the situation and in prices.

We also continue to monitor the risk accruing in the area of indirect additional costs from carbon pricing on electricity. The understanding of the EU institutions on the EU ETS still provides for the possibility of carbon electricity price compensation, at least through to 2026, and in accordance with the round of reconciliation on the federal budget, this should continue to be the case. Whether and to what extent such compensation will come about in the longer term has not been conclusively assured. For this reason, the risk recorded so far will be fundamentally retained, which assumes the full elimination of the compensation in divergence from planning in the relevant Group companies. At the present point in time, we view the probability of occurrence as "unlikely". The amount of loss remains contingent on how framework conditions develop.

PERFORMANCE RISKS

PRICE RISKS OF ESSENTIAL RAW MATERIALS, FREIGHT COSTS AND ENERGY

In 2024, the price trend on the international procurement markets proved to be less volatile compared with the previous year in terms of the raw materials relevant for the Salzgitter Group, such as iron ore, coking coal and scrap. This volatility - that in the case of iron ore and coking coal was hugely impacted by the economic situation in China and India and the associated demand fluctuations, and by demand in Europe in the case of scrap - led to significant price adjustments at short notice. The market developments regarding iron ore and coal are explained in more detail under the section entitled "Business Unit Performance" as part of information on the Steel Production Business Unit. We assume that burdens can be passed on to customers to the extent that we do not anticipate any risks that could constitute a threat to our company as a going concern. We fundamentally endeavor to even out fluctuations in the price of raw materials. To this end, we use hedging within a limited scope, mainly for iron ore as well as for coking coal. The partly volatile trend of freight costs, above all, sea freights that are particularly relevant for our companies, may constitute a particular burden. We monitor the development of costs closely and keep them to a minimum, partly by hedging via longer term contracts, while factoring both of these aspects into our profit forecasts.

As a consequence of Russia's attack on Ukraine, electricity and gas procurement prices partly soared to a new record high in 2022. Although prices for consumers, despite the halt to Russian gas supplies, have meanwhile normalized again, albeit at a considerably higher level, we are nevertheless monitoring the situation with great attention and taking burdens emanating from this situation into account in our regular Group earnings forecasts. With a view to improving energy efficiency, we have long been engaged in continuously screening our production processes for energy-related improvement potential, and we implement savings measures accordingly. We constantly monitor areas requiring a great deal of power in particular. On occasion, it may be the case that production is run depending on the electricity price. We use power purchase agreements as an additional instrument for hedging electricity prices for defined electricity volumes.

PROCUREMENT RISKS

We counteract the general risk from supply shortfalls of raw materials (iron ore, coal) and energy (electricity, gas) by safeguarding their procurement, firstly by way of long-term framework contracts, and secondly through ensuring our supply from several regions and/or a number of suppliers. In addition, we also operate appropriate inventory management. Our assessment of our supply sources confirms our opinion that the medium-term availability of these raw materials in the desired quantity and quality is ensured despite any disruption to supply and logistics chains.

International shipping for the conveyance of our iron ore and coking coal bulk materials is running at a very stable level – only the situation in the Panama Canal caused slight delays through to mid-year. We keep a close watch on international markets and, from today's standpoint, do not perceive any particular supply risks.

The scheduled and punctual rail transport of iron ore and coal from the international port in Hamburg to the Salzgitter site is especially important. We have developed a detailed contingency plan to deal with any adverse effects, such as strikes. This plan includes foresighted stockholding and intensive coordination between DB Cargo and ourselves to keep train transport running regularly. Another viable alternative is the more intensive use of the railway facilities owned by the Group, as well as resorting to inland waterways to transport partial shipments. Moreover, we counteract possible constraints that could hinder the supply of materials by rail at the weekend and public holidays through closely coordinating activities with railway operators or opting to use our own means of transport more intensively.

SELLING RISKS

A risk typical of our business may also result from sharply fluctuating prices and volumes in our target markets, such as lower orders placed by the automotive industry – that said, the reporting year was bolstered by OEM demand that trended sideways at a stable level. The EU sanctions triggered by Russia's acts of war have led to an extensive loss of the markets in Russia and Ukraine and prompted a significant decline in exports into these regions. Both countries are of secondary importance for the Salzgitter Group, however. Any burdens emanating from this source are incorporated into regular Group earnings forecasts. Moreover, we are seeing structural change that is ongoing in the industries of both Germany and Europe.

In assessing the economic environment in terms of the outlook for the financial year 2025, we refer to the section entitled → **Anticipated Group Performance**.

We counteract the general threat to our company as a going concern from sales risks by maintaining a diversified portfolio of products, customer sectors and regional sales market. As the effects of the economic situation on various business units differ, we achieve a certain balance in our risk portfolio.

We place a high priority on ensuring reliable delivery to our customers. With this in mind, we have been operating more logistics trains from the Salzgitter location since 2018. These trains are run by Verkehrsbetriebe Peine-Salzgitter GmbH (VPS), the Group's own rail company, to serve important customers. This measure gives us control over the logistics process for a significant part of our strip steel products, from production right through to handing the products over to the customer. Moreover, this also enables us to optimize storage and accommodate customer requirements at short notice as well.

PRODUCTION DOWNTIME RISKS

We counteract the risk of unscheduled, protracted downtime of our key plant equipment and machinery through regular plant and facility checks, a program of preventive maintenance, as well as a continuous process of modernization and investment. In order to contain other potential loss or damage and the associated production downtime, as well as any other compensation and liabilities claims, the Group has concluded insurance policies that guarantee that the potential financial consequences are limited. The scope and content of insurance cover is reviewed on an ongoing basis and adjusted, if necessary. We view the potential loss not covered by insurance as manageable and consider the probability of occurrence as low.

PERSONNEL RISKS

Salzgitter AG actively competes on the market to attract qualified specialists and managers. We counter the risk of fluctuation and the associated loss of knowledge by means of broad-based personnel development measures aligned to the different groups of employees. Along with the specialist careers, succession and talent management established for many years and dedicated to the identification and preparation of employees with high potential and successors to take on more advanced tasks constitutes an important part of personnel work that is aimed at securing the availability of qualified expert and management personnel. Structured methods of knowledge transfer are used in the event of succession so as to ensure the transfer of all knowledge-relevant information, contact and business connections pertaining to the respective professional activity.

In addition, we are stepping up our activities to position Salzgitter AG even more firmly, both internally and externally, as a modern, attractive employer. As part of our new “#karrierevorwärts” employer campaign, the manifold possibilities the Group offers in terms of jobs and development are presented via a range of different communication channels. Extensive employer benefits, such as company pension models, flexible working hours, and a groupwide discount portal offering goods and services at a discount underpin these endeavors. Numerous specialist and general continuous professional training and qualification programs promote the professional development of our workforce and, against the backdrop of demographic change, support the systematic preparation of all members of the workforce to constant change in requirements at work. In addition, our extensive activities in occupational health and safety are aimed at providing our employees with a healthy and safe working environment. In our view, the risks have been taken due account of by these manifold and diverse measures. In general, the Group continues to expand its ability to systematically identify human resource risks. Fields for action in the area of personnel policies relevant for success are monitored specifically using key performance indicators, while serving as an indication for deriving measures and measuring their success.

PRODUCT AND ENVIRONMENTAL RISKS

In order to safeguard against product and environmental risks, we have set the following measures in place, among others:

- certification in accordance with international standards,
- consistent modernization of plants,
- ongoing development of our products,
- process-integrated quality assurance,
- comprehensive management of environmental and energy-related issues, and
- ESG management.

Risks from owning land and property may arise, particularly from inherited contamination. We counteract these risks, for instance, by fulfilling our clean-up duties. In terms of financial precautions, provisions in an appropriate amount are formed. In our evaluation, there are no unmanageable circumstances arising from this type of risk.

FINANCIAL RISKS

The management holding determines the Group’s financial structure. It coordinates the funding and manages the interest rate and currency risks of companies financially integrated into the Group. The risk horizon that has proven to be expedient is a rolling period of up to three years aligned to the planning framework. We prepare three forecasts for the respective financial year with the aim of monitoring the development of cash flows throughout the year, along with the interest rate and currency risks. The guidelines issued require all companies belonging to the group of consolidated companies to hedge against financial risks at the time when they arise. For instance, risk-bearing open positions or financing in international trading must be reported to the interim holding Salzgitter Klöckner-Werke GmbH (SKWG) by the respective subsidiaries. SKWG then decides on hedging measures, taking account of the Group’s exposure at the time. On principle, we only enter into financial and currency risks in conjunction with processes typical of production and trading. Please also see the sections on "Currency risks" and "Interest rate risks". The financial risks are substantially lower when taken in proportion to the operating risks.

CURRENCY RISKS

Our procurement and sales transactions in foreign currencies naturally harbor currency risks. The development of the US dollar exchange rate, for instance, exerts a major influence on the cost of procuring raw materials and energy, as well as on export revenues in the tubes business or in mechanical engineering, for example. Although the effects are mutually counteracting, the need for dollars for procurement activities predominates owing to the business volumes that vary greatly. We generally offset such EUR-USD denominated cash flows within the consolidated group, a process known as netting, thereby minimizing currency exposure. Our USD requirements in the financial year 2024 amounted to around € 1.5 billion and were covered by external banking partners in a volume of approximately 75 %. Other currencies within the consolidated group play an insubstantial role.

In order to limit the volatility of currency risks, we conclude derivative financial instruments with terms whose value develops counter to our operational business. The development of the market value of all derivative financial instruments is regularly ascertained. Moreover, for the purpose of the annual financial statements, we simulate the sensitivity of these instruments in accordance with the standards laid down under IFRS 7 (see the section entitled "Notes to the Consolidated Financial Statements"). Hedging arrangements are essentially not disclosed as hedge accounting positions in the accounts; this method is used, however, to hedge the price risk of raw materials.

We do not hedge translation risks arising from the converting of positions held in a foreign currency into the reporting currency, as these are of secondary importance in relation to the consolidated balance sheet. More information can be found in the → **"Notes to the Consolidated Financial Statements"**.

As a result of the preventive measures, we believe that currency risks do not constitute a threat to the company as a going concern.

DEFAULT RISKS

We counter our receivables risks by practicing stringent internal exposure management. We limit around two thirds of these risks through trade credit insurance and other collateral. We monitor the unsecured positions meticulously as well as evaluating and taking them into account in our business transactions. We therefore do not consider that these positions will give rise to any serious burdens.

LIQUIDITY RISKS

The liquidity risks for the Salzgitter Group arise from the inability to meet existing or future payment obligations due to the insufficient availability of cash and cash equivalents. The management holding monitors the liquidity situation within the Group by operating a central cash and interest management system for all the companies that are financially integrated into the Group. This system defines internal credit lines for the subsidiaries. If subsidiaries have their own credit lines, they are responsible for minimizing the associated risk themselves and for reporting on potential risks in the context of Group management and controlling structures. Risks may also arise from the necessary capital and liquidity measures taken on behalf of the subsidiaries and holdings if their business should develop unsatisfactorily in the longer term. We do not, however, anticipate any burdens from this area of risk that could constitute a going concern risk as a rolling liquidity plan and commensurate analyses of counterparty risks enable us to respond in good time by introducing measures to counteract developments that pose a risk to the Group as a going concern. In view of the cash and credit lines available, as well as other valuable, highly fungible assets, we do not perceive any danger to our Group as a going concern at this time. At the same time, we monitor the cash flows from investments (in particular from the SALCOS® program), the development of the economy and of key markets on a running basis – and whether this results in further liquidity requirements.

INTEREST RATE RISKS

The cash and cash equivalents item that is significant for us is exposed to interest rate risk. Our investment policy is fundamentally oriented toward low-risk investment categories with appropriate credit ratings while, at the same time, ensuring the availability of the assets. In order to monitor the interest rate risk, we regularly conduct interest rate analyses the results of which are directly incorporated into investment decisions. The same applies to borrowing. The increase in the yields of high grade corporate bonds in terms of our accounting obligations has resulted in a reduced net present value of pension provisions. All said, the ECB raised key rates in a series of hikes to combat inflation, starting with the second half of 2022. In mid-2024, the ECB decided on a reversal in its interest rate policy and, for the first time for almost five years, embarked on a path of lowering interest rates, which will have a positive impact on any future borrowing by the Salzgitter Group. Short- to medium-term interest rate risks arise from EUA times swaps concluded for a year respectively, as well as from bonded loans (Schuldschein) that have been issued. Moving forward from the financial year 2024, the equivalent of € 85.5 million from a bonded loan issued in 2019 is still outstanding through to May 2029. The burdens resulting from this bonded loan are acceptable for the Group.

GENERAL RISKS

TAX RISKS

The recording and documenting of tax risks are carried out by the companies integrated into the tax group in close coordination with the holding company's tax department. Salzgitter AG, Salzgitter Mannesmann GmbH and Salzgitter Klöckner-Werke GmbH are responsible for provisioning, for example, in respect of the risks inherent in audits conducted on their tax group. Subsidiaries taxable as individual entities, above all international companies belonging to the Trading, Steel Processing and Technology business units, are responsible for their own provisioning. Provisions have been set up to cover any identifiable tax risks. The tax and interest back payments in connection with the ruling of the German Federal Fiscal Court (Bundesfinanzhof) issued in 2016 on securities lending had already been fully recognized in the years before. Salzgitter AG duly filed a suit with Niedersächsisches Finanzgericht (Lower Saxony's fiscal court) against the clawback on August 30, 2022. A ruling on this case has not yet been handed down.

LEGAL RISKS

In order to exclude potential risks arising from a possible breach of the manifold fiscal, environmental, competition- and corruption-related rules and regulations, and other legal provisions, including the GDPR, we require strict compliance from each and every employee. The Executive Board has communicated its fundamental set of values by distributing a Code of Conduct to all the Group's employees. We seek extensive legal advice from our experts as well as, on a case-by-case basis, from qualified external specialists. Comprehensive training supports the process of raising our employees' awareness of this aspect. We have set up a compliance management system for the preventative treatment of risks from infringements of the law. We classify the occurrence of current legal risks as unlikely. For more information on the compliance management system, we make reference to the → Declaration of Corporate Governance and the section on → Governance in the Non-Financial Report.

INFORMATION TECHNOLOGY RISKS

Salzgitter AG's value-added processes are being increasingly digitalized, and information technology is consistently permeating production technology. Against this backdrop, the requirements placed on the information systems we deploy and utilize are growing. We counteract risks and guarantee the availability and security of our information systems by using cutting-edge hard- and software and ensuring the rigorous technological upgrading of our IT infrastructure.

Projects for the purpose of standardizing and harmonizing the IT environment and for introducing new and state-of-the-art technologies enable us to fulfill the changing and increasingly more stringent requirements. The risks are manageable. However, in view of the great complexity in individual cases in parts of the Group, the probability of downtime / loss occurring due to security events has been classified as likely. Against the backdrop of the current global situation, there is a heightened risk of cyber-attacks, also for our Group. In this context we have stepped up our monitoring on an international scale in order to be able react adequately and at an early stage. We are keeping a close watch on the situation and deriving specific measures so as to take direct action to counteract any adverse impact. We consider future risks from this area as improbable for the Group as a whole.

OVERALL STATEMENT ON THE RISK POSITION OF THE GROUP

EVALUATION OF THE RISK POSITION BY MANAGEMENT

At the time when the 2024 consolidated financial statements were drawn up, supported by the outcome of risk aggregation and the risk capacity analysis at Group level, no risks existed, as before, either specific or as a whole, that could endanger our company as a going concern. In the past year, Salzgitter AG's risk management system has delivered proof of its worth and effectiveness.

The overall risk position continues to be determined by macro-economic uncertainties. Most specifically, there is as yet no end in sight to the German economy's stagnation. The new German government's economic policy measures could, however, have a positive impact as from the second half of the year. The actual and potential impact of geopolitical conflicts continue to dominate and to exert a major influence on consumer sentiment and confidence in the economy. Revenue, EBITDA, earnings before taxes and ROCE may therefore diverge from current guidance.

The ongoing structural crisis in the global steel market, with excess capacities increasing, massive distortions of competition in non-EU countries, the resulting import pressure, and foreign policy developments are burdensome. We regard Germany's respective European energy and environmental policy as critical for our future development. Risks to the survival of the company may arise under certain circumstances from these scenarios.

Although we operate in a phase with limited planning reliability, we consider ourselves well equipped to master this situation of considerably greater challenges placed on opportunity and risk management. Our business policy, which takes due account of risks and is geared toward sustainability, and the sound strategic alignment of the Salzgitter Group form the basis for this assessment.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM[1]

The internal control system (ICS) encompasses the principles and measures that ensure the effectiveness and financial viability of operations, the regularity and the reliability of internal and external reporting, as well as compliance with laws and rules and regulations. In this context, sustainability topics that are continuously further developed based on regulatory requirements are also included.

All senior management teams in the Salzgitter Group bear legal responsibility for establishing and maintaining an appropriate and effective internal control system and consequently for compliance with statutory standards and requirements within the Group. The Executive Board works toward ensuring compliance i.a. with the assistance of Salzgitter AG's staff departments.

The ICS in the Salzgitter Group is based on the globally recognized COS framework (Committee of Sponsoring Organizations of the Treadway Commission) in the 2013 version.

In order to achieve its objectives of effectively managing and ensuring that corporate governance principles and the statutory requirements are observed, Salzgitter AG pursues the Three Lines Model.

EMPLOYEE COMMUNICATION / TONE FROM THE TOP

Senior management teams within the Salzgitter Group must, as a first step, ensure that the necessary preconditions (control environment) have been set in place to facilitate an effective and appropriate ICS. The foundation underpinning a control environment essentially consists of senior management's values that they exemplify (tone from the top).

[1] This section is not included in the statutory auditor's audit engagement.

The following principles are to be inculcated in the respective organization:

1. **Appropriateness** – management philosophy built on integrity and infused into the approach to work
2. **Responsibility** – transparent organization structure, with clear assignment of authority
3. **Know-how** – commensurate personnel policy to ensure the skills and capacities of employees empowering them to perform their tasks properly
4. **Risk adequacy** – mitigating risks by way of suitable controls and adjusting the system architecture on an ongoing basis
5. **Verifiability** – description of target parameters and documentation of the results

ICS PRINCIPLES

The ICS satisfies the following fundamental organizational principles of the due and proper conducting of business in each and every Group company:

1. **Clarity** – in delegating tasks, these tasks are to be clearly allocated and described so that the entity or person assigned decision-making authority by a superior can assume this authority under their own responsibility. Organization structure (competences, processes and interfaces) must be designed in a way that clear allocation of responsibilities precludes gaps in processing and task duplication.
2. **Functional segregation** – the creating of binding departments and organization units takes its lead from the functions of procedures and the operational structure. If performing various functions / activities within the same department / the same organization unit is incompatible with reliably achieving organizational objectives, the performance of these functions / activities must be allocated to different departments / organization units. Activities are incompatible if they could create the conditions that may allow or permit the concealing of significant loss or damage due to errors at work or fraudulent activities. Determining from which level functional segregation is necessary is based on the risk posed to the achieving of the organization's objectives.
3. **Principle of dual control** – all material transactions must be cross-checked. All binding declarations and the disposing of assets must be approved by at least two authorized signatories.

4. **Documentation** – all transactions and controls material to business are to be documented by those responsible as part of performing their tasks so as to ensure sufficient proof is available for effective and appropriate action.

ICS REPORTING BY MANAGEMENT

Each Group company's senior management reports once a year to Salzgitter AG's Executive Board on

/ the architecture of the control environment,
/ the measures taken to safeguard the organization, and
/ possible limitations or weak points of the ICS.

MONITORING AND AUDIT

The appropriateness and effectiveness of the ICS is the subject of regular control at the Group companies in the scope required by Group Audit. The audits are conducted as part of risk-oriented audit planning. Any weak points detected are communicated to the respective companies and to Salzgitter AG's Executive Board. Group Audit will then follow up accordingly to eliminate the weak points.

Given the monitoring activities carried out and based on the audit findings by Group Audit, the Executive Board is not aware of any indication that the → RMS, → CMS and ICS in their entirety were not suitable or not effective in the financial year 2024.

Notwithstanding the above, there are inherent constraints on the effectiveness of any control system. For instance, even a system judged to be suitable and effective cannot ensure that all risks that actually occur are fully covered before they arise and that any disruption to processes can be excluded under all circumstances.

ICS REPORTING TO THE SUPERVISORY BOARD'S AUDITS COMMITTEE

The Audit Committee of Salzgitter AG's Supervisory Board is kept regularly informed on the ICS and, if appropriate, on weak points ascertained within the Salzgitter Group. Moreover, the Chairman of the Supervisory Board and the Chairman of the Audit Committee are informed without delay about all material findings and events arising from the auditing of the annual financial statements that are relevant to the tasks of the Supervisory Board.

ADDITIONAL ICS FEATURES REGARDING THE (GROUP) ACCOUNTING PROCESS

Salzgitter AG's Group Accounting Department draws up the annual financial statements at Group and at parent company level. External auditors audit and issue audit opinions on the financial statements of major companies included in the consolidated financial statements, as well as on the consolidated financial statements. To ensure that statutory requirements are implemented groupwide with respect to accounting, Group guidelines are updated at least once a year and disseminated in binding form to the companies. These guidelines form the basis of a uniform, due and proper ongoing accounting process within the Group with respect to accounting as defined under the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) applicable within the European Union (EU). Along with general accounting principles and methods, rules and regulations on the balance sheet, income statement, notes to the financial statements, cash flow statement, the statement of changes in equity, and segment report are first and foremost defined, taking into account the legal position prevailing within the EU. Accounting regulations also lay down specific formal requirements relating to the consolidated financial statements. The components of the reporting packages to be prepared by the Group companies are therefore determined in detail. A standardized and IT-facilitated set of forms is used for this purpose. Additional Group guidelines also include explicit instructions for the presentation and processing of offsetting procedures within the Group, with the respective process for reconciling balances. Newsletters customarily distributed once a month and information events organized on a requirements basis keep the companies informed about changes in the law and the resulting consequences for preparing the consolidated financial statements.

The reporting packages required for the consolidated financial statements from the companies included are recorded with the aid of a uniform IT-supported workflow used throughout the Group. This workflow comprises a permissions concept centrally managed in Group accounting, along with automated checking routines and check digits. These control and surveillance mechanisms have been devised for process integration as well as for functioning independently of processes. A major part of this is, for instance, made up of manual process controls in application, among other things, of the principle of dual control, alongside automated IT-based processes controls. The companies' bookkeeping is largely carried out via integrated ERP systems. At Group level, the control activities geared specifically to ensuring proper and reliable consolidated accounting comprise the analysis of the reporting packages submitted by the Group companies. In application of the control mechanisms and plausibility controls already established in the consolidation software, reporting packages containing errors are corrected – once the Group companies in question have been informed – prior to the consolidation process.

The application of uniform, standardized measurement criteria to impairment tests is ensured by way of centralized processing in the Group Accounting Department for the – from the Group's perspective – individual cash generating units.

GENERAL BUSINESS CONDITIONS IN THE COMING YEAR

OVERALL ECONOMIC DEVELOPMENT

According to the latest OECD forecast, the **global economy** should essentially maintain its stable development from the previous year in 2025. The pace of development will nevertheless vary depending on the region. In the US, for instance, a higher growth rate has been forecast for 2025 than originally anticipated, which is corroborated by the trend in previous years. Whereas growth is expected to accelerate for other industrial nations such as Japan and the UK, the euro area is likely to see only slight expansion. Development is expected to be stable in the emerging and developing countries compared with 2024. While Chinese growth is slowing slightly at a low level, India confirmed its good year-earlier figures. In its most recent forecast for the full year 2025, the OECD estimated overall global economic growth at 3.3 % (2024: 3.2 %).

The recovery in **euro area** is likely to be only moderate in 2025. Although the slowdown in inflation rates may boost real wages and disposable income, which could result in private consumption picking up steam, industry's ongoing weakness, the loss of fiscal stimulus, and economic policy imponderables, particularly regarding foreign trade, will have a dampening effect. All in all, the OECD predicts 1.3 % for economic growth in the euro zone over the full year 2025 (2024 0.8 %).

Germany's economy will probably be slow to disengage from stagnation, which underscores the persistent nature of the phase of weakness. While private consumption will support the economy to a certain degree, a headwind is likely to blow from the decline in industrial output and the uncertain outlook for the export business. This scenario will be compounded by the elections causing a delay in the necessary economic and political stimulus that could strengthen optimism in the second half of the year at the earliest. Following the contraction in Germany's economy in 2024, the OECD anticipates a positive growth rate again of 0.7 % in 2025 (2024: –0.2 %). However, German research institutes, such as IfW Kiel (2025: 0.0 %), are more pessimistic.

MARKET OUTLOOK

We assume the following development for the markets of the business units:

STEEL

The World Steel Association (worldsteel) anticipates marginal growth of 1.2 % (2024: –0.8 %) in the demand for steel in 2025 measured against the previous year. Compared with the industrial nations, the process of recovery is expected to be swifter in the emerging markets, especially in the Asian region (excluding China). Another decline in the demand for steel is predicted in the People's Republic of China. According to worldsteel, estimates for the EU (plus the UK) are more upbeat but must be seen in the context of the general downtrend in the previous year. Accordingly, the demand for steel is expected to rise by 3.5 % (2024: –1.5 %), and an increase of 5.7 % (2024: –7.0 %) is anticipated in Germany, which will therefore not fully compensate for the year-earlier declines. Eurofer, the European Steel Association, also assumes a recovery in the demand for steel in the EU (2025: 3.8 %, excluding UK). Both associations nevertheless make reference to the huge uncertainty prevailing in the geopolitical environment and the associated significant downside risks for economic development.

MECHANICAL ENGINEERING

The German Engineering Federation (VDMA) assumes a production decline of –2 % in 2025. This forecast also depends on multiple geopolitical factors. For instance, conflict regarding trade policy measures and the lack of reliable economic policies in Germany and the EU continue to hamper capex activity.

ANTICIPATED GROUP PERFORMANCE

PLANNING PROCESS

As a matter of principle, Salzgitter AG's corporate planning takes account of the strategic goals and comprises a set of entrepreneurial measures with action embedded in the general economic environment. It forms the basis for a realistic assessment of earnings, but, at the same time, includes the long-term aspects relating to investments and the securing of a sound balance sheet and financial stability. Market expectations prevailing at the time when planning takes place, as well as the entrepreneurial measures envisaged, are incorporated into this plan: In a process involving the entire Group, the individual goals of the subsidiaries are discussed and defined in a combination of a top-down and bottom-up approach between the respective management, the Group's Executive Board and the heads of the business units. All individual plans are then aggregated to form a plan for the entire Group. This extremely sophisticated Group planning process is conducted once before the start of each new financial year, generally starting in August and ending with the presentation of the insights gained that is delivered at the last meeting of the Group's Supervisory Board in the respective financial year.

EXPECTED EARNINGS

Compared with the previous year, the business units anticipate that business in the financial year 2025 will develop as follows:

The results of the companies forming part of the **Steel Production Business Unit** are likely to derive benefit from moderately higher shipment volumes, although the persistently weak economic phase is likely to keep up the pressure on margins throughout 2025 as a whole. In view of curtailed demand stimulus, further endeavors regarding productivity and efficiency measures will be aimed at securing profitability. We anticipate that the market situation for steel sections will remain largely the same with a few scattered opportunities within Europe. Inasmuch, we anticipate that capacity utilization in the strip steel business will be covered by demand again. Crude steel production will partly take place based on dual furnace operation as interim repairs will be made on Blast Furnace C. In a challenging environment in terms of prices, and against the backdrop of improved shipment volumes, we anticipate stable sales (previous year: € 3,388.8 million), a notable improvement in EBITDA (previous year: € 186.2 million) and a moderate improvement in the pre-tax result (previous year: € –60.9 million).

There are signs of a generally improved development in the target markets of the **Steel Processing Business Unit** in 2025. The market environment will remain tight, however: In terms of heavy plate, we anticipate that business will trend sideways in almost all target markets in the first six months of the year in comparison with the fourth quarter 2024. Market activity is finally expected to return to normal levels in the second half of the year. Pipe plate production is likely to benefit from projects awarded for large-diameter pipes that should accelerate on the back of the approval granted in 2024 for the hydrogen core network. In addition, the large-diameter pipe business has secured capacity utilization at the start of the year due to a number of bookings from the previous year. In the medium-diameter line pipe segment, we predict that volumes are set to stagnate, with demand remaining in wait-and-see mode. As in the previous year, the precision tubes group will be confronted by a ongoing tight market environment, with no recovery anticipated in the customer sectors. Impairment has nevertheless significantly eased the burden on the cost front. All in all, we predict sales at a lower level for the business unit compared with the previous year (previous year: € 1,576.3 million), which is due to factoring out the stainless tubes group. Given improved capacity utilization and higher sales volumes, the absence of the negative contribution from the MST Group will also lead to EBITDA being clearly higher than in the comparison period (previous year: € –78.6 million). The pre-tax result is likely to significantly exceed the year-earlier figure that was burdened by one-off items (previous year: € –391.4 million) but will nevertheless remain in negative territory.

With regard to the **Trading Business Unit**, a considerable improvement in performance is anticipated that will, however, be mainly due to the elimination of negative special items. The uncertain economic and geopolitical circumstances that continue to prevail are hampering business in international trading. This also includes imponderables from the change of government in the US concerning the shipment volumes anticipated and achievable selling prices. International trading is therefore initially conservatively estimating a notable decline in the result in 2025. By contrast, the UES Group views the year 2025 more optimistically and expects a tangible improvement in its result. The following is anticipated for the Trading Business Unit: slightly lower sales overall (previous year: € 3,056.7 million) as well as a considerable improvement in EBITDA (previous year: € –20.9 million) and earnings before taxes (previous year: € –81.2 million).

Following a record year in 2024, there are signs that business should develop well for the **Technology Business Unit** also in 2025. With regard to the KHS Group in particular, we anticipate that, based on the quality of the order backlog in the project business and ongoing, focused growth in the service business, business will continue to perform well, as in recent years. The two DESMA specialist mechanical engineering companies are counting on sustained market recovery, supported by cost-cutting programs. All in all, we expect the following for the business unit: a slight upturn in sales (previous year: € 1,803.9 million), with EBITDA at the previous year's level and a pre-tax result that is tangibly higher than the year-earlier figures (previous year: € 148.5 million and € 93.5 million respectively).

Despite the planned special assets, there is currently no end in sight to the German economy's stagnation. Economic measures taken by the new federal government could, however, have a positive impact from the second half of 2025 onward. By contrast, the statements of the new American government on trading policies have fueled uncertainty, particularly with regard to the prospects for foreign trade. Against this backdrop, we anticipate the following for the Salzgitter Group in the financial year 2025:

/ sales of between € 9.5 billion and € 10.0 billion,
/ EBITDA of between € 350 million and € 550 million,
/ a pre-tax result of between € –100 million and € +100 million, as well as
/ a return on capital employed (ROCE) slightly above the previous year's figure.

Forecast for the business units and the Group

			Financial year 2024	Forecast Financial Year 2025
Steel Production	Sales	€ m	3,388.8	Stable
	EBITDA	€ m	186.2	Notably higher y/y
	EBT	€ m	–60.9	Moderately higher y/y
Steel Processing	Sales	€ m	1,576.3	Lower y/y
	EBITDA	€ m	–78.6	Clearly higher y/y
	EBT	€ m	–391.4	Significantly higher y/y
Trading	Sales	€ m	3,056.7	Slightly lower y/y
	EBITDA	€ m	–20.9	Clearly higher y/y
	EBT	€ m	–81.2	Clearly higher y/y
Technology	Sales	€ m	1,803.9	Marginally higher y/y
	EBITDA	€ m	148.5	At the previous year's level
	EBT	€ m	93.5	Tangibly higher y/y
Group	Sales	€ m	10,011.7	Between €9.5 billion and € 10.0 billion
	EBITDA	€ m	445.2	Between € 350 million and € 550 million
	EBT	€ m	–296.2	Between € –100 million and € +100 million
	ROCE	%	–3.4	Slightly higher y/y

DENOMINATION	SALES, EBITDA AND EBT	DELTA ROCE
Stable, at year-earlier level:	Up to ± 2 %	± 1
Marginal, slight, somewhat:	± 2 % to < ± 5 %	1 to 5
Moderate, modest, more detailed description not available:	± 5 % to < ± 10	–
Tangible, considerable, notable, clear, visible, significant:	Upward of + 10 %	> ±5

As in recent years, please note that opportunities and risks from currently unforeseeable trends in selling prices, input material prices and capacity level developments, as well as exchange rate fluctuations, may considerably affect business performance in the course of the 2025 financial year. The resulting impact on performance may be within a substantial range, either to the positive or to the negative.

ANTICIPATED FINANCIAL POSITION

Our cash and cash equivalents are used partly for financing investments that are ongoing primarily in our strip steel business. As before, we consider it essential to keep cash funds available in a mid-triple-digit million range to ensure that, in the event of a deterioration in the environment, we will not have to procure funds on the capital market at short notice. External financing measures are nevertheless subject to ongoing review with regard to securing attractive placement conditions.

An amount of € 347 million has been earmarked for our Group's capital expenditure budget in the 2025 financial year (2024: € 408 million). Together with the follow-up amount of around € 694 million in investments approved in previous years, the cash-effective portion of the 2025 budget should amount to around € 927 million. The higher level of cash outflow in 2025 is principally attributable to the ongoing implementation of the SALCOS® transformation program and is netted out by the anticipated state funding. As previously, investments will be effectively approved on a step-by-step basis and in accordance with the development of profit and liquidity.

The funds required in the financial year 2025 for foreseeable investment measures will therefore exceed depreciation and amortization.

Due to the high level of cash outflow from the planned investments to be financed primarily from the syndicated loan, we expect a visibly lower net financial position in the financial year 2025 compared with the previous year (2024: € –574 million).

OVERALL STATEMENT ON ANTICIPATED SALZGITTER GROUP PERFORMANCE

The Executive Board is confident that the Salzgitter Group, with its broad-based business and diversified financial base, is well prepared to meet challenging phases as well. The Group will continue to attribute great importance to this in the 2025 financial year. All in all, the Executive Board expects business development in the current year to be challenging, while in line with the overall economic situation.

Salzgitter, March 14, 2025

The Executive Board

NON-FINANCIAL REPORT

GENERAL INFORMATION

ESRS 2 GENERAL DISCLOSURES

BASIS FOR PREPARATION

DISCLOSURE REQUIREMENT BP-1 – GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS

The present Non-Financial Group Report (hereinafter: Non-Financial Report) for the period from January 1 to December 31, 2024 was prepared in accordance with Secs. 315b and 315c HGB and the requirements under Article 8 of the (EU) 2020/852 Regulation. Parts of the European Sustainability Reporting Standards (ESRS) were used for the first time as the framework for the preparation of our Non-Financial Report, including the materiality analysis. Our Non-Financial Report complies with the ESRS with the exception of the following ESRS disclosure requirements: ESRS 2 Appendix B and S1-17. Furthermore, we have not included this report in the Group management report contrary to ESRS 1.

On behalf of the Supervisory Board, EY KG, Wirtschaftsprüfungsgesellschaft, conducted an external audit with limited assurance on the Non-Financial Report with due regard for the International Standard on Assurance Engagements (ISAE) 3000 (revised) (→ **audit opinion**). The external links included in the Non-Financial Report relate to more detailed information the contents of which were not audited by the auditor.

Our Group directives to which we refer in the course of explaining our concepts on the material sustainability aspects apply to all Group companies affiliated with Salzgitter AG, Salzgitter Mannesmann GmbH or Salzgitter Klöckner-Werke GmbH through a control agreement or whose articles of association or other shareholder agreements contain a corresponding provision. With respect to other domestic companies in which the aforementioned companies have an interest, our Group directives apply provided their annual general meeting of shareholders or management bodies so decide. Neither of these conditions is met with regard to Hüttenwerke Krupp Mannesmann GmbH (HKM) and consequently our Group directives do not apply to this company.

In determining and analyzing the materiality of the impacts, risks and opportunities, we took account of the Salzgitter Group's upstream and downstream → **value chain**. We explain the details of our materiality analysis in → **IRO-1**. Where necessary, we provide information on upstream and downstream activities in accordance with ESRS 1. Where policies, measures, targets and indicators extend across the value chain, we explicitly point this out.

Unless otherwise indicated, the measurement of key figures has not been validated by an external body.

No use was made either of the option to omit disclosures relating to intellectual property, know-how or innovations in accordance with ESRS 1 7.7 or of the exemption regarding upcoming developments or matters under negotiation.

CONSOLIDATED GROUP

The Non-Financial Report was prepared on a consolidated basis and it comprises the consolidated group of the consolidated financial statements consisting of the parent company Salzgitter AG as well as 43 domestic and 59 foreign subsidiaries (↗ list of shareholdings). Arrangements in which Salzgitter AG contractually exercises the management functions together with one or more partner entities are classified as joint arrangements in accordance with IFRS 11. The ESG indicators reported do not include any joint ventures. HKM is included in the indicators as a joint operation in proportion to the 30 % interest held in it.

DISCLOSURE REQUIREMENT BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

In line with our corporate planning, we define the time horizons used in this report contrary to the definition set out in ESRS 1 6.4 as follows:

Definition of time horizons

Time horizon	ESRS definition	Definition Salzgitter AG
short-term	reporting period	1 year
medium-term	end of short-term reporting period up to 5 years	1-3 years
long-term	more than 5 years	more than 3 years

In accordance with Salzgitter AG's three-year plan, the medium-term period in the sustainability reporting also comprises one to three years. This is followed by the long-term time horizon from the fourth year onward. This uniform definition ensures the greatest possible consistency with other internal and external reporting duties, thereby guaranteeing that decisions are made and conclusions drawn on the same time basis.

Value chain estimation

Standard	Topic	Metrics	Basis for preparation	Level of accuracy	Where applicable: planned actions to improve the accuracy	Page
ESRS E1 Climate change	E1-6 Climate protection	Scope 3 GHG emissions	Emission calculations are largely based on the use of databases for emission factors	-	Use of primary data of the value chain by intensifying stakeholder engagement	158
ESRS E1 Climate change	E1-6 Climate protection	Scope 3 GHG emissions	Calculation of the use phases of our sold machinery is based on assumptions as to system utilization, energy consumption and life expectancy	-	Collaboration with customers	158

The key figures listed in the table above were subject to estimates and uncertainties based on databases and expert estimates.

Sources of estimation and outcome uncertainty

Standard	Disclosure Requirement as per ESRS	Specific metrics	Information about the sources of measurement uncertainty	Assumptions, approximations and judgements in the context of measurements	Page
ESRS E1 Climate change	E1-6 Climate protection	Scope 3 GHG emissions	Use of secondary data from databases and expert estimates on the utilization phase	Calculation of the use phases of our sold machinery is based on assumptions as to system utilization, energy consumption and life expectancy	158

Beyond this, no other sector average data from the upstream and/or downstream value chain of the Salzgitter Group or other approximate values have been included in the key figures that are subject to significant uncertainties and should be emphasized here.

DISCLOSURES STEMMING FROM OTHER LEGISLATION OR GENERALLY ACCEPTED SUSTAINABILITY REPORTING PRONOUNCEMENTS

To meet our reporting obligations under commercial law with regard to the consistency of the reporting, we declare as follows: The ESRS are used for the first time, albeit partially, as a framework due to their importance as the reporting standards adopted by the European Commission for sustainability reporting.

The following overview covers the disclosure requirements and datapoints of the ESRS which were incorporated by reference.

Disclosures by reference

Disclosure Requirement as per ESRS	Information	Page
ESRS 2 SBM-1 - Strategy, business model and value chain, paragraph 40	Key elements of the general strategy that relate to or affect sustainability matters: i. significant groups of products and/or services offered including changes in the reporting period (new/removed products and/or services),	18 (Combined management report)
	ii. significant markets and/or customer groups served, including changes in the reporting period (new/removed markets and/or customer groups)	18 (Combined management report)

GOVERNANCE

DISCLOSURE REQUIREMENT GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

COMPOSITION OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Corporate governance at Salzgitter AG is based on the regulations set out under the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code. In accordance with the dual management structure required for stock corporations in Germany, our governance structure consists of the Executive Board and the Supervisory Board. The Supervisory Board is made up equally of ten representatives each of the shareholders and the employees, supplemented by one further, neutral member. This composition is set out in the provisions of the German Supplementary Co-Determination Act in conjunction with Sec. 7 of its articles of association. The Executive Board bears sole responsibility for managing the company in accordance with the German Stock Corporation Act. As a general rule, it is made up of three members: the Chief Executive Officer, the Chief Financial Officer and the Chief Personnel Officer. In consultation with the Supervisory Board, the Executive Board determines the strategic focus and further development of the company. Both bodies work closely together for the good of the company.

With one exception concerning two members of the Supervisory Board, no members of the Supervisory Board or the Executive Board reported any conflicts of interest to the Supervisory Board in the reporting year. Only Supervisory Board members, Karin Hardekopf and Klaus Papenburg reported in December 2024 that they might find themselves in a conflict of interest should the Supervisory Board examine the possible voluntary public takeover offer made to the company's shareholders by GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG. We counteract conflicts of interest in the Executive Board by requiring any sideline activities undertaken by members of the Executive Board (beyond the non-competition clause pursuant to Section 88 of the German Stock Corporation Act) to be granted prior approval by the Supervisory Board and obliging members of the Executive Board to report any conflicts of interest without delay to the Chairman of the Supervisory Board or to the other members of the Executive Board or by ensuring that any transactions that carry the risk of a conflict of interest are subject to the prior approval by the Chairman of the Supervisory Board. Supervisory Board members must disclose any conflicts of interest to the Supervisory Board. In the event of material and not merely temporary conflicts of interest, the Supervisory Board member concerned must resign from their office.

In the estimation of the shareholders' representatives, all shareholders' representatives are currently independent as defined by the German Corporate Governance Code, namely: Ulrike Brouzi, Dr. Bernd Drouven, Karin Hardekopf, Gerald Heere, Prof. Dr. Susanne Knorre, Heinz Kreuzer, Klaus Papenburg, Prof. Dr. Joachim Schindler, Heinz-Gerhard Wente and Dr. Susanna Zapreva-Hennerbichler. The neutral member, Frank Klingebiel, is also independent. The same applies to the following employee representatives: Prof. Dr. Hans-Jürgen Urban, Manuel Bloemers and Anja Piel. Accordingly, 66.66 % of the members of the Supervisory Board are to be classed as independent.

DIVERSITY OF THE ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES

The Supervisory Board implements a diversity concept for the composition of the Executive Board. This desire for the greatest possible diversity in terms of personal and professional skills, age and gender when appointing Executive Board members is to help ensure that the overall body's managerial duties are discharged in a qualified and responsible manner. When selecting candidates, the Supervisory Board also follows a diversity concept for its proposals to the Annual General Meeting for the election of Supervisory Board members. As a result, the target is to achieve the greatest possible diversity with regard to the professional and personal skills represented on the board, their educational and professional backgrounds as well as ensuring different perspectives due to age and gender. The diversity concept for the composition of both the Executive Board and the Supervisory Board was implemented as far as possible in 2024.

Salzgitter AG's Supervisory Board had seven female members in the reporting year. This corresponds to a gender diversity on the Board of 7:14 or 50 %. As of December 31, 2024, the Executive Board of Salzgitter AG consisted of two women and two men, meaning that gender diversity on the Executive Board as of the reporting date stood at 2:2 or 100 %. Since January 1, 2025, the ratio has been 2:1 or 200 %.

In addition, the Supervisory Board had 17 younger members still in their working lives and four older members (> 65 years) with greater experience of both work and life. Furthermore, members of the Supervisory Board exhibited differing educational backgrounds – with technical, commercial, legal and other training in the humanities – as well as different professional backgrounds – including members of technical, commercial and legal professions.

On the Executive Board, the specialist skills required to run each Executive Board brief and the expertise needed to participate in the management of the company and the Group by the full Board, were consistently present. With regard to their age, most of the Executive Board members were able to work for the company for several years and both younger and older persons were represented on the Board. Finally, members of the Executive Board brought various educational backgrounds with them – including technical, commercial and legal qualifications.

RELEVANT EXPERIENCE OF ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY PERSONS

According to the → **skills profile of the Supervisory Board** last updated in December 2024, its members should exhibit the necessary technical and personal skills required to fulfill their duties on the basis of their various degrees of technical knowledge, capabilities, experience and personal suitability in the round, besides the statutory personal demands on supervisory board members. The relevant technical knowledge and expertise of its members and on the board as a whole can be taken from the following qualifications matrix with respect to the sectors and products of importance to the Salzgitter Group and the sustainability aspects of significance to the company directly related to the material IROs. The same applies to familiarity with the company's geographical locations.

The **qualification matrix for the Supervisory Board** illustrates that all members have **expertise** and **experience** of the Salzgitter Group's key sectors, products and geographical locations → **with respect to the sustainability aspects of importance** to the company. To consolidate their knowledge of the first application of the Corporate Sustainability Reporting Directive (CSRD), Supervisory Board members took part in a workshop conducted by a firm of auditors in February 2024. The main focus was on the substantive requirements of the CSRD and their expected evolution over the coming years as well as measures implemented by companies to meet them. In addition, the agenda also featured an overview of other existing sustainability rules and current processes in the Salzgitter Group as well as amendments to corporate governance resulting from current developments.

The tabular overview below shows the **Executive Board members experience** in relation to the sectors, products and geographical locations of importance to the Salzgitter Group as well as their **expertise** with respect to → **significant sustainability aspects.** The overview illustrates that Executive Board members all have expertise in the sustainability aspects of significance to the company and the IROs directly related to them.

In the ESG Steering Committee chaired by the CEO that meets every two months, the CEO regularly attends to sustainability issues of relevance to the company. The same applies to the CFO and CPO in the monthly (since May 2024) meetings of the CSRD Steering Committee which they chair with respect to questions relating to sustainability reporting. In addition, the Executive Board focuses intently in the strategic development process and in regular meetings on the implementation status of the Group strategy on various sustainability issues taking center stage in the corporate strategy. This process includes special strategy workshops held in April and July 2024. The company's managers' seminar in February 2024 also put the spotlight on the topic of ESG.

Besides engaging in a dialog with in-house experts and bodies, the Executive Board and Supervisory Board can draw upon the specialist knowledge of external experts at any time and benefit from their skills or take advantage of training in order to update and expand the sustainability-related technical knowledge in these bodies.

	Heinz-Gerhard Wente	Prof. Dr. Hans-Jürgen Urban*	Konrad Ackermann*	Manuel Bloemers*	Ulrike Brouzi	Hasan Cakir*	Dr. Bernd Drouven	Marco Gasse*	Gabriele Handke*	Karin Hardekopf	Gerald Heere	Frank Klingebiel**	Prof. Dr. Susanne Knorre	Heinz Kreuzer	Dirk Markowski*	Klaus Papenburg	Anja Piel*	Prof. Dr. Joachim Schindler	Christine Seemann*	Clemens Spiller*	Dr. Susanna Zapreva-Hennerbichler
Familiarity with steel sector	×	×		×		×	×	×	×			×	×		×		×		×	×	
Familiarity with mechanical/ systems engineering sector	×	×	×	×		×	×								×	×					
Technical expertise						×	×							×						×	×
Practical experience of management	×				×		×			×		×	×	×		×	×	×			×
Practical experience in developing corporate strategies	×	×	×	×	×	×	×	×	×	×		×	×	×	×	×	×	×	×	×	×
Expertise in the sustainability aspects of significance for the company																					
Climate protection	×	×				×		×			×	×				×		×		×	×
Energy		×		×		×	×	×		×	×	×				×		×			×
Air pollution	×						×											×			×
Water							×											×			×
Circular economy	×						×			×						×					×
Waste							×									×		×			×
Working conditions	×	×		×		×	×	×	×			×				×	×			×	×
Equal treatment and equal opportunities for all	×	×		×	×	×	×	×	×			×	×	×			×	×		×	×
Shortage of skilled workers	×	×		×	×	×	×	×	×	×	×	×	×	×			×	×		×	×
Corporate culture	×	×		×	×	×	×	×	×	×	×	×	×	×		×	×	×		×	×
Value chain	×	×			×	×				×	×		×			×				×	

* Employees' representative
** Further member as defined by Sec. 5 (1) c) MontanMitbestGErgG (Supplementary Act amending the Co-Determination Act for the Coal and Steel industry)

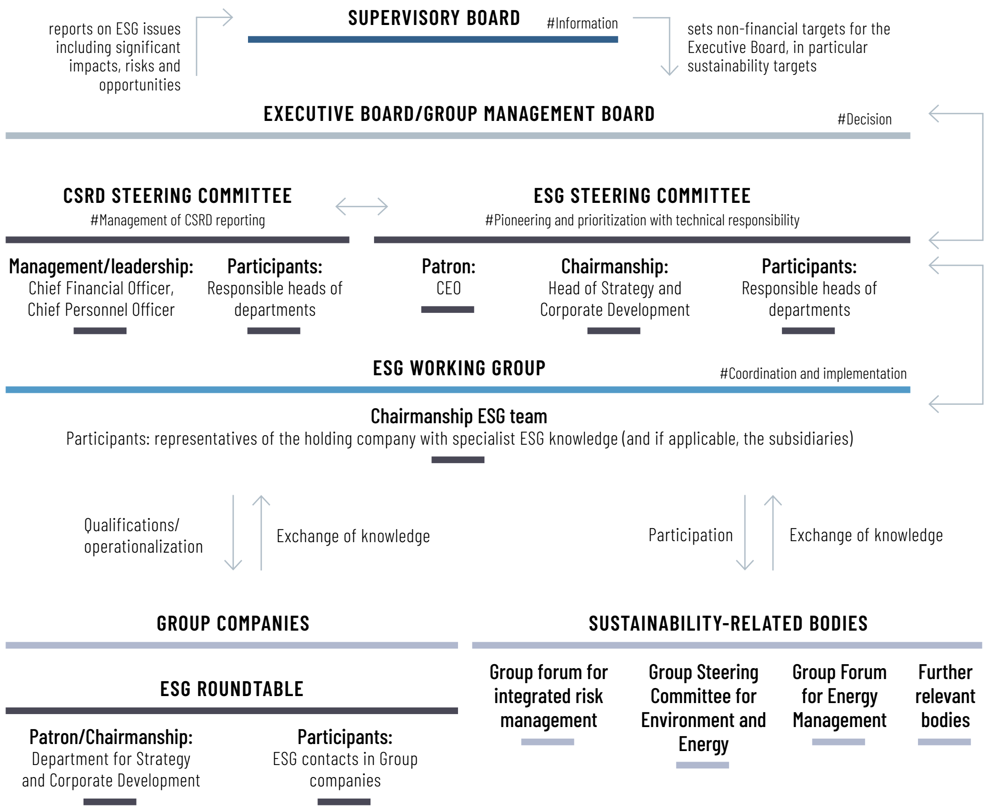
	Heinz-Gerhard Wente	Prof. Dr. Hans-Jürgen Urban*	Konrad Ackermann*	Manuel Bloemers*	Ulrike Brouzi	Hasan Cakir*	Dr. Bernd Drouven	Marco Gasse*	Gabriele Handke*	Karin Hardekopf	Gerald Heere	Frank Klingebiel**	Prof. Dr. Susanne Knorre	Heinz Kreuzer	Dirk Markowski*	Klaus Papenburg	Anja Piel*	Prof. Dr. Joachim Schindler	Christine Seemann*	Clemens Spiller*	Dr. Susanna Zapreva-Hennerbichler
Knowledge of financial instruments	×				×		×			×	×	×	×			×		×			×
Experience of international business	×						×							×				×			×
Digitalization and information technologies		×			×					×	×			×						×	×
Expertise in organizing work, knowledge of labor and social legislation as well as co-determination	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Knowledge of the transformation and modification of operating structures	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Expertise in the field of accounting	×				×		×			×		×	×			×		×			×
Expertise in the field of auditing																		×			
Familiarity with the company's geographical locations																					
Germany	×	×	×	×	×	×	×		×	×	×	×	×	×	×	×	×	×	×	×	×
Europe	×	×		×			×						×		×	×					×
Asia	×						×							×							
Africa																					×
North America							×						×								×
South America																					
Australia																					

* Employees' representative
** Further member as defined by Sec. 5 (1) c) MontanMitbestGErgG (Supplementary Act amending the Co-Determination Act for the Coal and Steel industry)

	Gunnar Groebler	Birgit Dietze	Michael Kieckbusch	Birgit Potrafki
Familiarity with steel sector	×	×	×	×
Familiarity with mechanical/systems engineering sector	×	×	×	
Expertise in the sustainability aspects of significance for the company				
Climate protection	×	×	×	×
Energy	×			×
Air pollution				×
Water				
Circular economy	×			×
Waste				
Working conditions	×	×	×	×
Equal treatment and equal opportunities for all	×	×	×	×
Shortage of skilled workers		×	×	×
Corporate culture	×	×	×	×
Value chain	×			
Familiarity with the company's geographical locations				
Germany	×	×	×	×
Europe	×		×	×
Asia				×
Africa				
North America	×			
South America				
Australia				

MONITORING THE IMPACTS, RISKS AND OPPORTUNITIES

ESG organization



At Salzgitter AG, responsibility and decision-making authority for ESG issues including material impacts, risks and opportunities associated with it lies with the full Executive Board which is kept regularly informed of the implementation status of current sustainability issues in joint meetings of the **Executive Board** and **Group Management Board** (GMB). It reports significant developments and progress in the area of sustainability to the Supervisory Board of Salzgitter AG and at every regular meeting of the Supervisory Board since May 2024. The **Supervisory Board** in plenum is also responsible for monitoring the Executive Board, including in matters pertaining to sustainability. Relevant ESG issues are reported to the Supervisory Board on the one hand directly by the Executive Board and on the other via the Strategy and Sustainability Committee as well as the Supervisory Board's Audit Committee.

Chaired by the CEO, the **ESG Steering Committee**, meeting every two months, prioritizes the individual topics and issues and manages their operational implementation. The Steering Committee comprises the technically responsible departmental heads of Salzgitter AG (holding company) and is headed by the Strategy and Corporate Growth Department (SU) which is responsible for the overarching coordination of sustainability issues across the Group.

The **CSRD Steering Committee** was established at a holding company level in May 2024 under the leadership of the CFO and the CPO and the participation of the departmental heads responsible for implementing and meeting ESRS requirements. This body's responsibility is to organize and ensure CSRD compliant sustainability reporting and to guarantee process safety. If necessary, it can also be used for escalation purposes.

The **ESG working group** serves interdisciplinary exchange and knowledge transfer between the various technical departments dealing with sustainability issues. It acts as a central interface to guarantee interdisciplinary collaboration between specialist departments for the coordination and operational definition of ESG issues as well as the systematic implementation of the guidelines and initiatives developed in the Group. New findings are compiled, reflected upon and prepared for the ESG Steering Committee at two-monthly intervals. In addition, the ESG working group represents the link to further sustainability-related bodies.

In order to ensure effective collaboration across the Group, ESG contacts for each **Group company** were appointed for the first time in 2024 who play a central role in helping to shape ESG issues from a strategic perspective and are responsible for coordinating, managing and communicating sustainability activities and targets. The quarterly **ESG roundtable** was also introduced for the first time in 2024 to promote interdisciplinary exchange and reciprocal networking. Here, the ESG contacts are updated by the ESG working group on a cross-disciplinary, needs-driven basis, thus ensuring the required transfer of knowledge. Further key elements in their role are to address requirements and pass on best practices. At the same time, Group companies report ESG-related news from Group companies and external stakeholders. Exchange is supplemented on a departmental level by **sustainability-related bodies** in the Group. The Strategy and Corporate

Development (SU) department is responsible for leading the ESG working group and ESG roundtable.

Besides regular dialog with each other, the relevant specialist departments and Group companies integrate stakeholder groups on a bilateral basis in separate dialog events. Our ESG organization **informs Group bodies** of insights gleaned from activities in relation to our **stakeholder commitment** and any ensuing material impacts, risks and opportunities. An overview of stakeholder groups and their integration can be found in this section under → **SBM-2.**

Our ESG organization enables strategic decision-making processes to be effectively pursued and managed and material sustainability aspects to be translated into corresponding Group directives, operating instructions and → **target agreements** – always taking account of the professional and strategic expertise and responsibilities of the individual Executive Board remits and departments.

The Executive Board of Salzgitter AG bears overall responsibility for sustainability reporting and for ensuring that the information reported including progress and results in the field of sustainability is accurate. The report for the financial year 2024 was reviewed in terms of its content by the company's Supervisory Board as part of its supervision function. In reviewing the report, the Supervisory Board is supported by a sustainability auditor (audit with limited assurance). Responsibility for conducting a preliminary audit of the sustainability report rests with the Supervisory Board's Audit Committee.

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

Below we set out whether, by whom and how frequently the administrative, management and supervisory bodies, including their respective committees, are informed of material impacts, risks and opportunities (IROs), implementation of due diligence in the area of sustainability and the results and efficacy of the policies decided upon, measures, indicators and targets.

Our administrative, management and supervisory bodies take account of → **material impacts, risks and opportunities** for the Salzgitter Group in monitoring the company's strategy, its decisions with respect to important transactions and as part of → **integrated risk management** as well as the → **management of opportunities**. Below we provide further details on how often and with which sustainability aspects and IROs the Executive Board and Supervisory Board have concerned themselves, how they have been incorporated into specific decisions and whether compromises were taken into consideration.

EXECUTIVE BOARD

Environment

With regard to current material sustainability issues from the environmental sphere, information is provided on their implementation status in meetings of the Executive Board and Group Management Board on a needs-driven basis and corresponding decisions are derived from this information. In addition, strategy workshops are conducted with the Executive Board three times a year in order to continuously drive the "Salzgitter AG 2030" strategy and the associated sustainability aspects.

In the reporting year, the Executive Board focused primarily on IROs from subject areas of strategic relevance. These are the issues of climate protection, energy and the circular economy as well as the use of resources. The status of the SALCOS® program is on the agenda at every joint meeting of the Executive Board and Group Management Board. In addition, the Executive Board focused specifically on other IROs six times in 2024. The following IROs were thus discussed in the reporting year:

- Pioneering role in the decarbonization of the industry (actual, positive impact)
- Increase in global greenhouse gas concentrations (actual, negative impact)
- Imponderables surrounding the transformation of primary steel production (climate-related transition risk)
- Climate protection as a driver of value creation (opportunity)
- Climate protection as a competitive advantage (opportunity)
- Use of finite, fossil energy sources (actual, negative impact)
- Support for the energy transition (actual, positive impact)
- Uncertain trend in energy costs (risk)
- Hydrogen as a future source of energy (opportunity)
- Use of secondary materials in steel production (actual, positive impact)
- Cost savings through optimized use of resources (opportunity)
- Recyclability of steel products (actual, positive impact)
- High volumes of waste in steel production (actual, negative impact)

Coordinating ESG responsibility and strategic, substantive responsibility for environmental issues lie with the Strategy and Corporate Development department with its focus on ESG. As part of the ESG Steering Committee, the CEO is provided with information on the objectives and status as well as the identification and efficacy of measures regarding significant environmental issues by this specialist department in regular bi-monthly meetings. This ensures cross-departmental coordination of ESG issues and management of their operational implementation. The **"Environment, Social, Governance"** and **"Environment" Group directives**, together with specific company guidelines on individual environmental issues, were prepared and adopted in the reporting year.

The Strategic Energy Procurement department bears responsibility for the sustainability topic of energy. Here there is a separate, established structure of management bodies consisting of the "Operational Energy Steering Committee" and the "Strategic Energy Steering Committee" which meet on a quarterly basis with the participation of the CEO and CFO.

Social

As part of the Social sphere, the Executive Board attended to the following sustainability aspects and their associated IROs in the reporting year:

- Occupational health and safety (one actual, positive and one actual, negative impact in relation to the company's own workforce and one actual, negative impact with respect to workers in the value chain)
- Further training and skills development (positive impact)
- Shortage of skilled workers (risk)

The Executive Board usually discusses the topic of "occupational health and safety" twice a month at its meetings as the first item on the agenda. Here, a responsible Board member or business unit manager reports on relevant safety indicators, incidents and measures falling within their remit as part of a rolling system. The annual targets for reducing accidents in the Group or in companies are defined by the Supervisory Board (for the Executive Board) and by the Executive Board (for managing directors and senior executives). The current degree to which the target is being met for the Group and the business units is set out and deliberated upon as part of the reporting process. As a supporting measure, selected accidents are presented by operational managers of Group companies and discussed. This joint exchange is designed to further reinforce awareness of occupational health and safety, consolidate knowledge transfer on hazards and risks and boost networking on safety issues in the Group.

The occupational safety activities of external companies insofar as they were carrying out work at Group facilities were also regularly discussed in Executive Board meetings, eight times in 2024, with respect to their development and implementation status. The issues of online safety briefings for external companies ("S1 goes online") on rules on Salzgitter premises and the associated issue of external company IDs / Steel IDs constituted one particular area of focus. As a supplementary measure, various accidents involving external company employees were presented and discussed at meetings in 2024.

Work also started in the reporting year on a concept for a new "health and safety strategy for the Salzgitter Group. The Executive Board was informed of the current status of the project by the project management. The next steps were jointly agreed and decided on this basis.

The CPO usually submits a personnel report on the current personnel situation in the Group on a monthly basis in the meetings. Among other things, this report covers the current workforce trend, staff turnover and permanent jobs offered to apprentices, and if necessary, any anomalies are discussed. Twice a year, the personnel report also provides information on further training in the Group. In addition, the Executive Board adopted two Group works agreements on succession planning and talent management from the personnel domain in the reporting year. The aim of these agreements is to identify and promote successors and talented individuals for managerial assignments in the Group at an early juncture, and minimize risks in relation to skills shortages through proactive succession and talent management.

In addition to entrepreneurial objectives and performance under the law, the interests and viewpoints of our employees are represented by trade unions, works councils and other forms of employee representation. The Group Works Council is the central co-determination and participation body of the employees. In addition, each business unit has its own work groups within the works councils. The Executive Board regularly participates in events organized by the Group Works Council and the works councils, which facilitates an extensive exchange of information and ideas between the company and employee representation.

Governance

At all meetings of the Executive Board and the Group Management Board which are normally held twice a month, the Executive Board is informed by the Head of Compliance Management / the Compliance Officer of any new compliance issues and the status of any ongoing matters as well as the refinement of the CMS under the agenda item of "compliance", and then discusses any such issues.

The CEO, the CFO, the Head of Legal, Compliance & Insurance and the Head of Internal Audit together form Salzgitter AG's Compliance Committee. It serves as a platform for monitoring, exchanging views on and discussing any current compliance issues and for joint opinion-forming and decision-making – e.g. in the event of changes to the compliance organization or for the implementation of special compliance measures, e.g. to promote integrity. The Compliance Committee meets as and when required but at least twice a year.

In the 2024 financial year, the Compliance Committee concerned itself with the sustainability issue of the corporate culture and ongoing and scheduled refinements to the Salzgitter Group's CMS and supply chain risk management. This included reporting on the results of compliance and supply chain risk analyses, refining the CMS and supply chain risk management in the Salzgitter Group as well as the status of relevant ongoing compliance issues. In the reporting year, no new compliance matters of heightened relevance or major new findings with respect to already familiar issues were identified. Equally, no breaches of human rights or environmental obligations became known in the Group's own business area in the 2024 financial year. One incident was identified in the supply chain as a suspicious case, and investigations into it are still ongoing. Should we identify opportunities to improve our supply chain risk management in the process, we will make the necessary changes. No special measures therefore had to be implemented in these areas in the process of monitoring the company's strategy, no special considerations taken into account nor any compromises found in relation to individual decisions. Further information on governance can be found in Section → G1 Business Conduct.

SUPERVISORY BOARD

At each of its regular meetings, the Supervisory Board is briefed by the Executive Board on the implementation status of the first development stage of SALCOS®, the company's most important decarbonization program. The further stages in the program are usually also the subject of discussion. An extraordinary meeting of the Supervisory Board was held in February 2024 to discuss these issues.

Sustainability matters have also formed a separate agenda item at each regular Supervisory Board meeting since May 2024. The Executive Board's reporting in the year under review focused among other things on the following:

/ Fulfillment of CSRD requirements and the EU Taxonomy Regulation
/ The Group's SBTi targets
/ Integration of ESG into the Group's risk management
/ Refinement of ESG governance in the business units and
/ Developments in the company's ESG ratings.

Furthermore, the Supervisory Board reviews the company's sustainability reporting prepared by the Executive Board and addresses the sustainability aspects of material relevance to the company in this context.

In addition, the Executive Board reports to the Supervisory Board once a year, and as and when required, on the company's compliance position.

Finally, the Supervisory Board examines the sustainability issues of central importance to the company as part of the annual definition of its non-financial targets for the variable remuneration of Executive Board members and identification of the degree to which the target has been met.

The Supervisory Board's Strategy and Sustainability Committee is informed by the Executive Board at least once a year and the Audit Committee four times a year on relevant updates with respect to the impacts, risks and opportunities of key ESG issues. Every year, in particular, the Executive Board elucidates the draft of the company's Non-Financial Report to members of the Audit Committee and also reports annually on the efficacy of the company's non-accounting-related internal control system and risk management system as well as its compliance position. The Executive Board also informs the Strategy and Sustainability Committee annually on developments in sustainability issues of strategic relevance to the Group, focusing on strategies, targets and action plans.

In the reporting period, the Supervisory Board examined the following sustainability aspects and associated IROs:

- Climate protection
- Energy
- Water
- Circular economy
- Waste
- Working conditions
- Corporate culture

These were incorporated into specific decisions in the reporting period in the following manner: The sustainability aspects of climate protection and energy were included in decisions on setting up a new walking beam furnace and swapping the main drives for the tandem mill by Salzgitter Flachstahl GmbH, and the sustainability aspect of working conditions in the decision on whether targets had been met for the Executive Board's variable remuneration for 2023 and in setting the target for the Executive Board's variable remuneration for 2025.

No compromises had to be made in connection with these sustainability aspects in the reporting year.

DISCLOSURE REQUIREMENT GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

Besides fixed remuneration, a pension commitment and fringe benefits in kind, the Executive Board's remuneration system prepared by the Supervisory Board and approved by the Annual General Meeting also provides for a variable component in the form of an annual bonus and a multi-year performance cash award.

In order to reinforce the incentive of pursuing a corporate strategy focused on sustainability for members of the Executive Board, 30 % of their variable remuneration paid in the form of an annual bonus and 30 % as a performance cash award depend on non-financial targets besides the financial component. When defining annual non-financial targets, the Supervisory Board ensures that they serve the Group strategy and the sustainability strategy, as well as the long-term growth of the company. In the process, the board takes into account current priorities with a bearing on sustainability such as occupational health and safety, improving ESG ratings or implementation of the SALCOS® transformation program for the decarbonization of steel production or sustainable expansion of scrap recycling.

In 2023 the Supervisory Board agreed non-financial targets with Executive Board members for their variable remuneration in 2024 that were exclusively assigned to the sphere of sustainability and in 2024 further non-financial targets for 2025 that were predominantly assigned to this sphere. They include coping with demographic change, reducing accidents, securing the supply of green electricity and increasing the proportion of women in managerial positions. Measurable performance parameters are used to assess the degree to which targets have been met. They include the proportion of employees for whom a qualified demographic analysis was carried out and a succession concept developed for specialists and managers, the percentage reduction in the Lost Time Injury Frequency (LTIF) accident indicator, the proportion of green electricity volumes secured measured against the Group's total electricity requirement as well as the proportion of women in new appointments or re-appointments to non-pay-scale positions or managerial posts.

In the reporting year, no climate-related considerations associated with the emission reduction targets announced were incorporated into the remuneration of Executive Board or Supervisory Board members.

Further details on the remuneration system, the targets agreed and their assessment are set out in the ↗ remuneration report.

DISCLOSURE REQUIREMENT GOV-4 – STATEMENT ON DUE DILIGENCE

Below we list the information provided in this report on the procedure for meeting due diligence obligations.

List of information on the procedure for meeting due diligence obligations

Core elements of due diligence	Paragraphs in the non-financial report
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS 2 SBM-3, ESRS 2 GOV-1-G1, ESRS 2 GOV-3-E1, ESRS 2 SBM-3-E1, ESRS 2 SBM-3-S1, ESRS 2 SBM-3-S2
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2, ESRS 2 SBM-2, ESRS 2 IRO-1, ESRS 2 SBM-2-S1, ESRS 2 SBM-2-S2
c) Identifying and assessing adverse impacts	ESRS 2 IRO-2, ESRS 2 SBM-3, ESRS 2 IRO-1-E1, ESRS 2 IRO-1-E2, ESRS 2 IRO-1-E3, ESRS 2 IRO-1-E5, ESRS 2 IRO-1-G1, ESRS 2, SBM-3-E1, ESRS 2 SBM-3-S1, ESRS 2 SBM-3-S2
d) Taking actions to address those adverse impacts	ESRS 2 MDR-A: ESRS E1-3, ESRS E2-2, ESRS E3-2, ESRS E5-2, ESRS S1-4, ESRS S2-4, ESRS G1-2
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-T: ESRS E1-4, ESRS E2-3, ESRS E3-3, ESRS E5-3, ESRS S1-5, ESRS S2-5, ESRS G1-6, ESRS 2 MDR-M: ESRS E1-5, ESRS E1-6, ESRS E1-8, ESRS E2-4, ESRS E3-4, ESRS E5-4, ESRS E5-4, ESRS S1-6, ESRS S1-13, ESRS S1-14

DISCLOSURE REQUIREMENT GOV-5 - RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The Executive Board of Salzgitter AG bears → **overall responsibility** for the sustainability reporting and for the accuracy of the information reported. The sustainability reporting for the financial year 2024 was reviewed in terms of its content by the company's Supervisory Board as part of its supervision function.

Responsibility for the overarching design and management of the process, for collating the contents of the report and for editorial revisions lies with the Investor Relations department. It coordinates the drafting of contents for the report by the Legal, Compliance & Insurance, Strategy and Corporate Development, Personnel and Social Policy, Procurement and Group Controlling departments. These departments draw up the contents for the report within their own respective remits in consultation with further specialist departments and the corresponding contacts in Group companies. Group Controlling is responsible for the overarching process of risk management while the Group's internal auditing department exercises the overarching monitoring role.

The design and performance of suitable internal checks with respect to the sustainability reporting and their individual components at datapoint level are exercised by the aforementioned departments with regard to those elements of the report for which they are responsible.

APPROACH TO RISK EVALUATION AND METHOD FOR PRIORITIZING RISKS

Our internal control system (ICS) comprises the principles and measures used to monitor the efficacy and profitability of business activities (operations), check the accuracy and reliability of internal and external accounting (reporting) and ensure that laws and regulations are adhered to (compliance). Details on this can be found in the management report under → **Key features of the internal control system**. Sustainability issues which are continuously refined on the basis of regulatory requirements are also taken into account. In this context, the Group's internal auditing department introduced a new category of issues "Sustainability reporting / ESG" in the reporting year which is now a mandatory component of internal audits.

With respect to the identification, prioritization and assessment of risks, the specialist departments responsible for the overarching reporting are developing specific approaches.

THE MOST IMPORTANT RISKS, MITIGATION STRATEGIES AND CONTROLS

The following risks were identified by specialist departments as potentially significant:

- Completeness and integrity of information and key indicators
- Precision when using estimation methods
- Availability of data from upstream and / or downstream value chain
- Timing of availability of information

Our mitigation strategies are based on the four existing ICS principles of clarity, functional segregation, dual control principle and documentation. These principles create organizational and technical clarity vis-à-vis both external and internal data suppliers. This essentially helps to avoid faulty reports and reduce the number of iterative control loops conducted by technical departments. It is incumbent on the technical departments to design suitable internal controls.

MANAGEMENT OF RISKS

The results of risk assessments are reflected in suitable measures at the level of technical departments. Besides plausibility checks and quality controls, these include drawing up directives and guides, gradually digitalizing processes, introducing tools for collecting data or automating the process for doing so and specialist training. Many data collection processes are already based on automated processes as is the case with key social data. In addition, anomalies are flagged in the internal auditing department's audit reports and communicated to the specialist departments to enable measures to be implemented, where required.

REPORTING RISKS TO THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Potential risks identified in the course of risk identification or internal auditing, are reported in the CSRD Steering Committee by the technical departments, where necessary. If these risks become more likely to materialize, countermeasures are developed and implemented. If a significant residual risk remains, the Executive Board must thereupon inform the Supervisory Board via the Audit Committee that meets on a regular basis.

STRATEGY

DISCLOSURE REQUIREMENT SBM-1– STRATEGY, BUSINESS MODEL AND VALUE CHAIN

OUR GROUP POLICY AND SUSTAINABILITY STRATEGY

Our vision is to establish Salzgitter AG as a leading company in the circular economy world. This world is based on a holistic view of product and service cycles. Our entrepreneurial ambition is to drive the desired transformation of the Group together with our partners. After all, as set out in our ↗ Commitment to sustainability pledge made by the Executive Board, the Salzgitter Group is aware of its responsibility towards current and future generations and aspires to act accordingly.

With our "Salzgitter AG 2030" strategy, we are therefore embarking on a path to a sustainable industry and a transformation demanded by governments and society. Strategic sustainability aspects of our Group strategy are measurable and enshrined in the ↗ Strategy Scorecard. Sustainability is thus an integral part of the Group strategy.

Our sustainability strategy is based on focus areas with ESG relevance to the Group strategy, topics and issues entailing management obligations due to their material impacts, risks and opportunities and significant cross-cutting issues that have an indirect effect on the aforementioned topics or broaden their perspective.

The topics included in our sustainability strategy comprise six focus areas of which two each are assigned to the dimensions of Ecological Responsibility ("Environmental"), Social Responsibility ("Social") and Corporate Responsibility ("Governance").

Ecological Responsibility (Environmental)

/ The **Environmental** focus area implies responsible management and continuous reduction in the Salzgitter Group's consumption of resources, with priority given to closed material loops.
/ The **Climate** focus area comprises measures to achieve Salzgitter AG's ambitious climate protection targets, particularly by converting to a low-carbon steel production process and harnessing renewable energy more effectively.

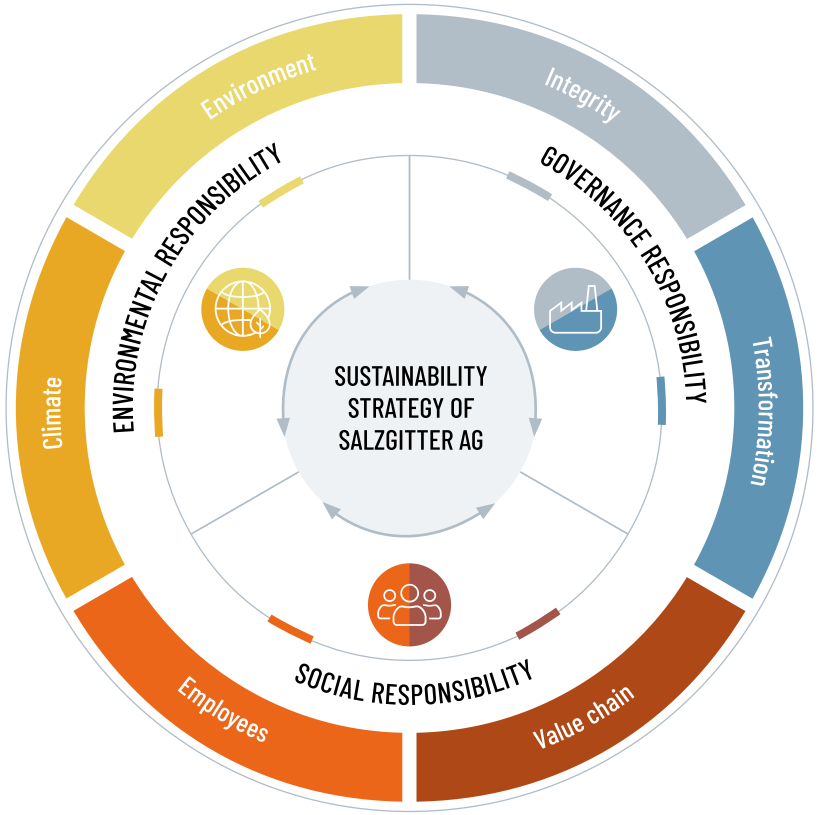
Social Responsibility (Social)

/ The **Employees** focus area aims to offer our employees sound and safe working conditions. With our personnel strategy, we are positioning ourselves as a forward-looking employer.
/ The **Value chain** focus area covers the management of social, human rights, environmental and entrepreneurial issues along the entire value chain.

Corporate Responsibility (Governance)

/ The **Transformation** focus area is designed to secure the long-term economic stability of the Salzgitter Group on its path to a climate-neutral, circular business model. It represents the active transformation of the core business to low-carbon production, sustainable product design and innovative customer solutions.
/ The **Integrity** focus area comprises the creation and observance of guidelines, structures and processes through which we aim to guarantee responsible entrepreneurship and continuously refine a corporate culture aligned with sustainability.

Sustainability strategy



Our sustainability targets

With regard to our sustainability targets, this report focuses on the results of the materiality analysis. The following list provides an overview of the targets broken down by key topics and focus areas. The targets arising from the strategic horizon match the KPI structure of the Group strategy. The sustainability targets and associated topic-specific policies and measures are illuminated in more detail in the respective sections on topic-related standards.

Key topics and targets

Focus area	Material topic	Target	Target year	Type of target
Climate	Climate protection	50% reduction in Scope 1 and 2 CO_2e emissions from our Group companies versus the base year of 2021	2030	quantitative
	Energy	100% renewable electricity from external sources to be used	2030	quantitative
Environment	Environmental protection	Compliance with national laws and official requirements in relation to the release of pollutants in order to maintain operating permits at our facilities	ongoing	qualitative
	Water management	Compliance with specifications contained in water legislation, operational requirements and national laws at our facilities	ongoing	qualitative
	Circular economy and resource management	Expansion of scrap recycling and use of scrap from secondary raw materials – expansion of activities in scrap recycling to 3 million tons p.a.	2030	quantitative
		Compliance with national laws and official requirements in relation to the treatment of waste and residual materials at our facilities	ongoing	qualitative
Employees	Occupational health and safety	50% reduction in accidents versus the base year of 2021	2030	quantitative
		Promotion of employee health and safety	ongoing	qualitative
	Training and further education	Provision of qualification and growth opportunities to preserve employees' employability and promote their career prospects	ongoing	qualitative
	Shortage of skilled workers	Early identification of the need for skilled workers and managers as well as the implementation of suitable measures to secure skilled workers	ongoing	qualitative
Value chain	Occupational health and safety	Protecting the health and safety of all suppliers and partner companies involved with our companies by minimizing risks and fostering a joint culture of safety	ongoing	qualitative
Integrity	Corporate culture	Preventing breaches of laws as well as internal guidelines or detecting such breaches and instigating suitable responses	ongoing	qualitative
	Management of relationships with suppliers	Successive agreement of our Supplier Code with as many suppliers as possible	ongoing	qualitative

The **most important product groups** in the Salzgitter Group are our steel products and the packaging and filling systems and special machinery that we manufacture.

Steel and steel products form our largest product group. Steel is not only a key pre-material in numerous value chains from automobiles to wind turbines, but above all a durable material well suited to a circular economy that can be recycled almost without end with no loss of quality. At the same time, our steel products offer the greatest leverage with respect to the targets listed, above all from an environmental perspective.

We therefore intend to further expand our scrap recycling activities and feed more of our by-products into the material cycle, as exemplified by the recovery of zinc from filter dust.

One central building block of our low-carbon steel production is the ↗ SALCOS® (Salzgitter Low CO_2 Steelmaking) program. Thanks to the SALCOS® program and through the use of renewable energies, we intend to hit our 2030 target of a 50 % reduction in our Scope 1 and 2 emissions against the baseline year of 2021. The implementation of the first SALCOS® expansion stage, consisting of a direct reduction plant, an electric arc furnace and a 100 MW_{el} electrolysis plant, is key to this. With the gradual complete implementation of the SALCOS® program, Salzgitter AG is positioning itself for the future in order to contribute to more sustainable steel production over the long term and in technological terms, to cut out 95 % of its Scope 1 emissions from steel production by as early as 2033. The first stage of the program is set to convert around 30 % of today's production capacity for primary steel production from 2026 onward.

Both our own steel production capacity and most of our Group companies' steel processing are located in Europe, particularly here in Germany. Accordingly, the focus of our sustainability strategy is on **European territories**. By swapping notes with relevant stakeholder groups, we are together refining our processes. For example, we are not only making a major contribution to reducing our own CO_2e-emissions but also to providing our customers with the option of lowering their CO_2e-emissions. Low emission steel is growing in importance and demand for it is rising.

The strategic alignment of our "Steel" product group also includes the Trading Business Unit. Accordingly, we will also steadily expand our trade with CO_2e-reduced steel in a global market environment. Armed with a new computation tool for our CO_2e footprint (Product Carbon Footprint / PCF), the Trading Business Unit is creating complete transparency with regard to the climate impact of the steel products it offers, thereby creating added value for our customers.

Our Technology Business Unit is globally structured and occupies a leading market position in the manufacture of special machinery as well as packaging and filling systems. Our most important customers in this sector are primarily international companies in the food and beverages industry. However, the automotive industry is also one of our most important sectors. Here our systems are predominantly to be found in the manufacture of vehicle parts.

We continue to pursue the principle of diversification in our business units. The same applies to sustainability where, by making appropriate modifications to our products and services, we want to be as broadly diversified as possible, thereby minimizing risks.

We cultivate a regular dialog with **stakeholders** relevant to our business activities in the upstream and downstream value chain. This allows us to create a sounding board to reflect our sustainability targets with respect to product groups, customer categories, regions and markets at regular intervals. The main stakeholder groups and their respective dialog and participation formats are listed under → SBM 2.

BUSINESS MODEL

Salzgitter AG ranks among Europe's leading steel and technology companies and, as one of Germany's companies steeped in tradition, it comprises more than 130 subsidiaries and associated companies. We have over 22,000 employees around the world, working in the following regions:

Employees by region (core workforce)

	2024
Germany	18,585
Rest of Europe	1,226
America	1,451
Asia	905
Other regions	214

The Salzgitter Group is divided into the four business units of Steel Production, Steel Processing, Trading and Technology. The Industrial Participations / Consolidation unit also comprises the Group's own service companies as well as investments such as in Europe's leading copper producer, Aurubis AG. Our core expertise lies both in the production of rolled steel, pipe and tube products and global trade in such products, and in special machinery and plant engineering. With our "Salzgitter AG 2030" strategy, we have set ourselves the goal of becoming the market leader for circular economy solutions. Further details and explanations of our business model including the significant product groups, markets and customer sectors in accordance with ESRS 2 SBM-1-40 ai and aii can be found in the Section → Business Activities and Group structure in the management report.

Fossil fuels – essentially coal, oil and gas – are stored and used in the Salzgitter Group's business processes. This relates in particular to the companies with locations in Germany.

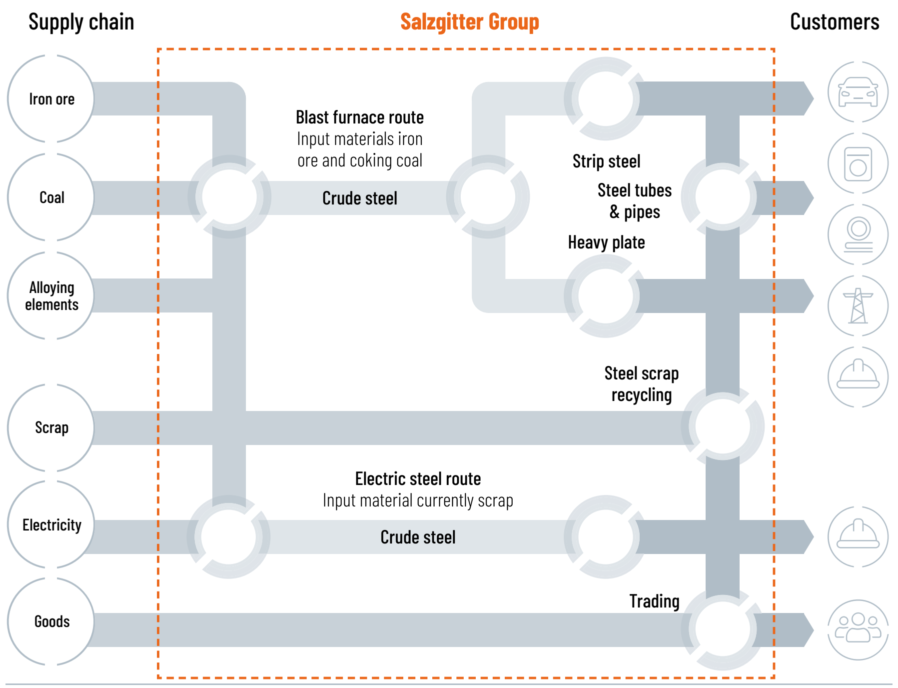
VALUE CHAIN

An integral part of the Salzgitter Group's approach to sustainability is viewing all value added processes in a holistic manner. To ensure the requirements-based supply of Group companies, we strive for long-term partnerships with key suppliers. Trust-based collaboration between equals, flexibility and reliability as well as all-embracing standards of legality and integrity which include the observance of ethical values and labor principles are highly prized in our supplier relationships. We have therefore given ourselves a groupwide code of conduct, as well as implementing further measures to guarantee compliance across the board.

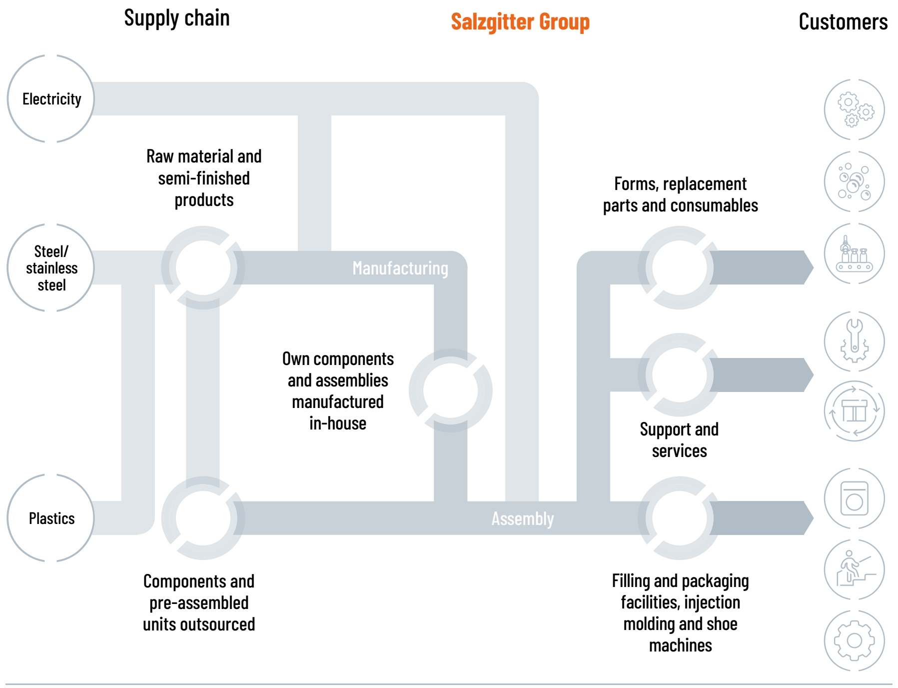
The transformation of our product portfolio to virtually emission-free steel production will favor the ecological and economic objectives of our investors and customers quite apart from Salzgitter AG's strategic goals. By linking sustainable growth to financial success and combining our targeted leadership in terms of profitability with the systematic expansion of circular business models, we are creating new markets and attractive growth opportunities for our customers and partners.

Below we describe our two most important value chains.

Value chain steel segments



Value chain technology segment



The Salzgitter Group produces steel from raw materials and energy via two process routes: Crude steel is produced from iron ore, coking coal and scrap steel at the integrated steel mill in Salzgitter. This route (the primary route) creates carbon dioxide as a by-product gas by the nature of the process. The crude steel is then further treated, cast and rolled into strip and plate steel from which customers and internal processors manufacture a wide range of finished products, from cars, household appliances and industrial goods to pipelines. The electric steel mill (secondary route) in Peine recycles around one million tons of scrap steel per year by melting it in electric arc furnaces. Most of the crude steel produced in this way is cast and rolled into sections in Peine, mainly for the construction industry, while a growing proportion is subsequently processed in the rolling mills in Salzgitter to form low-carbon ↗ VERIsteel-certified strip steel. The Trading unit comprises steel trading branch offices with warehouses and bespoke pre-processing as well as an international trading business with a wide range of products from the Salzgitter Group and other manufacturers.

The mechanical engineers in the Technology Business Unit manufacture machinery and spare parts from various grades of steel, plastics and in-house as well as purchased components and sub-assemblies. The systems of the KHS Group are used by its customers for filling and packaging beverages and liquid foods, as well as non-food products such as washing-up liquids or liquid detergents, for example. DESMA Schuhmaschinen GmbH supplies the clothing industry with machines for direct shoe soling. The injection molding machinery of the Klöckner DESMA Elastomertechnik Group is mainly used by its customers to manufacture components for the automotive and mechanical engineering industries. Besides manufacture and installation, maintenance and services also play a key role.

DISCLOSURE REQUIREMENT SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

Stakeholder group	Examples of inclusion	Subjects for discussion
Customers	/ Visits to and from customers / Various conferences / Customer events / Conversations at trade fairs (Ad hoc) discussions/dialog	/ Strategy for the future (projects, products and innovation) / Ecological footprint of products (supply chain, recycling) / SALCOS®: sustainable, low carbon steel production / Joint partnerships / Current ESG topics and issues
Employees	/ Co-determination bodies at Group and company level / Manager and employee events / Workforce meeting / Ideas management / (Ad hoc) discussions/dialog	/ Strategy for the future (projects, products and innovation) / SALCOS®: sustainable, low carbon steel production / Company development and corporate strategy / Occupational health and safety / Training and further education / Employer attractiveness and employee offers / Investments / Current ESG topics and issues
Suppliers and energy providers	/ Memoranda of Understanding / Collaboration agreements / Bilateral exchange / Participation in regional and national information events/symposia / (Ad hoc) discussions/dialog	/ Strengthening supplier relationships, setting up strategic partnerships with regard to closed loops / Grid connection, electricity, natural gas and H_2 / Security of supply / Procurement of green electricity, procurement of (green) H_2 / Joint partnerships / Certification/certificates of origin for green electricity, climate-neutral gases and heat
Investors and banks	/ Various conferences / Shareholder events / Visits to Group facilities / Roadshows / Discussions with banks / (Ad hoc) discussions/dialog / Dialog as part of the perception study	/ Strategy / Growth of company and business (liquidity, finance, reports and financial statements) / Governance / SALCOS®: sustainable, low carbon steel production / Current (risk) issues: Russia sanctions, energy security, hydrogen ramp-up / Investments / Annual General Meeting, stock and dividend / Implementation of an ESG component for syndicated loan / Green loan financing of SALCOS® / Current ESG topics and issues
Political circles	/ Various conferences / Conversations at trade fairs / Visits to Group facilities / (Ad hoc) discussions/dialog	/ Strategy for the future (projects, products and innovation) / SALCOS®: sustainable, low carbon steel production as well as green lead markets / Transformative regulatory policy: Subsidies and regulatory systems / Export policy / Design of EU ETS and CBAMs / Circular economy / Current (risk) issues: Russia sanctions, energy security, hydrogen ramp-up / Infrastructure (gas and electricity grids, transport connections)
Regional communities, NGOs and research partners	/ Various conferences / Regional networks, meetings, associations, interest groups and universities / Visits to Group facilities / Conversations at trade fairs / (Ad hoc) discussions/dialog / Bilateral on-site visits / Research projects	/ SALCOS®: sustainable, low carbon steel production / Ecological footprint of products (supply chain, recycling) / Infrastructure (EE, H_2 and warehouses) / Joint information events and regional projects / Innovative solutions in the area of resource efficiency / Current ESG topics and issues / Reducing carbon in the supply chain / Exchange of know-how on new technologies, (production) techniques, etc.
Further strategic partners	/ Visits to company facilities / Memoranda of Understanding / (Ad hoc) discussions/dialog / Joint panels of experts	/ Strategy for the future (projects, products and innovation) / Circular trade and business / Setting up closed loops / Ecological footprint of products (supply chain, recycling) / SALCOS®: sustainable, low carbon steel production / Investments / Infrastructure (EE, H_2 and disposal)

INTERESTS AND VIEWS OF STAKEHOLDERS

Openness and transparency toward our partners form part of our guiding principles. We have always perceived dialog with stakeholder groups that we conduct on different levels and in different ways as a key factor for the long-term success of the company. It acts as a driving force and helps us to identify the relevant impacts of our business activities as well as opportunities and risks at an early stage and take them into account in the way we conduct our business.

In the context of our activities revolving around the subject of sustainability and non-financial reporting, we rely on separate discussion panels with representatives of different groups in public life, politics, associations and organizations, the capital market and the press, customers as well as employees and workers' representatives.

Thanks to this regular dialog and the early inclusion of our stakeholders' interests in our strategy, we are not expecting any changes in our relationship with these stakeholders and are not planning any shift in the way in which their interests are included.

Intensive dialog with workers' representations and employees

The **dialog** and constructive working relationship with our employees, always conducted in a spirit of trust, together with our workers' representations enjoy a **particularly high standing**. As a steel and technology company based in Germany, we are subject to the coal-and-steel co-determination system with regard to Salzgitter AG and the original iron and steel producing Group companies. This system endows employee representatives on the Supervisory Board with an extensive right to influence key transactions and the appointing of a labor relations director. On Salzgitter AG's Supervisory Board, the employee representatives also play an active role in preparing the Supervisory Board's targets for the Executive Board and monitoring their implementation. For example, the Supervisory Board regularly sets the Executive Board targets with respect to sustainability aspects including in relation to occupational health and safety or further training.

In addition to entrepreneurial objectives and performance under the law, the interests, views and rights of our employees are represented by trade unions, works councils and other forms of **employee representation**. The Group Works Council is the central co-determination and participation body of the employees. In addition, each business unit has its own work groups within the works councils. Significant sustainability aspects such as occupational health and safety or training and further education are addressed by the Group's Works Council in committees specially set up for this purpose.

Collaboration between companies and employee representatives is supported by our **Group works agreements** on the **"Composition and Duties of the Group Works Council"** as well as the **"Works Council Work Groups"**. Among other things, these agreements govern the composition, duties and working methods of these co-determination bodies as well as aspects of their collaboration with the company. The Executive Board and senior management regularly participate in events organized by the Group Works Council and the works councils, which guarantees an extensive exchange of information and ideas between the company and employee representation. Moreover, steering and control committees staffed on equal terms foster the participation of employees in the development of the company and underpins diversity-oriented company leadership free of discrimination, while safeguarding social norms. Various discussion and workshop formats at a company level as well as regular works meetings serve the purpose of disseminating information and entering into a dialog with the workforce. The inclusion of foreign companies when drawing up Group directives and circulars from the Executive Board enlarges the scope of application of domestic standards within statutory provisions and – in as much as economically expedient in terms of personnel policy – also encompasses our foreign locations.

In the joint declaration by the Executive Board and the Group Works Council and IG Metall on the "Salzgitter AG 2030" Group strategy and the **transformation contract**, the necessity of the transformation process is defined as an important step toward **securing the future** and **preserving the independence** of Salzgitter AG. Against the backdrop of emerging challenges and changes for the workforce, these agreements describe the foundations of the planned transformation process and define the underlying conditions.

We ensure that **our employees are informed** of Group directives and policies as well as current issues in the Group by our extensive Intranet as well as a range of printed matter such as brochures, flyers or posters. We also use digital formats such as video blogs and podcasts or awareness campaigns, e.g. in connection with occupational health and safety. Various types of events are also held for the different groups of employees on a Group and company level. Besides offering the Executive Board or top management the opportunity to provide information, the latter events also serve the purpose of promoting dialog and forming networks. For example, they include the annual Group forum as well as the regular manager conferences. A more in-depth exchange of opinions on Group issues is continuously supported as part of the cross-company personnel development programs (FORWARD programs). Various discussion and workshop formats at a company level as well as regular works meetings serve the purpose of disseminating information and entering into a dialog with the workforce.

Besides upholding workers' rights, our employees' respect for human rights is a matter of elemental importance to us. Accordingly, respect for internationally recognized human rights and the obligation to adhere to them are defined in the groupwide → code of conduct in corresponding rules and behavioral principles with binding effect.

High status of partnerships in the transformation process

The aim of our → SALCOS® transformation program is to convert the integrated steel mill in stages to exclusively low-carbon crude steel production by 2033. Here our "Partnering for Transformation" mission pursues the objective of securing central sections of our value chain for the long term with the aid of strategic partnerships and monitoring critical control points. Suppliers and customers alike, as well as Salzgitter AG and its subsidiaries, are faced with the task of transformation. We are convinced that we can only meet these challenges together. Cross-sector support in the form of collaboration activities offers Salzgitter AG and its partners the investment security that is required across the entire value chain. Strategic partnership agreements allow us to secure and actively develop reference points of relevance to production at an early stage.

The following examples show the diversity but also the groupwide penetration of our partnerships:

/ To secure the green transformation of Salzgitter Flachstahl GmbH for the long term, Power Purchase Agreements (PPA) for fossil-free electricity were concluded with among others ↗ Vattenfall (approx. 300 GWh per year) and ↗ Iberdrola Deutschland (approx. 60 GWh per year). The partnerships permit investment security, price guarantees and risk diversification among equals.

/ The partnership between Gasunie and Mannesmann Line Pipe GmbH reflects our pioneering ambitions. MLP supplied pipes made from SALCOS® steel for the first time for use in the long-distance pipeline network, thereby supporting their partner's ambitious target to become climate-neutral.

/ Our partners of many years, ↗ Norsk Stål AS from Norway and the Swedish company ↗ Terramet Stålcenter AB have secured plate steel made from SALCOS® steel through Ilsenburger Grobblech (ILG). With these collaboration agreements, the largest stockholders of both countries are supporting the decarbonization of the Scandinavian economy in the wind, offshore and ship-building industries, among others.

/ Verkehrsbetriebe Peine-Salzgitter GmbH (VPS), together with its partner European Loc Pool, have set a milestone in sustainable rail freight transport. The signed lease agreement comprises two innovative ↗ EuroDual locomotives, which represent a significant step for VPS and its customers toward boosting efficiency and sustainability.

/ As part of the KHS Group's allround beverage system expertise, the powerful ↗ SmartCan filler block by KHS/Ferrum was presented at BrauBeviale 2024. The partnership between the KHS Group and the Swiss machinery manufacturer Ferrum stands for sustainable growth in a spirit of partnership and thus reflects the mission of SZAG.

DISCLOSURE REQUIREMENT SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Standard	Sustainability topic	Denomination IRO incl. classification (actual = t / potential = p)	Explanation of the impacts on people / environment, risk or opportunity	Expected time horizon of impacts	Allocation business model
E1	Climate protection	Pioneering role of the decarbonization of industry (positive impact (t))	Implementation of the SALCOS® transformation program shall not only lead to a significant reduction in greenhouse gases but already today represents a positive signal for climate protection. Salzgitter AG is performing pioneering work for carbon-intensive sectors which can only decarbonize on the back of strenuous efforts.	short-, medium- to long-term	own business area
		Increase in global greenhouse gas concentrations (negative impact (t))	We aim to replace the conventional, primary production of steel via the blast furnace route in stages by 2033. Until the SALCOS® program has been fully implemented, we will be emitting GHG emissions on a significant, albeit reduced, scale. This contributes to global warming which is having a negative impact on people and the environment.	short-, medium- to long-term	own business area; upstream value chain
		Imponderables surrounding the transformation of primary steel production (climate-related transition risk)	"Imponderables in the transformation of primary steel production" represent a material, transitory risk. This risk relates to the technological progress of our transformation of the plant portfolio beyond the first SALCOS® stage. Various risk factors could cause us to lose our transformation lead in relation to the competition. Besides the underlying basic assumptions such as sales and selling price expectations, including green steel premium, development of prices for carbon emission allowances, commodity and energy price assumptions, including hydrogen and its availability, possible imponderables particularly relate to the financial viability and the financial viability and the introduction and effectiveness of regulatory elements.	long-term	own business area; upstream value chain
		Climate protection as value creation driver (opportunity)	Climate-induced transition events may offer opportunities for business activities, e.g. through the development of climate-friendly products and services, cost savings from boosting efficiency and increased revenues from opening up new sales markets.	long-term	own business area; downstream value chain
		Climate protection as competitive advantage (opportunity)	A positive contribution to climate protection, e.g. from the use of or conversion to renewable energies and sustainable investments, may improve reputation compared to the competitors and thus lead to higher net profits as carbon prices will have no or less impact.	long-term	own business area; downstream value chain

Standard	Sustainability topic	Denomination IRO incl. classification (actual = t / potential = p)	Explanation of the impacts on people / environment, risk or opportunity	Expected time horizon of impacts	Allocation business model
E1	Energy	Use of finite, fossil energy sources (actual, negative impact (t))	The use of fossil energy sources in the production processes for steel production reduces the availability of finite resources and contributes to climate change through the release of GHG emissions.	short- to medium-term	own business area; up- and downstream value chain
		Promotion of energy transition (positive impact (t))	The conclusion of high volumes of PPAs represents a definitive contribution towards promoting the energy transition.	short-, medium- to long-term	own business area; up- and downstream value chain
		Imponderable development of energy costs (risk)	Financial risks may arise as a result of political and legal transition events in the area of energy supply, such as higher electricity costs for non-renewable energies and increased demands on the use of renewable energies and associated investments. These risks might lead to insufficient political support for the expansion of green electricity and the development of green hydrogen.	long-term	own business area; upstream value chain
		Hydrogen as a future source of energy (opportunity)	The use of hydrogen in the region and connection to the future national hydrogen grid may enable Salzgitter AG and its steelworks, Salzgitter Flachstahl GmbH, to act as the pioneer among industrial companies and produce emission-free steel. Taking on such a pioneering role offers the opportunity to strengthen the company's reputation.	long-term	own business area
E2	Pollution of air	Air pollutants from production processes (negative impact (t))	Emissions of dust, particles and airborne pollutants in production processes lead to air pollution. Pollutants such as sulfur dioxide (SO_2), nitrogen oxides (NOx) and particulate matter are released, particularly on the blast furnace route and during processing and transport. These emissions contribute to air pollution and can damage both the environment and human health without corresponding countermeasures.	short-, medium- to long-term	own business area; upstream value chain
E2	Pollution of water	Water pollutants from production processes (negative impact (t))	Emissions of water pollutants in production processes lead to water pollution. Water pollutants are released in the steel production process, in particular. These emissions contribute to water pollution and can damage both the environment and human health without corresponding countermeasures.	short-, medium- to long-term	own business area; upstream value chain

Standard	Sustainability topic	Denomination IRO incl. classification (actual = t / potential = p)	Explanation of the impacts on people / environment, risk or opportunity	Expected time horizon of impacts	Allocation business model
E3	Water resources	High water demand for steel production (negative impact (t))	Due to the significant need for water in steel production, particularly in the upstream mining and preparation of raw materials and in steel production in the form of process water and cooling water, this can affect natural water systems.	short-, medium- to long-term	own business area; upstream value chain
E5	Resource inflows incl. resource use	Use of secondary materials in the steel production (positive impact (t))	The use of recycled materials protects primary resources, saves energy sources and reduces waste. Steel is the most frequently used and recycled industrial material in the world. Every steel product from Salzgitter AG has relevant recycled content, even 100 % in the case of our steel sections. Salzgitter AG is supporting the circular economy by manufacturing steel products, treating them at the end of their service life and recycling the prepared scrap.	short-, medium- to long-term	own business area; upstream value chain
		Use of primary materials in the steel production (negative impact (t))	The high consumption of finite resources in the steel industry, particularly of primary raw materials and non-renewable energy sources, leads to negative impacts on people and the environment. These impacts comprise the destruction of the environment through the exhaustion of resources and pollution, the contribution to climate change and the possibility that price rises will lead to economic instability.	short-, medium- to long-term	own business area; upstream value chain
		Cost savings thanks to optimized use of resources (opportunity)	Adjustment of the business model as a result of measures such as the more efficient use of resources, cost reductions brought about by the reuse of materials and the deployment of innovative technologies for optimizing resource inflows, can entail financial benefits.	long-term	own business area; up- and downstream value chain
	Resource outflows related to products and services	Recycling capability of steel products (positive impact (t))	Steel is 100 % recyclable and therefore constitutes a sustainable product. Its recyclability enables materials to be returned to the materials cycle at the end of the product's life.	short-, medium- to long-term	own business area; downstream value chain
	Waste	High amount of waste during steel production (negative impact (t))	In spite of a high re-use and recycling rate, in absolute terms, high volumes of waste are created during steel production which have a negative impact on our use of resources.	short-, medium- to long-term	own business area; up- and downstream value chain

Standard	Sustainability topic	Denomination IRO incl. classification (actual = t / potential = p)	Explanation of the impacts on people / environment, risk or opportunity	Expected time horizon of impacts	Allocation business model
S1	Working conditions (own workforce)	Health and safety protection (positive impact (t))	Occupational health and safety measures help to reduce risks and strains at the workplace as well as boosting the health and well-being of employees.	short-, medium- to long-term	own business area
		Health and safety protection (negative impact (t))	In a manufacturing or quasi-manufacturing working environment, accidents and associated injuries can occur due to physical activities.	short-, medium- to long-term	own business area
	Equal treatment and opportunities for all (own workforce)	Training and skills development (positive impact (t))	Further training and skills development measures help to maintain employability and promote employees' career development and promotion prospects.	short-, medium- to long-term	own business area
	Company specific	Skilled labor shortage (risk)	Advancing demographic change is leading, on the one hand, to an increasing number of retirements (baby boomers) over the medium term and, on the other, to a reduction in the supply of workers on the external labor market and thus to a shortage of skilled workers and managers. This can result in difficulties for the company in filling vacancies with suitable specialists and managers as well as an associated loss of value creation and additional costs, for example.	medium- to long-term	own business area
S2	Working conditions (workforce in the value chain)	Health and safety protection (negative impact (t))	Within the upstream value chain, employees of service companies who are working on our site in a manufacturing or quasi-manufacturing working environment may have accidents and incur associated injuries. Such accidents can have a considerably deleterious effect on their health and can even be fatal.	short-term	upstream value chain
G1	Corporate culture	Fostering integrity (positive impact (t))	A healthy corporate culture counteracts breaches of compliance. We promote integrity of conduct and the observance of the guidelines, structures and processes (corporate governance) with which we want to ensure responsible entrepreneurship along the entire value chain.	short-, medium- to long-term	own business area; up- and downstream value chain
	Management of relationships with suppliers	Intact supplier relations (opportunity)	Trusting, intact supplier relationships form the basis for reliable, punctual delivery, can strengthen operating business and bring about economic benefits over the long term (e. g. customer satisfaction due to reliable deliveries and thus increased revenues).	medium- to long-term	own business area; up- and downstream value chain

EFFECT OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

We have enshrined the aforementioned material risks and opportunities in our opportunities and risk management and in future we will integrate the impacts in the same way. We continuously analyze their current and expected effect on our business model, strategy and value chains. In the course of identifying impacts, risks and opportunities (IROs) as part of the materiality analysis, we evaluate the time horizon and assign it to our own business operations and value chains or business relationships. This evaluation can be taken from the table above. It also comprises a description of the effect of the impacts on people and the environment, the risks and opportunities as well as their link to our strategy and business model. Depending on factors such as the likelihood of occurrence, the assigned time horizon as well as the expected effect, the IROs are prioritized.

SKILLED LABOR SHORTAGES AS A COMPANY-SPECIFIC RISK

The company-specific risk of a "skilled labor shortage" explained in the table above is in our opinion not covered by the S1 topic-specific standard to which we have assigned the risk. However, the skilled labor shortage and associated mitigating measures form an integral part of our human resources work. We reflect this in company-specific, additional information on the skilled labor shortage in Section S1.

CURRENT FINANCIAL IMPACTS OF MATERIAL RISKS AND OPPORTUNITIES

Current financial impacts due to material risks and opportunities that have materialized and have to be recognized in profit or loss in the reporting year, are taken into account in the course of controlling discussions during the year.

FINANCIAL EFFECTS TO BE EXPECTED FROM MATERIAL RISKS AND OPPORTUNITIES

Financial impacts to be expected as well as short- and medium-term material risks and opportunities that need to be recognized in profit or loss in the next reporting period, are considered when the Group budget is drawn up.

The Group budget process is enacted before the start of each new financial year. It usually begins in August and ends with the presentation and adoption of the results at the final meeting of the Supervisory Board in the relevant financial year.

The financial impacts of long-term material risks and opportunities do not entail any adjustments to carrying amounts. They are evaluated in qualitative terms by central risk management and viewed as part of strategic corporate planning, taking account of the economic environment.

Details of the measures and action plan behind the first stage of the SALCOS® program as well as the expenditure associated with them, can be found in the topic-specific sections.

RESILIENCE OF THE STRATEGY

To enable us to analyze the overall impacts of various risks on the objectives of the Salzgitter Group, a risk aggregation was carried out on earnings before taxes (EBT) and/or liquidity – i.e. the combining of individual risks to form one overall risk item.

The development and derivation of strategic risk indicators as part of the overall risk strategy of Salzgitter AG is of crucial importance for drawing appropriate conclusions for the management of the company in the context of groupwide risk management. One key indicator here is the risk capacity. The Salzgitter Group's risk capacity is defined as the maximum level of risk losses that can be covered by financial and/or capital resources without jeopardizing the Group as a going concern. Risk capacity is analyzed both from a profit or loss and a liquidity perspective in order to detect potentially existential threats at an early stage by comparing the risk capacity with the overall risk position. The analysis is conducted for the short and medium term.

The result of the simulation showed that Salzgitter AG is not exposed to any existential threat. The risks determined lie within tolerable limits with the result that Salzgitter AG will remain viable even in the event of adverse developments.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DISCLOSURE REQUIREMENT IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

DOUBLE MATERIALITY ANALYSIS PROCESS, METHODS AND ASSUMPTIONS

To determine material sustainability aspects and information, we conducted a double materiality analysis in accordance with the ESRS. The process is described below, detailing how we determined the impacts, risks and opportunities (IROs) and evaluated their materiality.

The basis for carrying out the double materiality analysis was an examination of our → **business model**, our → **strategy** and our → **value chain**. All business divisions and key activities were included in the materiality analysis process in order to take possible differences into account. A further breakdown was therefore not necessary at this point.

The value chains examined reflect all the Salzgitter Group's business units and activities as well as the business relationships within the upstream and downstream value chain. The process for conducting the double materiality analysis did not focus on different geographical circumstances or other factors.

STAKEHOLDERS' PERSPECTIVES INCLUDED

As part of the materiality analysis, the most important internal and external stakeholders were identified and classified according to the degree to which they are affected by our business activities (whether actually, potentially, positively or negatively) as well as their role as a user of sustainability reports. On the basis of this analysis, the most important → **stakeholders** were grouped and summarized in a list.

To ensure that the views and interests of our stakeholders are taken into account within the process for carrying out the double materiality analysis, the stakeholder groups were assigned to the internal experts of the Salzgitter Group concerned with the materiality analysis. The internal experts are familiar with the views of the relevant stakeholder groups, remain in regular touch with them and can thus reflect their perspectives. The internal experts were therefore responsible for contributing their knowledge of the degree to which stakeholders are affected in the course of determining and evaluating the IROs. We discussed the sustainability aspects addressed as part of the materiality analysis which affect our own workers with our employee representatives in a joint workshop. No external experts were consulted as part of the double materiality analysis.

BASIS FOR DETERMINING IMPACTS, RISKS AND OPPORTUNITIES

To determine the key contents of the report, we prepared a comprehensive list containing both overarching sustainability aspects and company-specific, along with sector-specific aspects. The underlying sources are the topic-specific ESRS sustainability aspects, the Global Reporting Initiative, the World Economic Forum, SASB and the results of our materiality analysis from the 2023 financial year. The risks were determined either via the risk inventory or the risk analysis in accordance with the Supply Chain Due Diligence Act. Opportunities that may have a positive impact on our business are identified at an early stage. This is achieved by means of regular analyses of market and sector trends examined and discussed in more detail as part of regular strategy workshops or Group budget discussions.

The above-mentioned list was categorized along the three dimensions of Environment, Social and Governance on the basis of the overarching ESRS sustainability aspects. It forms the basis both for determining positive and negative impacts brought about by business activities and business relationships along the Salzgitter Group's value chain and identifying risks and opportunities with respect to business success.

To determine the IROs, research is conducted on the one hand such as the analysis of studies and publications on relevant sustainability aspects as well as drawing on competitive analyses while, on the other, workshops were held with internal experts which added to and validated the list of IROs determined. This participatory approach ensured that the perspectives of affected stakeholders were also taken into account.

To evaluate and prioritize the impacts, we divided them into positive or negative and actual or potential impacts. Impacts in the value chain were also discussed and a time horizon defined that differentiates between short-term, medium-term and long-term impacts. To ensure that the → **time horizons** match the periods of risk management and the Salzgitter Group's corporate planning, they are defined as follows:

/ Short term: 1 year (reporting period)
/ Medium term: 1 to 3 years
/ Long term: more than 3 years

EVALUATING THE IMPACTS, RISKS AND OPPORTUNITIES

Actual impacts were evaluated on the basis of their severity, made up of their scale, extent and the irreversibility of the impacts. Potential impacts were also evaluated in terms of their probability in addition to their severity. The evaluations were carried out by internal experts. Negative impacts were evaluated in all three severity categories on the basis of a 5-point scale while positive impacts were only assessed in accordance with their scale and extent – again on a 5-point scale. The overall result of the evaluation is given by the average of the criteria assessed.

In the event of negative impacts on human rights violations, we took into account the fact that severity takes precedence over probability.

The impacts of our own business activities and business relationships are often linked to risks and opportunities and may have (potential) financial effects. These dependencies between impacts and risks and opportunities were analyzed and can be found in the descriptions wherever such dependencies exist.

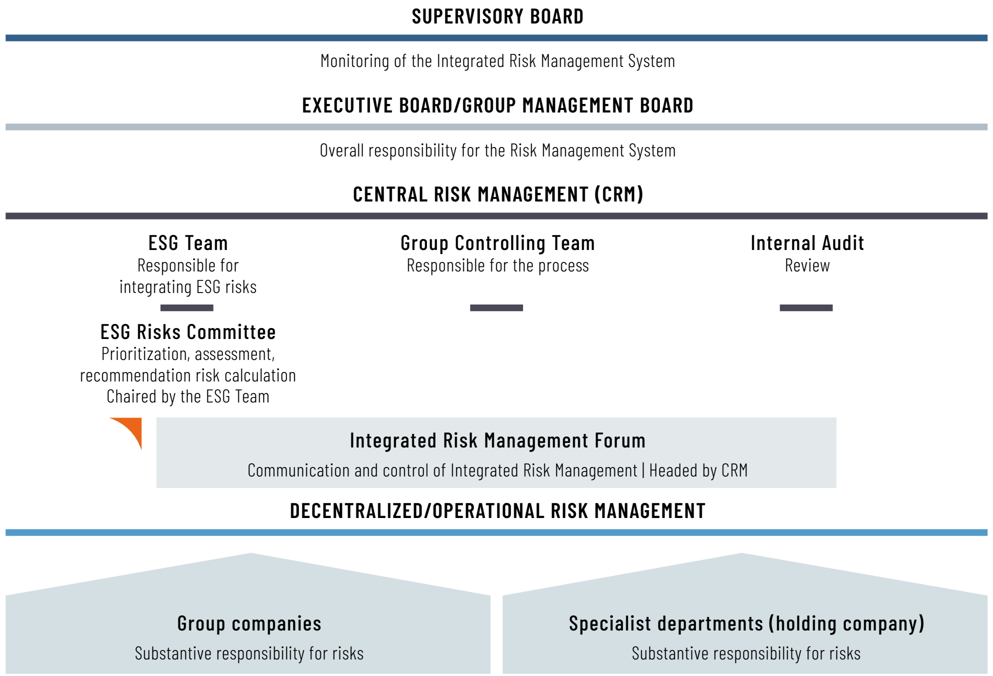
In order to determine, evaluate, prioritize and monitor the financial effects, they were divided into risks and opportunities and the relevant time horizon defined similar to the previously mentioned time horizons with respect to impacts (short-term, medium-term, long-term). The analysis also stated whether a risk or opportunity plays a role in the upstream and / or downstream value chain in addition to our own business activities. The risks and opportunities were evaluated on the basis of their probability of occurrence and the size of the potential financial scale on the basis of a 5-point scale so that the overall result is given by the average of the evaluations of scale and probability.

INTEGRATED RISK MANAGEMENT

We attach great importance to systematically determining, evaluating and managing our impacts and risks. Potential impacts are frequently linked to risks with the result that during the process, potentially negative and potentially positive impacts are compared with the financial impacts.

Determination of the risks in the ESG context is already integrated into our established risk management procedure and plays a key role in evaluating our risk profile. It begins with identifying risks with an ESG link in the course of a systematic, bottom-up survey by the Salzgitter Group's risk management and thereafter it follows the standardized risk management process.

Organization of risk management



Integrated risk management is set up as follows within the organizational structure. The Executive Board bears the overall responsibility for the integrated risk management system and is monitored by the Supervisory Board in the process. **Central risk management (CRM)** bears responsibility for the risk process that has been expanded to include the ESG perspective. CRM verifies the risks and manages the evaluation of the risks and development of mitigation measures in decentralized risk management (DRM). CRM includes **Group Controlling (GC)**, the **ESG team**, the **Group Internal Audit Department** and the **ESG Committee**. Responsibility for the risk management process lies with the Group Controlling department and the monitoring function with the Group Internal Audit department. Responsibility for integrating the ESG perspective lies with the ESG team in the holding company. Decentralized risk management consists of Group companies and selected specialist departments. It bears responsibility for, identifies, reports and financially evaluates risks with an ESG link on the basis of CRM's specifications, and draws up measures for adjusting to such risks.

Central Risk Management's ESG Committee conducts an initial centralized exploration of potentially material risk issues which are then presented to Group companies in the **"Integrated Risk Management"** Group forum and the appropriate course of action agreed. Additionally, Group companies are given pointers for conducting a quantitative risk assessment. This makes the forum a key instrument in the communication and management of risks with an ESG connection. Subsequently, the risks are discussed with the Group companies on the basis of a technical exchange of views. The findings are used to update and evaluate the risk issues whereupon their materiality is defined by the ESG Committee.

EVALUATION OF NON-FINANCIAL RISKS

As part of the double materiality analysis, our sustainability risks were examined, evaluated and classified. No prioritization was applied.

One central tool in this process is the technical knowledge of the ESG Committee and the risk managers in the holding company and Group companies which is founded on their experience. These experts analyze the sustainability risks with respect to their probability of occurrence and level of losses. Physical climate risks are additionally analyzed by central risk management across all companies. This comprehensive assessment allows us to make well-founded decisions on prioritizing and managing sustainability risks.

The Supervisory Board and the Audit Committee are responsible for monitoring integrated risk management. Risk management submits a quarterly report to the Supervisory Board and annually to the Audit Committee.

ANALYSIS OF OPPORTUNITIES AS THE BASIS OF OPPORTUNITY MANAGEMENT

The registration and communication of opportunities as part of our opportunity management form an integral part of the management and controlling system between subsidiaries / associated companies and the holding company. Thanks to regular analyses and assessment of market and sector trends, we identify (potential) opportunities at an early stage which may have a positive impact on our business development. The potential opportunities in the ESG context are subjected to a preliminary examination within the ESG team and handed over to the relevant specialist departments for identification, prioritization and evaluation whereupon they are validated and their materiality determined. The opportunities identified are then integrated into the double materiality analysis.

Formalized opportunity management is still in its infancy and will be successively established and expanded in the coming years.

Further details on our opportunity and risk management can be found in the → **opportunity and risk report, guidance** in the management report. Here we explain how we identify, assess and manage opportunities and risks to guarantee the resilience and sustainable development of our company.

DEFINITION OF THRESHOLDS

Following the assessment of the IROs, a workshop was held to consolidate and validate the results of the assessment by the internal experts and risk and opportunity management. A threshold of 3.5 on a scale of 1 to 5 was defined for determining material IROs. This threshold permits our impacts, risks and opportunities to be prioritized and ensures that the number of material sustainability aspects is not arbitrarily restricted or disproportionately limited.

ACTUAL FINANCIAL EFFECTS OF MATERIAL RISKS AND OPPORTUNITIES

No actual financial effects were reported resulting from the material risks and opportunities identified for the 2024 financial year.

VALIDATION AND APPROVAL OF THE MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

For final validation and decision-making, the IROs assessed as material were first adopted in the → **CSRD Steering Committee** and then presented to the → **ESG Steering Committee** for review and subsequent approval. At the final stage, the result was approved by the Executive Board and Group Management Board and presented to the Audit Committee. The result of our materiality analysis comprises 24 material → **IROs**.

MONITORING THE IMPACTS, RISKS AND OPPORTUNITIES

To monitor the impacts, risks and opportunities, the process of the double materiality analysis is conducted once a year and as and when required if applicable. It includes interfaces with the risk management process, the LkSG risk analysis process and further → **due diligence processes** of different departments. At the end of the third quarter of the current reporting year, the material IROs are surveyed to ensure that they are topical and reviewed for completeness, including a review by internal experts and opportunity and risk management. Should an update be required, the result and IROs concerned are adjusted accordingly and approved as previously described. The process starts annually with the definition of the methodology and responsibilities applied in the process for the double materiality analysis and was last conducted in September 2024. No ad-hoc evaluations due to events in the fourth quarter or after the reporting date were required.

DISCLOSURE REQUIREMENT IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT

MATERIAL IROS AS THE BASIS FOR THE INFORMATION TO BE REPORTED

The key information and datapoints were determined on the basis of the IROs assessed as material. To this end, the main (sub)-sub-topics were allocated to the disclosure requirements specified in the ESRS. In the process, the list of key information was supplemented to include the datapoints required under ESRS 2 with respect to the company-specific topic of "skilled labor shortages". No thresholds were used as it was possible to unambiguously match the material IROs and sustainability aspects with the ESRS disclosure requirements. Wherever a material IRO was determined on a particular subject, the entire topic in each case was classified as material together with all disclosure requirements.

The criteria of ESRS 1 Section 3.2. were observed: No use was made of the option under ESRS 1 34 b to omit the information specified for a datapoint in a disclosure requirement on grounds of materiality.

The list of cross-sector disclosure requirements covered can be found in the → **Appendix** to the Non-Financial Report.

ENVIRONMENTAL INFORMATION

INFORMATION IN ACCORDANCE WITH THE TAXONOMY REGULATION

The European Union's EU Taxonomy Regulation (2020/852) is a regulatory requirement relevant to the financial sector as well as to the real economy and has a direct impact on reporting obligations in these areas.

The EU taxonomy is a classification system of sustainable economic activities with regard to the six **environmental objectives** of the European Commission:

/ Climate protection,
/ Climate change adaptation,
/ Sustainable use and protection of water and marine resources,
/ Transition to a circular economy,
/ Avoidance and reduction of pollution and
/ Protection and restoration of biodiversity and ecosystems.

In accordance with the Taxonomy Regulation, non-financial companies subject to the CSR Guideline Implementation Act must disclose their taxonomy key indicators for all six environmental objectives. They are required to report how and to what extent their business activities fall within the scope of the EU Taxonomy Regulation (hereinafter "taxonomy-eligible"), and to what extent their sales, operating expenses (OpEx) and capital expenditure (CapEx) meet the defined requirements of the EU Taxonomy Directive and are thus deemed to be ecologically sustainable as stated by these requirements (hereinafter "taxonomy-aligned").

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

In order to ascertain whether an economic activity can be classified as taxonomy-eligible, it must be recorded and described as an economic activity in one of the EU's delegated implementing acts. The fulfillment of several or all technical measurement criteria does not constitute a precondition for taxonomy eligibility. A taxonomy-eligible activity is therefore not yet considered ecologically sustainable pursuant to Article 3 of the Taxonomy Regulation.

We have identified the following **economic activities** as still **taxonomy-eligible** in the financial year 2024 **with regard to the "climate protection" environmental objective** within the meaning of Article 3 of the Taxonomy Regulation:

/ Manufacture of iron and steel (Economic activity 3.9) and
/ Freight rail transport (Economic activity 6.2).

Under the EU Taxonomy, the manufacture of iron and steel is classified as taxonomy-eligible. In line with NACE codes, besides the production of steel (C24.10), the manufacture of iron and steel includes both its further processing to rolled steel or tubular products (C24.20, C24.33) within the Group and the sale of the Group's own steel products (G46.72). Moreover, supporting or secondary activities directly connected with the core activity of steel production are assigned to these economic activities. Such secondary activities include the water supply, waste treatment, waste disposal, the recycling of solid waste material, operating power plants based on byproduct gases, district heat generation and distribution, and producing hydrogen for iron and steel production.

The activity of freight rail transport (H49.20) is associated with the business activity of Verkehrsbetriebe Peine-Salzgitter GmbH (VPS). VPS offers rail transport services both within the Group and to external customers. Transporting freight for external customers is classified as taxonomy-eligible.

Moreover, the following activity continued to be identified as **taxonomy-eligible** for the **environmental goal "Transition to a circular economy"** in the financial year 2024 as defined by the "Environmental Delegated Regulation":

/ Sorting and material recycling of non-hazardous waste (Economic activity 2.7).

The activity of recovering sorted materials (E38.32) is related to the business activity of DEUMU Deutsche Erz- und Metall-Union GmbH (DMU), offering both internal and external customers products from the areas of scrap recycling, as well as steel and non-ferrous metal scrap, old metals, non-ferrous metals, ferro-alloys and used iron (degraded rolled steel products). DEUMU mostly generates internal sales through its activity "sorting and material recycling of non-hazardous waste".

In following the aforementioned procedure, we are reporting **50 %** of our **external sales** as **taxonomy-eligible** in the financial year 2024. Classifiable economic activities are almost exclusively to be found in the steel producing and steel processing companies. These companies are more capital intensive than other parts of the Group, which explains the disproportionately higher proportion of **taxonomy-eligible capital expenditure and operating expenses,** of **84 %** and **82 %** respectively.

In the financial year 2023, we reported a share of taxonomy-eligible external sales of 51 %, taxonomy-eligible capital expenditure (CapEx) of 78 % and taxonomy-eligible operating expenses (OpEx) of 83 %. This means that the relative KPIs in the reporting year are at a similar level to the previous year, as expected.

Activities in the Technology business unit, further processing and trading in steel products not originating within the Group, are not covered by the EU Taxonomy.

As part of identifying existing economic activities, we did not ascertain any activities in the field of nuclear energy and fossil gas pursuant to Annex 1 of the Delegated Regulation (EU) 2022/1214.

Row	Activities in the area of nuclear energy	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No

Row	Activities in the area of nuclear energy	
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades, or finances such activities or holds risk positions in connection with these activities.	No
	Activities in the area of fossil gas	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels, or finances such activities or holds risk positions in connection with these activities.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat / cool and power generation facilities using fossil gaseous fuels, or finances such activities or holds risk positions in connection with these activities.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat / cool using fossil gaseous fuels, or finances such activities or holds risk positions in connection with these activities.	No

We would like to point out that, on the reporting date, uncertainties remained in questions of interpretation with regard to the Taxonomy Regulation.

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

To be classified as ecologically sustainable or as taxonomy-aligned, an economic activity must, along with a description of the activity, fulfill the technical measurement criteria, thereby making a significant contribution to the climate target, while not being detrimental (doing no harm) to the other five environmental objectives, as well as complying with the minimum safeguards.

As in the previous year, the alignment check was carried out for economic activities 3.9 and 6.2. As the Salzgitter Group's taxonomy-eligible economic activities are assigned to the environmental objective of "Climate protection", the requirements are based on Delegated Regulation (EU) 2021/2139 of the European Commission and in particular its Annex I. An alignment check was conducted for the first time in the current financial year for Economic activity 2.7 and the economic goal "Transition to a circular economy," according to Delegated Regulation (EU) 2023/3851 of the European Commission and in particular its Annex II.

SUBSTANTIAL CONTRIBUTION

The significant contribution of economic activities was analyzed at the level of the Group companies.

The significant contribution to climate protection of Economic activity 3.9 is fulfilled if the products from primary iron and steel production comply with the carbon limits prescribed for each production stage or, in the case of secondary iron and steel production, with the defined steel scrap proportions. Measurement applied to Economic activity 3.9 pertained to all consolidated companies with primary and / or secondary iron and steel production.

In the case of Economic Activity 6.2, the carriage of goods on behalf of external customers on the main transport networks or on secondary freight transport routes via locomotives powered by electricity makes a major contribution. Excluded from this is the transport of fossil fuels, however.

The operation of systems for sorting or the material recycling of non-hazardous waste streams to form high-quality secondary raw materials by means of mechanical conversion facilitates Economic activity 2.7. A significant contribution is met if the non-hazardous raw material waste originates from certain sources and the recycling meets or even surpasses existing, system-specific recycling rates set by the responsible authorities. The system used must match the best available technology in order to achieve a certain quality of secondary raw materials. The quality is met if the converted secondary raw materials are suitable for replacing primary raw materials in production processes.

"DO NO SIGNIFICANT HARM"

In order to achieve an environmental goal, ecologically sustainable economic activities must not only make a substantial contribution but also may not negatively impact the other environmental goals. The so-called "Do No Significant Harm" (DNSH) criteria for economic activities define the requirements that must be met to avoid significant harm to other environmental objectives. These criteria are anchored in prevailing European law, the available scientific findings and life-cycle considerations.

As Economic activity 3.9 within the Salzgitter Group applies to a value chain spanning its companies, the locations of the steel producing companies and all other sites within the Group with product-related value added are subject to screening for DNSH.

The following **DNSH assessments** were carried with regard to the other environmental objectives based on checklists and their validation in expert discussion:

ENVIRONMENTAL OBJECTIVE 1 "CLIMATE PROTECTION"
Not relevant for the activities identified

ENVIRONMENTAL OBJECTIVE 2 "ADAPTATION TO CLIMATE CHANGE"
Climate risk and vulnerability assessment at location level

ENVIRONMENTAL OBJECTIVE 3 "SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES"
Risk assessment regarding potential environmental damage for conserving water quality and for avoiding water shortage at location level (not relevant to Economic activity 6.2)

ENVIRONMENTAL OBJECTIVE 4 "TRANSITION TO A CIRCULAR ECONOMY"
Assessment of activity-specific requirements in connection with the circular economy (not relevant to Economic activity 2.7 or 3.9)

ENVIRONMENTAL OBJECTIVE 5 "AVOIDANCE AND REDUCTION OF ENVIRONMENTAL POLLUTION"
Review of the bringing into circulation, production and use of substances and chemicals that are environmentally damaging and hazardous to health, as well as observance of the conclusions on the best available technologies (not relevant to Economic activity 2.7 and 6.2); checking of activity-specific requirements in connection with engine emission limits (not relevant to Economic activity 2.7 and 3.9); appraisal of the best available technologies and observance of the emissions limits for the system used to facilitate material recycling (not relevant to Economic activity 3.9 and 6.2)

ENVIRONMENTAL OBJECTIVE 6 "PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS"
Risk assessment at location level for the protection or restoration of biodiversity and ecosystems (not relevant for Economic activity 6.2)

MINIMUM SAFEGUARDS

A further precondition for classifying an economic activity as ecologically sustainable lies in compliance with the regulations on minimum safeguards. To this end, companies must have implemented processes, directives and guidelines that ensure that the following **frameworks** are observed:

- The United Nations' Guiding Principles on Business and Human Rights,
- The OECD Guiding Principles for Multinational Enterprises (OECD Guiding Principles),
- The International Charter of Human Rights (General Declaration of Human Rights and UN conventions on civil and political rights, as well as economic, social and cultural rights) and
- The Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO).

The EU platform for sustainable finance was requested by the EU Commission to consult on **minimum safeguards** as defined under Article 18 of the Taxonomy Regulation. Four **key topics** were identified in the report as necessary for adherence to minimum safeguards. These are:

- Human rights, including employee rights,
- Bribery / corruption
- Taxation and
- Fair competition.

The minimum safeguards are assessed at Group level and not at the level of individual economic activities.

ALIGNMENT CHECK FINDINGS

The DNSH checks were carried out for relevant locations of PTG, SZFG, DMU and VPS in accordance with the technical measurement criteria of the respective economic activity and the relevant Annexes A through D of the Commission Delegated Regulation EU 2021/2139 as well as (EU) 2023/3851. Based on consistencies with the alignment criteria of PTG, the locations of the Trading business unit were not subjected to an additional check. The checks revealed that the **DNSH criteria** are fulfilled. For reasons of transparency, we would like to draw attention to the following.

ENVIRONMENTAL OBJECTIVE 2 "ADAPTATION TO CLIMATE CHANGE"

The scope of the climate risk and vulnerability measurement at VPS was limited to a risk assessment conducted at the Salzgitter location. Beyond that, we did not identify any substantial risks in the rail network mainly used.

ENVIRONMENTAL OBJECTIVES 3 "SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES" AND 6 "PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS"

Compliance with DNSH criteria regarding Environmental objectives 3 and 6 are ensured by PTG, SZFG and DMU as follows: The companies' production operations are subject to regular external controls by the authorities in the form of inspections by Staatliche Gewerbeaufsichtsamt (German federal state factory inspectorate) and Untere Wasserbehörde Peine (lower level water authority), as well as external and internal audits to certified environmental management systems, pursuant to ISO 14001. These audits are instrumental in monitoring compliance with the prevailing laws and regulations on the protection of environmental assets, particularly water resources, not forgetting the steady mitigation of the company's own impact on the environment, for instance, with the aid of environmental aspect analyses in accordance with ISO 14001. The companies therefore fulfill the criteria of Environmental objective 3 in accordance with Annex B of the Commission Delegated Regulation (EU) 2021/2139 as well as (EU) 2023/3851.

Since the last comprehensive immission control approval procedure, including a new assessment conducted on the environmental effects under the "PTG 2010" project, no material changes have been implemented under immission control law. The findings and the conclusions from the preliminary environmental impact assessment therefore continue to apply. Furthermore, the Peine and Salzgitter facilities are not close to or even in the proximity of biodiversity-sensitive areas with special significance for protection. The locations of the three companies therefore meet the DNSH requirements of Environmental objective 6 in accordance with Annex D of the Commission Delegated Regulations (EU) 2021/2139 as well as (EU) 2023/3851.

ENVIRONMENTAL OBJECTIVE 4 "TRANSITION TO A CIRCULAR ECONOMY"

VPS complies with the DNSH requirements regarding Environmental objective 4 in accordance with Annex I of the Commission Delegated Regulation (EU) 2021/2139. VPS follows the waste hierarchy, which is anchored in the Closed Substance Cycle Waste Management Act (KrWG). For reasons of availability, for example, measures are implemented to recycle and reuse components. Unavoidable waste is treated or disposed of in accordance with legal and internal regulations.

ENVIRONMENTAL OBJECTIVE 5 "AVOIDANCE AND REDUCTION OF ENVIRONMENTAL POLLUTION"

As part of the DNSH check regarding Environmental objective 5, PTG's and SZFG's Economic activity 3.9, namely the bringing into circulation, production and use of substances and chemicals that are environmentally damaging and hazardous to health as set out in Annex C of the Commission Delegated Regulation (EU) 2021/2139, was investigated. The analysis found that insulation materials based on zirconium-aluminum silicate-ceramic fiber have been installed in PTG's heating furnaces. These insulation materials comply with the criteria as defined in Article 57 of Regulation (EC) No. 1907/2006 and were identified in accordance with Article 59 (1) of the aforementioned regulation. We regard the use of these materials as essential as no other technical alternative is immediately available for the operation site and we view the benefit of steel manufacture as critical for the company.

In addition, due to unwanted impurities of steel scrap as feedstock, PTG's production operations may possibly produce unavoidable emissions of the substances cited in Annex C, while complying with the emission limits as defined under the law. We therefore view the DNSH requirements of Environmental objective 5 in accordance with Annex C of the Commission Delegated Regulation (EU) 2021/2139 as complied with.

DMU was vetted in respect of its Economic activity 2.7 for its use of the best available technology for waste treatment taking account of implementing resolution (EU) 2018/1147. In the course of its activity, DMU also meets the standard resulting from ISO 14001 certification of the environmental management system as well as the requirements of a specialist waste management company in accordance with Sec. 56 of the Recycling and Waste Management Act.

With the aid of ISO 14001 certification, possible weaknesses in DMU's environmental management are revealed and the foundations laid for a continuous and demonstrable improvement process. This is intended to ensure that environmental risks are reduced, natural resources protected and environmental performance sustainably improved. In addition, as a specialist waste management company under Sec. 56 of the Recycling and Waste Management Act, DMU fulfills among other things proper performance of its tasks using the corresponding technical equipment. The shredder unit used for Economic activity 2.7 contributes toward the avoidance and mitigation of environmental pollution.

TURNOVER KPI

The alignment check conducted in the 2024 financial year identified **6% taxonomy-aligned external sales** (previous year: 6%) for the Salzgitter Group. This percentage essentially resulted from turnover with the products of Peiner Träger GmbH (PTG) in the context of Economic activity 3.9 "Manufacture of iron and steel". With its scrap-based steel production, PTG meets the substantial contribution of the "Climate protection" Environmental objective. The external sales are generated by PTG itself, various companies in the Trading business unit or to a lesser extent by Salzgitter Flachstahl GmbH (SZFG). A very low proportion of taxonomy-aligned external sales is accounted for by VPS and its Economic activity 6.2. VPS achieves its substantial contribution with its locomotives powered by electricity. External sales in connection with the transport of fossil fuels have not been factored in. DMU essentially achieves taxonomy-aligned external sales in the area of scrap metal by reprocessing scrap. The proportion is low, as the scrap processing activity is essentially aimed at supplying the sister companies PTG and SZFG.

CAPEX KPI

The **taxonomy-aligned CapEx of 51%** (previous year: 23%) essentially consists of investment expenditure in the existing, taxonomy-aligned portion of Economic activity 3.9 at PTG and SZFG and expenditure to achieve taxonomy alignment in primary steel manufacture (Economic activity 3.9) in accordance with the SALCOS® CapEx budget. Capital expenditure incurred within the scope of the CapEx budget amounted to € 413.6 million in the financial year 2024 (previous year: € 112.2 million), € 13.2 million of which are capitalized borrowing costs. This amount is accounted for by the first development stage of the SALCOS® transformation program. Furthermore, to a minor extent, taxonomy-aligned CapEx is included here that results on a pro-rata basis from the sale of products from PTG's scrap-based steel production (Economic activity 3.9) at companies in the Trading business unit and also from VPS's and DMU's business activities.

OPEX KPI

The **8% taxonomy-aligned OpEx** (previous year: 6%) comprises OpEx from Economic activity 3.9. that already complies with the taxonomy and the research and development expenses in accordance with the SALCOS® CapEx budget (Economic activity 3.9). In the reporting year, expenses of € 4.1 million in connection with the CapEx plan were incurred for research, development and innovation activities. Marginal expenses incurred by the sale of products from PTG's scrap-based steel production (Economic activity 3.9) at companies in the Trading Business Unit are also included in taxonomy-aligned OpEx and recorded here on a pro rata basis, along with very low OpEx from VPS's and DMU's business activities.

MINIMUM SAFEGUARDS

In a final step, we investigated business activities for minimum safeguards in the light of the four core topics of human rights, including employee rights, bribery/corruption, as well as taxation and fair competition at Group level. In this context, we make reference to the chapters on → **Social Information** and → **Governance Information** for further information.

The Salzgitter Group's business activities focus essentially on the production and sale of steel products and machinery, as well as global trading – including project business – in steel products. Although the focus of the Salzgitter Group's economic activities lies on Europe, some Group companies are also operating in a non-European environment. Consequently, it is inevitable that we will supply customers or work with suppliers that represent a heightened risk. For this reason, measures have been implemented in the Salzgitter Group in order to fulfill human rights-related due diligence and minimize the risks arising from possible breaches of human rights.

DETERMINATION OF TAXONOMY KEY PERFORMANCE INDICATORS

We have taken account of the main Group companies in determining the key indicators. The qualitative and quantitative criteria listed below were used for the calculation of materiality.

- In the first stage, all Group companies with a sales share of > 1% (measured by consolidated turnover) are included.
- The second step takes account of investment activity (CapEx). In this context, Group companies with a > 1% share of the investment volume (measured against consolidated investment) are identified.
- The third stage involves calculating the overall share of consolidated turnover and investments based on this preselection. The selected Group companies represent overall coverage of at least 90% and, if appropriate, are supplemented by the Group companies next in line in terms of size to the extent that coverage from the two preceding stages is insufficient.

- OpEx that is also relevant within the scope of the EU Taxonomy is determined on the assumption that expenditure on repair and maintenance is incurred in particular by capital-intensive companies. Accordingly, the selection based on CapEx also indirectly includes the main expenses for repair and maintenance. Additionally, expenses accruing from research and development are also considered, with the result that the central research and development unit of the Salzgitter Group (SZMF) is explicitly incorporated.

In the context of an analysis, we evaluated the economic activities together with the main Group companies and the associated sales revenues, capital and operating expenditures in order to identify taxonomy-eligible economic activities and their proportions. In as much as economic activities pursuant to the EU Taxonomy are not intended, we assigned the respective Group companies in terms of key performance indicators to non-classifiable activities (not taxonomy-eligible). This mapping is also applied to Group companies of secondary importance to enable reporting below the line (denominator).

The assignment of just one economic activity per company is based on the identification process which revealed a 1:1 relationship between company and economic activity. This method avoids double counting when the key indicators are assigned. The financial data relevant to the Salzgitter Group can be found in the consolidated financial statements drawn up according to IFRS for the financial year 2024.

The data were directly allocated to an economic activity to the extent possible. For the production of iron and steel (Economic activity 3.9), that involves three manufacturing Group companies in the Salzgitter Group. The resulting movement of materials also occurs with Group companies (intra-group) and is accounted for by the Group companies engaged in processing and trading, for example. The Group companies in the two aforementioned areas source material both from within the Group and also from third parties not belonging to the combined group. Only the part involving intra-group material movements is allocated to taxonomy-eligible activities. The remaining part is recorded under non-taxonomy-eligible activities. We have derived a pro-rata allocation key from these activities. The breakdown is applied equally to capital and to operating expenditure and uses the allocation key previously identified if no direct allocation is possible. For Freight rail transport (Economic activity 6.2) and Sorting and material recycling of non-hazardous waste (Economic activity 2.7), the data were allocated directly.

SALES

The proportion of turnover cited under Article 8 (2) letter a) of the Taxonomy Regulation is calculated as the share of net sales generated through goods or services, including intangible goods, associated with classifiable economic activities (numerator), divided by net sales (denominator) within the meaning of Article 2 item 5 of EU Accounting Directive 2013/34/ EU.

Sales in the financial year 2024 represent the denominator of the turnover KPI and can be sourced from the Group's income statement drawn up pursuant to IAS 1. Using this as a basis, the proportion of external sales that – according to the EU Taxonomy – is attributable to taxonomy-eligible economic activities from contracts with customers (IFRS 15) and leases (IFRS 16) is calculated.

CAPITAL EXPENDITURE (CAPEX)

The amounts used to calculate the CapEx KPI (denominator) are based on the capital expenditure disclosed in the consolidated financial statements. In turn, this figure comprises additions in the financial year to property, plant and equipment (IAS 16, along with investment property pursuant to IAS 40) and other intangible assets (IAS 38), without considering scheduled depreciation and amortization. Capital expenditure accords with the data disclosed in the 2024 Annual Report under the section entitled "Notes to the Consolidated Financial Statements". In addition, the KPI takes account of rights of use from leases (IFRS 16) and additions from business combinations. This information is available in the → **Notes** under "Analysis of Fixed Assets 2024".

The proportion of the respective capital expenditure attributable to taxonomy-eligible economic activities (taxonomy-eligible CapEx) is calculated on this basis. The taxonomy differentiates between three different kinds of classifiable CapEx and OpEx (numerators):

- CapEx / OpEx A that pertains to assets and / or processes associated with taxonomy-eligible economic activities, and

- CapEx / OpEx B that are part of a CapEx plan to expand taxonomy-eligible/-aligned economic activities (for example engaging in a new economic activity) or to convert taxonomy-eligible into taxonomy-aligned economic activities (for instance, the transformation initiated of the production process by the SALCOS® program), and

- CapEx / OpEx C that pertain to the acquisition of products and services from taxonomy-eligible economic activities or individual measures through which the target activities are carried out on a low carbon basis or greenhouse gas emissions are lowered, provided that these measures are implemented and made fit for use within 18 months.
- Essentially, investments that are aimed at expanding existing taxonomy-eligible economic activities or at converting these activities into taxonomy-aligned economic activities included in the numerator for the reporting year 2024.
- The SALCOS® CapEx plan in particular is aimed at mapping capital expenditure that, with the implementation of the first SALCOS® stage, is intended to lead to a partial transformation of Salzgitter Flachstahl GmbH's taxonomy-eligible Economic activity 3.9 "Manufacture of iron and steel" into taxonomy alignment in accordance with the "Climate protection" Environmental objective by the end of 2026. The entire CapEx budgeted for the implementation of the first SALCOS® stage totals EUR € 2.3 billion. The amount to be capitalized will be reduced accordingly by the anticipated CapEx funding.

OPERATING EXPENDITURE (OPEX)

According to the EU Taxonomy, the OpEx denominator basically comprises direct, non-capitalized expenses associated with research and development, building renovation measures, short-term leasing, repair and maintenance, as well as all other direct expenditure necessary in connection with the daily maintenance of property, plant and equipment to ensure they remain fully operational.

The numerator comprises the proportion of taxonomy-eligible / taxonomy-aligned expenditure (taxonomy-eligible OpEx) in the denominator resulting from the above-mentioned description of types of taxonomy-eligible OpEx. Accordingly, these are operating expenses for economic activities which are already taxonomy-aligned, activities serving to expand taxonomy-aligned economic activities or to transform taxonomy eligibility into taxonomy alignment as well as expenses for individual measures through which target activities are conducted by low carbon methods or emissions of greenhouse gases are cut.

OpEx is not a full disclosure of expenditure as shown in the notes to the consolidated financial statements.

TAXONOMY KEY INDICATORS

In order to disclose the main performance indicators (KPIs) in accordance with the Taxonomy Regulation, we use report forms which are defined in the annexes to the Commission Delegated Regulation (EU) 2021/2178 on Taxonomy Regulation reporting. In the disclosure tables, we use the following abbreviations for the six environmental objectives where necessary:

- Climate protection: **CCM** (Climate Change Mitigation),
- Climate change adaptation: **CCA** (Climate Change Adaption),
- Pollution: **PPC** (Pollution Prevention and Control),
- Biological water and marine resources: **WTR** (Water and marine Resources),
- Circular economy: **CE** (Circular Economy) and
- Diversity and ecosystems: **BIO** (Biodiversity and ecosystems).

Report form: Proportion of turnover from goods or services associated with taxonomy-aligned economic activities – disclosure for 2024

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	Sales (3)	Proportion of turnover (4)	CCM (5)	CCA (6)	WTR (7)	CE (8)	PPC (9)	BIO (10)	CCM (11)	CCA (12)	WTR (13)	CE (14)	PPC (15)	BIO (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.9 Manufacture of iron and steel	CCM	585	6 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes	Yes		Yes	Yes	Yes	6 %		
6.2 Freight rail transport	CCM	6	0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes		Yes	Yes		Yes	0 %		
2.7 Sorting and material recovery of non-hazardous waste	38.32	5	0 %	N/EL	N/EL	N/EL	Y	N/EL	N/EL		Yes	Yes		Yes	Yes	Yes	-	T	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		596	6 %	100 %	0 %	0 %	0 %	0 %	0 %								6 %		
Of which enabling		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %									E	
Of which transitional		585	6 %	100 %															T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL										
3.9 Manufacture of iron and steel	CCM	4,411	44 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								45 %		
6.2 Freight rail transport	CCM	10	0 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0 %		
2.7 Sorting and material recovery of non-hazardous waste	CE	0	0 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0 %		

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	Sales (3)	Proportion of turnover (4)	CCM (5)	CCA (6)	WTR (7)	CE (8)	PPC (9)	BIO (10)	CCM (11)	CCA (12)	WTR (13)	CE (14)	PPC (15)	BIO (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,421	44 %	100 %	0 %	0 %	0 %	0 %	0 %								45 %		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		5,017	50 %	100 %	0 %	0 %	0 %	0 %	0 %								51 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		4,995	50 %																
Total (A + B)		10,012	100 %																

[1] Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
[2] EL – Taxonomy-eligible activity for the relevant environmental objective

Report form: CapEx proportion of turnover from goods or services associated with taxonomy-aligned economic activities – disclosure for 2024

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (4)	CCM (5)	CCA (6)	WTR (7)	CE (8)	PPC (9)	BIO (10)	CCM (11)	CCA (12)	WTR (13)	CE (14)	PPC (15)	BIO (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) CapEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.9 Manufacture of iron and steel	CCM	442	49 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes	Yes		Yes	Yes	Yes	23 %		
6.2 Freight rail transport	CCM	10	1 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes		Yes	Yes		Yes	0 %		
2.7 Sorting and material recovery of non-hazardous waste	38.32	7	1 %	N/EL	N/EL	N/EL	Y	N/EL	N/EL		Yes	Yes		Yes	Yes	Yes	-	T	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		459	51 %	100 %	0 %	0 %	0 %	0 %	0 %								23 %		
Of which enabling		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %									E	
Of which transitional		28	3 %	100 %															T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL										
3.9 Manufacture of iron and steel	CCM	264	30 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								54 %		
6.2 Freight rail transport	CCM	25	3 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1 %		
2.7 Sorting and material recovery of non-hazardous waste	CE	0	0 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0 %		

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (4)	CCM (5)	CCA (6)	WTR (7)	CE (8)	PPC (9)	BIO (10)	CCM (11)	CCA (12)	WTR (13)	CE (14)	PPC (15)	BIO (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) CapEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		289	33 %	100 %	0 %	0 %	0 %	0 %	0 %								55 %		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		748	84 %	100 %	0 %	0 %	0 %	0 %	0 %								78 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Non-Taxonomy-eligible activities (B)		151	16 %																
Total (A + B)		899	100 %																

[1] Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
[2] EL – Taxonomy-eligible activity for the relevant environmental objective

Report form: OpEx proportion of turnover from goods or services associated with taxonomy-aligned economic activities – disclosure for 2024

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx (4)	CCM (5)	CCA (6)	WTR (7)	CE (8)	PPC (9)	BIO (10)	CCM (11)	CCA (12)	WTR (13)	CE (14)	PPC (15)	BIO (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) OpEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.9 Manufacture of iron and steel	CCM	61	8 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes	Yes		Yes	Yes	Yes	6 %		
6.2 Freight rail transport	CCM	0	0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes		Yes	Yes		Yes	0 %		
2.7 Sorting and material recovery of non-hazardous waste	38.32	2	0 %	N/EL	N/EL	N/EL	Y	N/EL	N/EL		Yes	Yes		Yes	Yes	Yes	-	T	T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		63	8 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %								6 %		
Of which enabling		0	0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %									E	
Of which transitional		56	7 %	100 %															T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL	EL[2]; N/EL										
3.9 Manufacture of iron and steel	CCM	534	71 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								73 %		
6.2 Freight rail transport	CCM	26	3 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3 %		
2.7 Sorting and material recovery of non-hazardous waste	CE	0	0 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0 %		

Financial year 2024				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx (4)	CCM (5)	CCA (6)	WTR (7)	CE (8)	PPC (9)	BIO (10)	CCM (11)	CCA (12)	WTR (13)	CE (14)	PPC (15)	BIO (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) OpEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		560	74 %	100 %	0 %	0 %	0 %	0 %	0 %								76 %		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		623	82 %	100 %	0 %	0 %	0 %	0 %	0 %								83 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		129	18 %																
Total (A + B)		752	100 %																

[1] Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
[2] EL – Taxonomy-eligible activity for the relevant environmental objective

ESRS E1 CLIMATE CHANGE

STRATEGY

DISCLOSURE REQUIREMENT E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Climate protection is an integral part of our "Salzgitter AG 2030" Group strategy that takes low-carbon production as its key objective. We underscore our efforts to mitigate negative impacts on climate change through our climate targets. As one of the first steel producers and with validated targets according to the Science Based Targets Initiative (SBTi), Salzgitter AG is to embark on the 1.5 degree pathway enshrined in the Paris Climate Accords. In developing the SBTi targets, we adopted among other things the sector-specific decarbonization approach for the steel industry, making us a member of the "Business Ambition for 1.5 °C" campaign. Our short-term climate targets for 2028 reflect our confidence in our transformation, while at the same time, they represent important milestones in our Group strategy. The Scope 3 targets extend our commitment to reducing carbon equivalent emissions throughout the value chain. In the long term, Salzgitter AG aims to achieve its net zero target for all CO_2e emissions including its value chain by 2050 at the latest. Along the way, we aim to have completed our technological transformation by 2033. Provided underlying conditions permit us to trade competitively from 2033 onwards, we are convinced that we will be able to reach net zero much earlier. The physical connection to a dedicated hydrogen infrastructure and the future cost development of energy from renewable sources are of great importance here.

Salzgitter AG is one of the companies that falls under the EU Regulation on reference values for climate-induced change (EU 2020/1818).

CORNERSTONES OF OUR DECARBONIZATION APPROACH

Our SBTi targets are an expression of our decarbonization approach that is based on four cornerstones:

Science-based
Our targets are based on globally recognized scientific insights for meeting the 1.5 degree target in the Paris Climate Agreement.

Performance-driven
To achieve our targets, we pursue measures to directly avoid CO_2e emissions, focusing on our goals for the sustainable decarbonization of every business unit.

Holistic
We not only take into account our direct carbon dioxide equivalent emissions (Scope 1), e.g. resulting from our processes, and indirect CO_2e emissions due to our energy consumption (Scope 2), but also the emissions in the upstream and downstream value chain at home and abroad (Scope 3). In particular, we focus on the sustainable procurement of goods and on reducing CO_2e emissions over the utilization phase of our machinery.

Transparent
We are aware that transparency is an important element of trust and credibility. For that reason, we regularly communicate our progress and invite our stakeholders to engage in dialog.

FINANCING THE TRANSITION PLAN

The financial planning for the measures prioritized in the transition plan was carried out in the reporting year as part of the Group budgeting process. Salzgitter AG's investment focus continues to lie on implementing our SALCOS® transformation program and using renewable electricity as key levers for achieving our 1.5 degree climate targets. The financial planning covers the first stage of SALCOS®, which is essential for achieving the short-term SBTi targets.

Since 2022, we have been engaged in the intensive construction phase for the implementation of the first SALCOS® stage. Our SALCOS® CapEx plan aims to reflect the investments intended to lead to implementation of the first stage by the end of 2026. The entire CapEx budgeted for implementation of the first SALCOS® stage amount to € 2.3 billion, although the expected CapEx subsidies will reduce the annual figure to be capitalized accordingly. The CapEx capitalized in the reporting year are explained as part of our reporting on the → **EU Taxonomy**. The remaining stages of the SALCOS® program are to be realized by 2033. The final budgeting for these stages has not yet been undertaken. Besides the CapEx, the budget also includes OpEx that relates, in particular, to research and development activities.

Salzgitter AG has no coal, oil or gas-related business activities. Accordingly, no CapEx amounts were invested in them in 2024.

Embedding the transition plan in the Group strategy

The transition plan with the SALCOS® program is firmly embedded in our Group strategy as well as our Group finance planning for the first stage in the form of strategy documents. The Supervisory Board approved the release of the company funds required on July 13, 2022, and agreed to modifying the overall budget on March 23, 2023.

On this basis, agreements on targets for managers in the reporting year included the development of a decarbonization pathway for their respective spheres of responsibility.

Progress in implementation of the transition plan

The aim of the SALCOS® program is to gradually convert the Salzgitter site to low-carbon crude steel production by 2033. We want to be on the market with products from the SALCOS® route by 2026. Once the new production units have been ramped up, the first blast furnace will be shut down. Instead, Salzgitter Flachstahl GmbH (SZFG) will produce steel using a direct reduction plant (DRP), an electric arc furnace and a 100 MW_{el} electrolysis plant to partially supply the DRP with hydrogen. By 2033, the remaining two blast furnaces are to be replaced one after the other with new production capacities.

Orders for all the key SALCOS® systems for the first stage were placed as early as 2023 and work began on constructing Tennet's Bleckenstedt / Süd substation. In the current reporting year, we made further progress in implementing the first stage of the SALCOS® program, thereby underlining our pioneering role in decarbonizing the steel industry.

Building on the preparations made in 2023, permits for construction of the substation on the site of SZFG were issued in the reporting year. Salzgitter AG has handed over the construction site for the transformer substation to Siemens Energy and construction work has commenced along the 380 kV overhead power line.

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

An overview containing explanations of our material, climate-related impacts, risks and opportunities as well as their place in our business model can be taken from the → **SBM-3** table in the ESRS 2 section. The material risks and opportunities, in particular, have a key substantive role to play in shaping the strategy, and where necessary, in modifying the business model.

CLIMATE PROTECTION

In accordance with the GHG protocol, we measure our impact on climate change in tons of absolute CO_2e emissions generated directly on our site or in our value chain. This computation is the basis for evaluating the negative impact identified, "Increase in global greenhouse gas concentrations".

With over 10 million tons of direct CO_2e emissions per year, the manufacturing Group companies, particularly those in the Steel Production and Steel Processing business units, including our participation in HKM, represent a significant share of more than 1 % of the totality of all direct CO_2e emissions in Germany.

With respect to the upstream and downstream, indirect CO_2e emissions in our entire value chain, the focus also shifts to the Trading and Technology business units. Trade with goods procured outside the Group and the use phase of the machinery and systems that we manufacture are worthy of special mention in this context. Taken together, the purchase of goods and the use phase cover more than 70 % of our entire Scope 3 CO_2e emissions.

One positive impact stems from our "pioneering role in decarbonizing the industry". The implementation of the SALCOS® transformation program is not only aimed at leading to a significant reduction in greenhouse gases but is already sending positive signals for climate protection today. Salzgitter AG is performing pioneering work for carbon-intensive sectors which can only decarbonize on the back of strenuous efforts.

"Imponderables in the transformation of primary steel production" represent a material, transitory risk. This risk relates to the technological progress of our transformation of the plant portfolio beyond the first SALCOS® stage. Various risk factors could cause us to lose our transformation lead in relation to the competition.

Risks arise on occasion in various permutations from our SALCOS® program that will run for a number of years and entails investments in a volume of around € 2.3 billion (€ 1 billion of which is publicly funded). These are also discussed in the → **Management Report**. Besides the underlying basic assumptions such as sales and selling price expectations, including green steel premium, development of prices for carbon emission allowances, commodity and energy price assumptions, including hydrogen and its availability, possible imponderables relate to the financial viability of the further transformation, especially as the project and budget planning for the further SALCOS® stages has not yet been completed. The introduction and effectiveness of regulatory instruments such as "green lead markets" or carbon border adjustment mechanisms are also crucial to this. The success of our transformation ultimately depends on the competitive production of low-carbon equivalent steel products, which in turn depends in particular on the availability and cost of renewable energy sources. We consider this separately with the "unpredictable development of energy costs" risk.

These risks are opposed by the two key opportunities in connection with the SALCOS® transformation program that are addressed in the Salzgitter Group's strategy and form part of our business model:

- Climate protection as a driver of value creation
- Climate protection as a competitive advantage

For many of our customers, replacing energy and carbon-intensive gray steel with green steel represents an important lever for reducing their carbon footprint in the upstream value chain and achieving their own sustainability targets. We therefore perceive opportunities in the potential excess demand for green steel, particularly in the early years of the transformation of our industry. The keen interest of customers from various customer segments in the early supply of carbon-reduced steel is reflected in further agreements concluded in the 2024 financial year and underpins this assessment.

Further information can also be found in the management report under → **Opportunities and opportunity management**.

ENERGY

The "use of finite fossil fuels" as is customary in steel production, has a material, negative impact on the availability of these resources. This refers in particular to the use of coking coal. In our case, this negative impact is directly linked to the complete technological transformation of primary steel production and is set to reduce with the gradual implementation of the SALCOS® program.

We are able to achieve one material, positive impact by concluding long-term power purchase agreements on a large scale. These contracts secure the sale of electricity from renewable energies, form an important building block in the expansion of green steel production and send a signal in terms of boosting the energy transition. The same applies to the realization of plans of the Federal Government and the European Commission to establish a dedicated hydrogen infrastructure. The transformation of primary steel production as part of the SALCOS® program can lead to a situation in which Salzgitter AG secures its realization on the demand side as one of the major consumers of hydrogen in the future.

In the long run, the "uncertain movement in energy costs" represents a material risk. From today's perspective, developments are hard to predict as they are heavily impacted by the underlying political and legal conditions. For example, higher electricity costs, further increases in grid fees or tighter requirements for the use of renewable energies and associated investments entail financial risks for companies. There is also the uncertainty of whether political support for the expansion of green electricity and the development of green hydrogen is sufficient. The latter is needed - regardless of the origin of the hydrogen - to achieve our long-term climate protection goal.

The progress made on the energy transition and associated construction of a dedicated hydrogen infrastructure offer us the long-term opportunity to further reduce our direct CO_2e emissions in primary steel production with "hydrogen as the energy source of the future", and thereby take advantage of further competitive advantages. The realization of this opportunity, however, depends on two key conditions. On the one hand, the technological transformation in terms of the SALCOS® program must have been completed while, on the other, the physical connection to the planned hydrogen grid must have been realized.

CARRYING OUT RESILIENCE ANALYSIS AND CLIMATE SCENARIOS USED

In the reporting year, a resilience analysis was conducted with a time horizon stretching to 2050 and using relevant climate scenarios. It comprises Group companies in the Steel Production and Steel Processing business units that are responsible for more than 95 % of Scope 1 and Scope 2 emissions by all subsidiaries of the Salzgitter Group.

In order to evaluate the impacts of physical climate risks, we drew upon the SSP5-8.5 IPCC scenario. With regard to transitory climate risks, ESRS E1-AR-12 c recommends in places the use of the 1.5 degree scenario of the International Energy Agency from their publication "Net Zero Emissions by 2050". This publication contains a specific decarbonization pathway for the iron and steel industry. At the same time, this pathway is the basis for SBTi targets specific to the "iron and steel production" sector which we used for our short-term intensity target.

RESULTS OF THE RESILIENCE ANALYSIS AND SCENARIO ANALYSES

As our transition plan and the ongoing measures derived from them meet the requirements for the 1.5 degree pathway, no additional material impacts, risks and opportunities were identified from examination of the scenario. With our Group strategy from 2022, we took the necessary steps to set the stage for adapting our business model to fit the challenges of climate change.

Even in the IPCC SSP5-8.5 scenario, the analysis showed that no physical climate risks had been identified which lead to material impacts, risks and opportunities for Salzgitter AG that, in turn, might put the implementation of our strategy and with it our business model, at risk. For that reason, the sub-topic of "climate change adaptation" is not material and therefore not reportable.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

In identifying and assessing the impacts, risks and opportunities, we juxtapose our transition plan with outside influences. These include commitments and changes in behavior on the part of customers, regulation changes to be expected and the availability of resources and technologies. The general process of the double materiality analysis is described in Section ESRS 2 under → IRO-1.

IDENTIFYING MATERIAL IMPACTS

As part of the materiality analysis, experts from the relevant specialist departments of the holding company were brought together in workshops to examine and discuss the relevance of the main effects.

Assessment, control and monitoring

The materiality of the impact was assessed on the basis of absolute, direct effects, such as the emission of greenhouse gases or the use of fossil fuels, or indirect effects, such as the signaling effects of our actions. Management and monitoring were carried out by the relevant specialist departments in accordance with the **"Climate Change" corporate guideline**.

IDENTIFYING PHYSICAL CLIMATE RISKS

Climate risks are systematically identified in the course of the materiality analysis. With regard to climate-related risks, Salzgitter AG takes the framework offered by the Task Force on Climate-Related Financial Disclosures (TCFD) as its guideline. Physical risks are analyzed for their short-term, medium-term and long-term impact by 2050 with the aid of a data-driven risk analysis for the Salzgitter Group's facilities and two extreme climate scenarios. The climate scenarios used are SSP1-2.6 and SSP5-8.5.

Assessment, control and monitoring

Risks of ESG relevance are assessed with respect to the probability of their occurrence and the level of losses to be expected by drawing on the expertise of the → **ESG Committee**. Here our assessments and classifications are based on the Commission Delegated Regulation (EU) 2021/2139. In addition, a climate risk analysis was conducted as part of the DNSH review of Environmental Goal 2, involving, among others, representatives of the steel-producing Group companies. Overall, no susceptibility was identified with respect to significant assets.

IDENTIFICATION OF TRANSITORY CLIMATE RISKS AND OPPORTUNITIES

The result of the resilience analysis is the starting point for identifying transitory climate risks. Potential negative and positive financial impacts were recorded by drawing on the results of the processes of Integrated Risk and Opportunity Management.

The ESG Committee conducts a key initial exploration as part of Integrated Risk Management. Potentially material transitory risks are identified and subsequently coordinated with Group companies in the "Integrated Risk Management" Group forum.

The identification of opportunities is integrated with the ongoing strategy process and conducted akin to the → **process of opportunity management** described in the ESRS 2 section.

Assessment, control and monitoring

Taking account of their own business activities and assets, Group companies assessed any physical and transitory climate risks identified with respect to the level of losses and probability of occurrence. Subsequently, the ESG Committee examined the individual risks reported for plausibility and completeness, where possible aggregating them and identifying their materiality.

Climate-related opportunities were initially explored in the Strategy and Corporate Development department before being subsequently prioritized and validated by specialist committees and taken into consideration in the double materiality analysis.

The climate scenarios in the resilience analysis served as the basis for identifying and assessing climate-related risks, transitional risks and opportunities. In the 2024 financial year, no significant short-term or medium-term climate-related physical or transitory risks or impacts were identified that would require the integration of additional critical climate-related assumptions within the annual financial statements.

In the long term, we take into account climate-related premises and assumptions with increased uncertainties in the impairment test carried out as part of the consolidated financial statements, particularly for the transformation phase up to the mid-2030s in connection with the SALCOS® program. These include demand forecasts for CO_2e -reduced steel, current and expected future legal and economic framework conditions, for example in connection with border adjustment regulations and CO_2 allowance trading. These assumptions are not based on climate scenarios as used in the resilience analysis.

DISCLOSURE REQUIREMENT E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION

Our **"Climate change" corporate guideline** describes policies related to climate protection. This is a framework consisting of responsibilities to manage material impacts, risks and opportunities as well as targets, levers and measures. Ultimately, the Executive Board of Salzgitter AG bears the responsibility and has the decision-making authority for the topic of climate change. The guideline's scope covers all Group companies at home and abroad.

CLIMATE PROTECTION

The Strategy & Corporate Development department is responsible for the sub-topic of "climate protection" on a strategic level and uses the → **ESG Committee structure** for this purpose. This comprises developing and operationalizing ambitious targets as part of the decarbonization strategy in terms of meeting our targets effectively and in an economically efficient manner. Operational responsibility lies with the Group companies.

Our → **climate protection targets** are also enshrined in the **"Climate protection" corporate guideline**.

We have identified various levers for our climate protection ambitions through which we intend to achieve our decarbonization targets. The following levers are to be prioritized with respect to Scope 1 and Scope 2 emissions to ensure that we achieve our targets cost-efficiently:

/ saving process-related CO_2e emissions,
/ boosting the share of electricity from renewable sources,
/ optimizing production processes and raising energy efficiency.

"Saving process-related CO_2e emissions" represents the most important lever for achieving our target. This essentially means the transformation of primary steel production which is pooled in our SALCOS® program and described by our transition plan. Our transition plan is thus the basis for our long-term decarbonization strategy. The transition plan is supplemented by numerous individual measures which are mainly to be assigned to the two other levers.

As part of the Corporate Decarbonization project launched in 2024, the Group companies have identified further individual measures to reduce CO_2e emissions. The next step will be to analyze them in terms of the best-case business scenario for the Group.

The implementation of the SALCOS® program as an integral part of the Group strategy facilitates the positive impact on climate protection in our "Pioneering role in decarbonizing the industry" as well as seizing the opportunities presented by "Climate protection as a driver of value creation" and "Climate protection as a competitive advantage". Together with the implementation of further individual measures for using our decarbonization levers, we are reducing the negative impact caused by our contribution towards "Increasing global greenhouse gas concentrations". We are countering the long-term risk in relation to "Imponderables in the transformation of primary steel production" by means of a dedicated organizational unit and holding Executive Board meetings at short intervals.

ENERGY

The Energy Strategy holding company department is responsible for the "Strategic Energy Steering Committee" that sets the guiderails for the topic of energy. SZFG's Energy Management department manages the "Operational Energy Steering Committee" and procures the energy required in accordance with the decisions of the "Strategic Energy Steering Committee".

Besides the short-term and medium-term procurement of electricity predominantly from renewable sources to reduce Scope 2 emissions and hit our climate protection targets, the procurement of natural gas as well as emission certificates, these committees are also responsible for the long-term supply of external hydrogen. For example, Salzgitter AG issued invitations to tender for its hydrogen requirements for the first time in the reporting year and since then has been in talks with potential suppliers.

Besides its climate protection targets, the **"Climate change" company guideline** also stipulates that by 2030 100 % of the Salzgitter Group's requirements for purchased electricity should come from renewable sources.

Increasing their volume of green electricity forms part of the Group planning of our Group companies. As part of this supporting action, SZFG has concluded further Power Purchase Agreements (PPAs) on behalf of the Group. In the reporting year, these include PPAs with RWE (up to 64 GWh / a from 2027), Iberdrola Deutschland (more than 60 GWh / a from 2025), IG Merbitz Solar GmbH (71 GWh / a from 2025), Octopus Energy (126 GWh / a from 2024) and Vattenfall (300 GWh / a from 2028). The electricity volume was calculated on the basis of imputed full load hours, taking into account special technological features and the geographical location of the generation plants. According to the RE-Source platform, this puts Salzgitter AG among the top 15 companies in Europe with the most PPAs concluded.

Our efforts to achieve our target of meeting all of our requirements for purchased electricity from renewable energy sources not only reduce our negative impact caused by the "use of finite fossil fuels", but at the same time become a driver of our positive impact of "promoting the energy transition". With our current hydrogen tender, we aim to seize the opportunity of "Hydrogen as an energy source of the future" while by contrast the dedicated organization consisting of a "Strategic Energy Steering Committee" and an "Operational Energy Steering Committee" manages the potential risk comprising "Uncertain development of energy costs".

With regard to the energy efficiency of our processes, we therefore systematically pursue measures to lower our energy consumption and associated emissions while maintaining the same level of productivity. The precondition for this is the introduction of certified energy management systems in accordance with the DIN EN ISO 50001 standard in the manufacturing companies in every business unit. As of the reporting date, the percentage of facilities certified to ISO 50001 stood at 65 % – based on the number of employees. Further information can be found on our homepage under ↗ Certifications and management systems.

INCLUSION OF STAKEHOLDERS

Climate protection and our policies for avoiding most of our direct carbon equivalent emissions are an ever-present topic of conversation with our stakeholders. Details on this can be found in the ESRS 2 section under → SBM-2. In the process, we continually compare our "Salzgitter AG 2030" Group strategy and our SALCOS® transformation program as well as the actions and targets defined in them against the interests of our most important internal and external stakeholders.

We strive to engage in dialog with affected stakeholders via various channels such as trade fairs, workshops and other formats in order to offer them direct access to our concepts. Within the Salzgitter Group, the ESG roundtable involving representatives from the relevant Group companies has proved to be a suitable medium for targeted communication.

Besides our sustainability reporting, our website with its microsite devoted to the SALCOS® program ensures that relevant information is available to the wider public.

In addition, we rely on participation in relevant initiatives and ESG ratings on the part of third parties such as with our commitment to the Science Based Target Initiative or participation in the CDP and EcoVadis ratings.

DISCLOSURE REQUIREMENT E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

Our current action plan comprises the four relevant measures of the first SALCOS® stage which represent the first steps of implementing the SALCOS® program. This includes the following construction measures in the implementation phase:

- Direct reduction plant
- Electric arc furnace
- 100 MW_{el} electrolysis and
- 380 kV grid connection

together with ancillary facilities. In addition, individual measures in terms of the decarbonization levers identified will be implemented on the Group company level.

In relation to the baseline year, no relevant savings of greenhouse gas emissions were achieved in the reporting year, which are not related to economic fluctuations. We expect to see a significant lowering of CO_2e emissions with the implementation of SALCOS® Stage 1.

TIME HORIZONS OF THE MEASURES

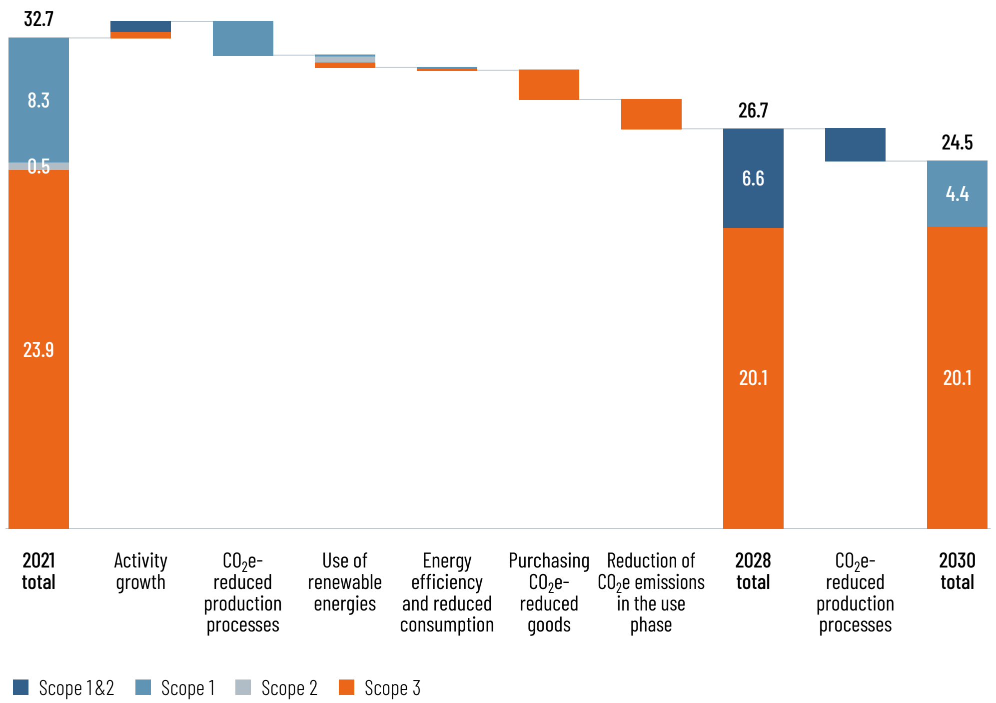
SALCOS® is our central program for the decarbonization of steel products from our Steel Production Business Unit. The majority of the Salzgitter Group's direct emissions impacting the climate arise from the use of carbon-based energy sources in the blast furnaces of our integrated steelworks. The SALCOS® transformation program therefore takes the direct avoidance of these carbon equivalent emissions as its starting point (Carbon Direct Avoidance).

With the aid of the SALCOS® program, the Salzgitter facility is to be completely converted in stages to low-carbon crude steel production by 2033. We aim to decommission our first blast furnace by the end of 2026 and at the same time establish the direct reduction route. The direct reduction plant with connecting electric arc furnace using the hydrogen from a 100 MW_{el} electrolyzer is then to account for roughly 30 % of SZFG's primary steel production. The prerequisite is that the 380 kV grid connection has been established by this time.

The continuation of the program in stages is due to facilitate a 50 % reduction in total Scope 1 and Scope 2 carbon equivalent emissions by 2030.

With regard to our Scope 3 ambitions and targets, we work closely with our partners and suppliers in order to reduce the emissions from the value chain in terms of the goods and services purchased. For example, the KHS Group engages with its customers in workshops in order to reduce the emissions of machines in their use phase. The same applies to the Trading Business Unit which is securing increasing volumes of green steel or SZFG which maintains a dialog with relevant raw materials suppliers on reducing upstream greenhouse gas emissions. By doing so, we aim to extend our responsibility for climate protection to include the value chain and ensure that here, too, our targets are hit.

Salzgitter AG's decarbonization path



The waterfall diagram shows the 1.5 degree pathway embarked upon, starting from the baseline year, until the short-term SBTi targets are met in 2028. The path also shows the planned breakdown of the CO_2e reductions to be expected by decarbonization lever. The 50 % reduction in Scope 1 and Scope 2 emissions of subsidiaries of the Salzgitter Group in 2030 depends on the further stages of the SALCOS® program.

FINANCING THE MEASURES

With the implementation of the first phase of the SALCOS® program, the expenditure budgeted in the reporting year is largely CapEx. The capitalized CapEx is explained as part of the reporting on the → **EU Taxonomy** with respect to its level and proportion of remaining Group CapEx. In the current financial year, capital expenditure less subsidies received totaled € 414 million. Of this amount, € 13.2 million are capitalized borrowing costs. The payments for the SALCOS® investments are also disclosed in the notes to the cash flow statement in the "Financial position and net assets" section of the → **combined management report**. The borrowing costs can be found in Note 11, Property, plant and equipment of the → **notes to the consolidated financial statements**. We expect capital expenditure of around € 2.3 billion until 2026 although the CapEx subsidies committed reduce the annual amount to be capitalized accordingly.

In the reporting year, OpEx under the EU Taxonomy Regulation in relation to the SALCOS® CapEx budget amounted to around € 4 million. For the next three years, OpEx will total around € 17 million.

As with the implementation of the first phase, the progress of the SALCOS® program is highly dependent on the availability and allocation of financial resources.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION

Our SBTi targets supplement our medium-term Group objective for 2030. All targets are enshrined in the "Climate Change" company guideline and relate to the baseline year of 2021. By setting these targets, we cover short-term, medium-term and long-term time horizons as well as relevant emissions in all Scopes.

TARGETS FOR THE REDUCTION OF GREENHOUSE GAS EMISSIONS

Short-term targets

In defining our short-term targets, we opted for the earliest possible year of 2028 in accordance with the SBTi. We want to reduce our CO_2e emissions per ton of hot-rolled steel by 20 % by 2028. This target is subject to the specified methodology and emissions limits of the sector-specific SBTi "Iron & Steel" guideline. The target therefore comprises all Scope 1 and Scope 2 emissions from metallurgical processes and hot forming as the first processing step. It also includes the upstream Scope 3 emissions for the procurement of semi-finished steel which undergoes hot forming by Group companies and those Scope 3 emissions caused by the production of oxygen or the calcination of limestone.

Within the same period, we want to reduce Scope 1 and Scope 2 carbon equivalent emissions in the Technology Business Unit by 35.6 %.

With regard to Scope 3, we are targeting a reduction in absolute CO_2e emissions in the Scope 3 categories of greatest relevance to us of 20 %. The relevant categories are as follows:

- Purchased goods and services,
- Activities in relation to fuels and energy,
- Waste generated in operations,
- Use of products sold and
- Investments.

The short-term targets are rounded off by a 33.6 % reduction in absolute Scope 3 CO_2e emissions from the use phase of fossil fuels sold.

Medium-term targets

Our short-term targets serve as the first milestones and validation points for our medium-term target: By 2030 we want to reduce absolute Scope 1 and Scope 2 CO_2e emissions by 50 % in line with our Group strategy. The emissions limit in the target comprises the CO_2e emissions of all subsidiaries and Group companies under the operational control of the Salzgitter Group.

Long-term targets

We want to reduce our CO_2e emissions to "net zero" by 2050. The means reducing our emissions through active reduction measures to an unavoidable minimum which is subsequently neutralized in full. One fixed milestone in this process is 2045 by which time we want to reduce our Scope 1 and Scope 2 emissions by 90 % which will allow us to focus predominantly on Scope 3 emissions until 2050.

MONITORING THE ACHIEVEMENT OF TARGETS

In order to guarantee comparability, we review the figures for the baseline year for each new survey of the annual corporate carbon footprint (CCF). In the process, we take account of changes in methodologies and approaches for calculating carbon dioxide equivalents or structural changes in the Group and their impact on the baseline year.

Salzgitter AG accounts for its annual CCF based on the approach and methodology of the Corporate Accounting and Reporting Standard of the Greenhouse Gas Protocol. It records all relevant CO_2e emissions in Scopes 1 – 3. The development of targets was also based on this methodology.

Due to our business activities, the movement in the Group's absolute CO_2e emissions with its four business units has so far been heavily dependent on the economic fluctuations of the markets. With the steady rise in the proportion of renewable electricity in electricity purchased, we are now targeting a permanent reduction in Scope 2 CO_2e emissions. We are expecting a significant cut in Scope 1 emissions when the production of carbon-reduced steel from the SALCOS® route is up and running from 2026 onwards after implementation of the first stage. With regard to Scope 3 reductions, we are currently working on measures and liaising closely with important suppliers and customers.

The short-term intensity target for the production of hot-rolled steel products is less dependent on the economy, although achieving this target depends equally on the implementation of the first stage of the SALCOS® program and the constant expansion of the use of renewable energies.

As expected, for the reporting year we are not seeing any major progress by comparison with the baseline year either in absolute or relative terms. Developments and progress are therefore in line with original and current budgeting.

As long as the transformation of our primary crude steel production on the coal-based blast furnace route has not been fully completed, we will continue to report bound fossil CO_2e emissions during the transition phase. Important systems are the blast furnaces, the coking plant and the sinter plant with their respective products. What all these systems have in common is that their products are manufactured on the basis of solid carbon. Our stringent transformation in this context is both an opportunity and a risk mitigation measure due to bound CO_2e emissions.

It is incumbent on the Strategy and Corporate Development department which reports directly to the Executive Board, to monitor whether the targets are being met.

DISCLOSURE REQUIREMENT E1-5 – ENERGY CONSUMPTION AND MIX

In the reporting year, the total consumption of fossil fuels was essentially composed of the provision of chemical reaction energy for the reduction of iron ore and the generation of process heat. The use of coal and coal products creates by-product gases which we use to generate electricity and steam in the production process. Almost 100 % of the 1,612,092 MWh of self-generated electrical energy comes from this origin and thus from non-renewable sources. The generation of steam amounts to a further 720,041 MWh. We also produced less than 1,000 MWh of renewable electricity in our own generation systems.

In order to cut energy consumption still further and to guarantee knowledge transfer within the Group, the groupwide energy efficiency network "EηERGY" was set up in 2016. The energy efficiency network is an official part of the "Energy Efficiency and Climate Protection Networks Campaign" of the Federal Ministry for Economic Affairs and Climate Protection (BMWK). We are planning to meet the current savings target of at least 100 GWh / a of energy by the end of 2025.

Energy consumption and mix

	2024
1) Fuel consumption from coal and coal products (MWh)	27,920,291
2) Fuel consumption from crude oil and petroleum products (MWh)	625,548
3) Fuel consumption from natural gas (MWh)	3,455,947
3) Fuel consumption from natural gas (MWh)	53,259
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	594,553
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	32,649,598
Share of fossil sources in total energy consumption (%)	99.0
7) Consumption from nuclear sources (MWh)	32,245
Share of consumption from nuclear sources in total energy consumption (%)	0.1
8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	1,548
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	323,599
10) The consumption of self-generated non-fuel renewable energy (MWh)	762
11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	325,909
Share of renewable sources in total energy consumption (%)	1.0
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	32,975,507

ENERGY INTENSITY ON THE BASIS OF NET SALES REVENUES

Apart from a few subsidiaries which are assigned to the following sectors:

- J - Information and communication,
- K - Provision of financial and insurance services,
- L - Real estate and housing and
- M - Provision of professional, scientific and technical services,

nearly all the subsidiaries of Salzgitter AG operate in high climate impact sectors. Consequently, their energy consumption is more or less equal to the Group's entire energy consumption. The energy intensity of our activities in high climate impact sectors amounted to 3,316 Mwh / € million.

Connectivity of energy intensity on the basis of net sales revenues with information on financial reporting

	2024
Net revenues from activities in high climate impact sectors used to calculate energy intensity (€ million)	9,944
Net revenues (other) (€ million)	61
Total net revenues (Group financial statements) (€ million)	10,006

DISCLOSURE REQUIREMENT E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

Below we examine the performance measurements, milestones and targets in connection with the emission of greenhouse gases.

The emissions limits of the Corporate Carbon Footprint comprise all Scopes 1 and 2 CO_2e emissions by Group companies in which the Group holds a greater than 50 % interest, in total as well as Scopes 1 and 2 CO_2e emissions of joint operations consolidated on a pro rata basis in accordance with our interest in such operations. This procedure corresponds to the financial control approach. With respect to the remaining associates, we use the operational control approach for assigning CO_2e emissions to different Scopes. With regard to the reporting year, this means that Scopes 1 and 2 CO_2e emissions of remaining associates are recognized in the Scope 3 category "15) Investments".

With regard to Scope 1, the emissions calculation is mainly based on the methods of recognized emissions trading systems. The Scope 2 emissions were calculated both by the location-based method and the market-based method on the basis of the currently available emissions factors in each case. Not only do we thereby meet the Dual Reporting of the GHG Protocol, but in this way we can also track the increased influence of procuring electricity from renewable sources. The Scope 3 emissions are primarily calculated in accordance with the activity-based approach of the GHG Protocol. These calculations are based on physical data. In exceptional cases, we rely on the spend-based approach.

For the continuous survey of Scope 3 CO_2e emissions, the value chains of all Group companies were examined and tested for their relevance to the Salzgitter Group. As a result of this test, no Scope 3 emissions are collected for Group companies assigned to the "Industrial Participations" sphere. The same applies to Salzgitter Europlatinen GmbH and Mannesmann Grossrohr GmbH, almost 100 % of whose intermediate products are procured within the Group.

In Scope 3 emissions, many processes and factors have to be taken into account which affect the calculation. In some cases, we worked with relevant emissions databases and experts' assumptions to enable a valid, complete calculation to be made for the emissions statements. By their very nature, emission factors are subject to uncertainty as they represent an average of various datapoints and scenarios which are then applied to specific situations.

Total emissions of greenhouse gases

	Retrospective				Milestones and target years			
	Base year	Comparative		%				Annual % target / Base year
	2021	2023	2024		2025	2030	2050	
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (Tt CO_2eq)	10,724		10,135			6,900		
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	99		100					
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (Tt CO_2eq)	366		338					
Gross market-based Scope 2 GHG emissions (Tt CO_2eq)	531		279			0		
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (Tt CO_2eq)	21,460		17,048			17,600		
1) Purchased goods and services	11,374		8,606					
2) Capital goods	264		161					
3) Fuel and energy-related activities (not included in Scope1 or Scope 2)	1,223		1,338					
4) Upstream transportation and distribution	883		658					
5) Waste generated in operations	56		43					
6) Business travel	10		19					
7) Employee commuting	39		56					
8) Upstream leased assets	0.1		0					
9) Downstream transportation	42		99					
10) Processing of sold products	2,332		2,826					
11) Use of sold products	4,739		2,912					
12) End-of-life treatment of sold products	7		5					
13) Downstream leased assets	0		0					
14) Franchises	0		0					
15) Investments	491		325					
Total GHG emissions								
Total GHG emissions (location-based) (Tt CO_2eq)	32,549		27,521					
Total GHG emissions (market-based) (Tt CO_2eq)	32,715		27,462			24,500		

SCOPE-1-GROSS GHG EMISSIONS

99.7 % of our Scope 1 emissions are direct CO_2e emissions from plants subject to a regulated emissions trading scheme. Consequently, the strict specifications contained in the corresponding Monitoring Regulation are applicable to a substantial part of our emissions. The further data for Scopes 1 and 2 are based on energy consumption figures shown in the "Energy consumption and mix" table.

In the non-financial report for the 2023 financial year, we reported Scope 1 emissions of 8.2 million tons of CO_2e emissions for the 2021 financial year. The main difference is the change in the accounting allocation of our 30 % stake in Hüttenwerke Krupp Mannesmann GmbH (HKM). In accordance with the previously explained balance sheet limit, 30 % of the HKM Scope 1 emissions are now included in the Group key figures. For 2024, HKM's share of total Scope 1 emissions amounts to around 2.1 million tons of CO_2e emissions.

Around 700 t of direct CO_2e emissions are of biogenic origin in the reporting year. They originate from the incineration or biodegradation of biomass and are not contained in Scope 1 GHG emissions.

SCOPE-2-GROSS GHG EMISSIONS

Scope 2 emissions are calculated using the location-based and market-based method. While for the market-based method, emissions are calculated on the basis of the electricity purchased by Group companies, the location-based method looks at the emission intensity of the relevant grid areas.

The roughly 36 % of electricity purchased from renewable sources in the reporting year are covered by certificates of origin from our PPAs. 0 % of our direct electricity purchased from renewable sources originates from the incineration or biodegradation of biomass. Accordingly, 0 t of CO_2e emissions originate from this energy source which are not contained in Scope 2.

SCOPE-3-GROSS GHG EMISSIONS

We do not exclude any Scope 3 categories in our reporting. Categories 13) and 14) are non-existent in the Group.

In the downstream value chain, we do not take account of any Scope 3 emissions of our customers or associates outside the consolidated group that make up the non-financial report. For example, neither Scope 3 emissions related to the machinery we have sold, nor Scope 3 emissions of associates are allocated to our Scope 3 categories.

Approximately 2 % of the Scope 3 emissions were calculated based on the use of primary emission factors. The biogenic CO_2e emissions from the incineration or biodegradation of biomass which originate in the value chain and are not contained in the GHG Scope 3 emissions, cannot be determined at the present time.

GREENHOUSE GAS INTENSITY ON THE BASIS OF NET SALES REVENUES

Greenhouse gas intensity per net revenue

	2024
Total GHG emissions (location-based) per net revenue (t CO2eq / € million)	2,751
Total GHG emissions (market-based) per net revenue (t CO2eq / € million)	2,745

Connectivity of revenue-based greenhouse gas intensity using information from the financial statements

	2024
Net revenues used to calculate GHG intensity	10,006
Net revenues (other) (€ million)	–
Total net revenues (in financial statements) (€ million)	10,006

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

With regard to our net zero target, we are focusing first on the long-term reduction of our Scope 1, 2 and 3 emissions in order to save at least 90 % in absolute terms through suitable levers. credits or offsets form an exception as these are not part of Salzgitter AG's climate protection strategy and accordingly were not used in the reporting year.

DISCLOSURE REQUIREMENT E1-8 – INTERNAL CARBON PRICING

Internal CO_2e prices for measuring CapEx-based investments outside of EU-ETS-reportable systems are defined for the reporting year as part of Group budgeting. These are based on the national emissions trading scheme, determined centrally and distributed to the subsidiaries by Group Controlling.

Key indicators on internal carbon pricing

Types of internal carbon prices	Volume at stake (Tt CO_2eq)	Prices applied (€/ tCO2eq)	Perimeter description
CapEx shadow price	94	45	The CapEx shadow price stipulated was valid for the reporting year. The shadow price is based on the fixed price per certificate of the German national emissions trading scheme in 2024.

ESRS E2 POLLUTION

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Our aim is to minimize negative impacts on the environment and the local population. As many of the manufacturing companies in the Salzgitter Group in Germany, France, Netherlands and Mexico operate systems and plants requiring permits, it is particularly relevant for us to identify material impacts, risks and opportunities in the context of soil, air and water pollution, and this therefore applies across all business activities, Group companies and facilities.

Based on the emissions data and pollutant figures continually collected at our facilities, emissions of air and water pollutants were identified as the main focus in the course of our materiality analysis. The topics of "air pollution" or "maintaining air quality" and "water pollution" or "the protection of water resources" were identified as material sub-topics within the subject of environmental pollution.

The information in this section focuses on Salzgitter AG's production facilities whose activities are essentially directly related to harmful emissions into air and water. The general process for identifying and assessing the material impacts, risks and opportunities is described in Section ESRS 2 under → IRO-1.

TAKING ACCOUNT OF THE INTERESTS OF COMMUNITIES

In monitoring pollutant emissions, companies at Salzgitter AG are subject to strict standards for measuring and reporting their impacts on the environment. Safety precautions in the field of environmental protection represent a high priority for us, and for that reason we provide safety information for our neighborhood at the Salzgitter facility in accordance with the Hazardous Incident Ordinance. Here we provide information on the type of risks, safety measures to be implemented and correct conduct in the event of an incident.

Our aim at all times is to ensure that emissions of air and water pollutants are always below the thresholds defined in law. Should residents nevertheless be affected by heightened emissions, they can report this by way of a central whistleblower system. This enables us to draw up solutions immediately in order to minimize potentially negative impacts.

Stakeholders were not further involved in defining environmental targets due to clear legal regulations.

DISCLOSURE REQUIREMENT E2-1 – POLICIES RELATED TO POLLUTION

Emissions of air and water pollutants are of particular importance due to the processes required for steel production and processing.

In order to prevent and mitigate contamination by air and water pollutants, the production, melting and forming processes required for steel production and steel processing as well as the transportation, handling and storage of raw materials and material of all kinds are closely monitored. For reasons of process, the majority of the air and water pollutants emitted originate from systems and power plant operations of Salzgitter Flachstahl GmbH (SZFG).

With the aid of internal environmental management systems based among other things on ISO 14001, we continuously and systematically monitor our impact on air and water at our production facilities. We record the emissions of pollutants into air and water as well as the air quality at each facility. In addition, automatic measuring devices check all significant emission sources. As part of the process, the measurements are then automatically transmitted to the responsible authority.

ORGANIZATION OF ENVIRONMENTAL PROTECTION

Ultimately, it is incumbent upon the Executive Board with the support of the Group Management Board to actively track Group specifications, strategies and targets and convert them into appropriate measures.

The groupwide exchange of information on relevant topics surrounding environmental protection, climate protection and energy policy is safeguarded in the “Environment and Energy” Group Steering Committee. We determine the contents of our strategy in direct dialog with the relevant stakeholders, e.g., as part of official permit procedures. The respective Group companies are responsible for its implementation in accordance with the **“ESG” Group directive**.

We have set out our principles, responsibilities and targets with respect to air quality and the protection of water resources in the **“Environmental protection” company guideline** appended to the **“Environment” Group directive**. The governance structure described in the **“Environment” Group directive** applies to the entire contents of the “Environmental protection” company guideline and ensures that the principles set out in the guideline are implemented.

With this company guideline, we address the subjects of air and water pollutants, the material IROs and subscribe to the target of avoiding these pollutants through the use of suitable processes and technologies at all facilities and thereby contributing to air quality and the protection of water resources.

POLLUTANTS COVERED BY THE “ENVIRONMENTAL PROTECTION” COMPANY GUIDELINE

By **air pollutants**, we mean gases and aerosols with negative impacts on the atmosphere and ecosystems released into the air in the course of our economic activities. We have formalized these substances in our “Environmental protection” company guideline, and they can be taken from the table supplied.

Particulate matter, sulfur dioxide and nitrogen oxides are particularly prevalent, while dioxins and heavy metals occur in smaller quantities. These emissions contribute to air pollution and can damage both the environment and human health.

By **water pollutants**, we mean substances or materials released into rivers, lakes, groundwater or oceans, contaminating them or negatively impacting water quality. The water pollutants listed in the table below are relevant in the context of our business operations.

MANAGEMENT STANDARDS AS THE BASIS FOR ENVIRONMENTAL PROTECTION

The majority of manufacturing or processing Group companies in the business units of Steel Production, Steel Processing, Trading and Technology have established certified environmental management systems in accordance with the international DIN EN ISO 14001 standard. As of the reporting date, the percentage of facilities certified to ISO 14001 stood at 73 % – based on the number of employees. Further information can be found on our homepage under ↗ Certifications and management systems.

In the areas of air quality and the protection of water resources, at our European facilities we ensure, as part our strategy, that we meet the statutory limits for air and water pollutants in accordance with the E-PRTR Ordinance (European Pollutant Release and Transfer Register).

The avoidance of unintended emissions of these pollutants in our production processes is also an integral part of the strategy. When setting up new systems, we take account of potential air and water pollutants with the aim of minimizing them through the use of the latest technologies. In order to prevent possible breaches of the law in the context of air and water pollutants as part of our business activities, we have set up the ↗ whistleblower system FAIR TOGETHER in the Salzgitter Group. Group employees, business partners, local residents and other parties affected by the business activities of the Salzgitter Group can use the whistleblower system to report breaches of the law or other circumstances that may harm people, the environment, Salzgitter AG or one of its Group companies, unjustifiably disadvantage them or unlawfully impair natural livelihoods linked to the economic activities of the Salzgitter Group or one of its suppliers.

Our continuous, active management approach ensures that all operations are at the cutting edge of safety technology. All plants are inspected and approved by the responsible authorities in accordance with current statutory provisions. In collaboration with system planners and authorities, we are constantly working to minimize risks to the surroundings of our production facilities and staff. Furthermore, our aspiration is to deploy the best available technologies (BAT).

We deploy and use the latest monitoring and safety systems to effectively prevent hazardous incidents and subject our plants to regular, careful maintenance. A hazardous incident is any large-scale event such as the release of substances, a fire or an explosion in which certain substances specified in the Hazardous Incident Ordinance are released which may put people or the environment at risk. We have emergency plans and risk management concepts in place for such events. Our aim is to comply with all statutory regulations for preventing and limiting hazardous incidents and their impacts in accordance with the Hazardous Incident Ordinance.

DISCLOSURE REQUIREMENT E2-2 – ACTIONS AND RESOURCES RELATED TO POLLUTION

The avoidance of air and water pollutants is a matter of key importance to the Salzgitter Group. The central levers and measures for the avoidance of air and water pollutants are essentially summarized under environmental protection measures. At present, there are no comprehensive action plans.

Measures for the avoidance of environmental pollution are continuously implemented and perceived as an ongoing assignment for which there are no defined deadlines for their implementation. The environmental protection activities of the Salzgitter Group are based on an established organizational structure. In the process, we rely on the specific expertise and experience of our employees in companies on the ground as the significance of the issue of climate and environmental protection is directly related to their respective production processes and procedures as well any environmental impact arising from them. For example, there are substantially more specifications and requirements in environmental legislation applicable to the integrated steel production at the Salzgitter facility than is the case at Group companies exclusively processing steel. As things stand today, there is no additional need to implement corresponding measures in the upstream and downstream value chain.

Our measures in the last reporting year for avoiding environmental pollution fall on the one hand into the category of the technological optimization of systems and production processes as well as the technology deployed, and on the other into everyday operational management. Consequently, we can control the central levers for minimizing risks and mitigating negative impacts at our production facilities. In particular, measures are continuously reviewed and optimized as part of our environmental management systems. For example, the Salzgitter facility has its own accredited immission protection laboratory which is equipped with the latest environmental analysis technology and conducts measurements and analyses on site which are subject to regular checks by an external expert. These measures ensure that the latest legal requirements are met and risks to air quality and water protection such as heightened emissions can be detected in good time and corresponding countermeasures introduced.

The following description therefore reveals the measures used to avoid emissions of air and water pollutants which are addressed on a technological level and as part of operational management.

TECHNICAL MEASURES

- Use of the best available technologies in systems operation in accordance with the relevant BATs
- Use of low emission production processes
- Optimization and modernization of existing systems
- Introduction of filter and capture technologies
- Use of flue gas desulfurization and denitrification systems
- Maintenance of systems and units for environmental protection

OPERATIONAL MANAGEMENT AND MAINTENANCE

- Regular IED inspections (Industrial Emission Directive) by regulatory authorities and water boards
- Maintenance of systems to avoid unexpected emissions

METRICS AND TARGETS

DISCLOSURE REQUIREMENT E2-3 – TARGETS RELATED TO POLLUTION

Salzgitter AG is committed to the target of reducing the emission of harmful substances to a minimum through the use of suitable processes and technologies at all production facilities, thereby contributing to air quality and the protection of water resources. Compliance with legal provisions and official specifications represents an unshakable framework within which we conduct our business activities. Breaches of the law are not tolerated.

No further measurable targets were set out beyond the qualitative target for maintaining clean air and protecting water resources, as minimum requirements and limits are defined in the comprehensive legal provisions. The unintentional release of air and water pollutants is reported in accordance with the E-PRTR Ordinance. Within the context of (re)-certification of our environmental management systems to the ISO standard 14001, the existing systems for guaranteeing environmental protection are also subjected to constant review and refined.

DISCLOSURE REQUIREMENT E2-4 – POLLUTION OF AIR AND WATER

Environmental indicators are recorded by means of a central data management system in the Salzgitter Group which ensures that water-related indicators are continuously recorded in all Group companies. The absolute volumes of air and water pollutants were used to determine the material IROs. The indicators and the survey methods are defined and described in an internal guide to guarantee that the corresponding data are uniformly gathered.

Air and water pollutants essentially occur in our PRTR-reportable systems and are continuously and periodically measured or calculated. Official requirements which turn out differently depending on the relevance of the pollutant in relation to the survey procedure constitute the starting point here. The annual determination of the annual loads of air and water-polluting substances is conducted in compliance with the requirements of the German PRTR Ordinance (Pollutant Release and Transfer Register). These are reported on a consolidated basis at Group level to the European Pollutant Release and Transfer Register with plausibility checks against the figures reported for the previous year.

The air and water pollution indicators are reported for the first time in our reporting system based on the CSRD. It should be noted, however, that the figures are within normal bounds due to the fact that official requirements are continuously met.

The substantial air pollutants of nitrogen oxides, sulfur oxides and PM10 particulate matter as well as the main water pollutants are shown in the following tables.

Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions

		2024
NOx	t	4,920
SOx	t	7,011
Particulate matter (PM10)	t	335
Carbon monoxide	t	131,757
Volatile organic compounds (NMVOCs)	t	402
Inorganic chlorine compounds as HCl	t	99

Water pollutants

		2024
Chlorides	t	4,702
Total organic carbon (TOC)	t	113
Total phosphorus	t	3
Zinc and compounds	t	7
Cyanides	t	1
Nickel and compounds	t	0
Lead and compounds	t	0
Chromium and compounds	t	0
Mercury and compounds	t	0

ESRS E3 WATER AND MARINE RESOURCES

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL WATER AND MARINE RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Material impacts, risks and opportunities in connection with water resources were systematically determined across all business activities, Group companies and facilities. The sub-topic of "water" within the subject area of "water and marine resources" was identified as material.

In order to identify and assess water-related risks, we also consider the aspect of water consumption in regions with high water stress. To do so, we use the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). This tool enables us to identify regions with water shortages and include them in our integrated risk management.

The general process for identifying and assessing the material impacts, risks and opportunities is described in Section ESRS 2 under → IRO-1. Within the group of consolidated entities, this section focuses in particular on the Salzgitter Group's manufacturing companies whose activities are to a large extent directly related to water resources.

The subject of water withdrawal was identified as material in the course of our materiality analysis. Salzgitter AG is committed to maintaining strict standards in measuring and reporting its water interactions as well as the quality of water discharge in order to minimize impacts on the environment and the local population. The following comments therefore focus on the priorities of water withdrawal, water recirculation and water consumption. Steel production is to a large extent dependent on the constant availability of groundwater. We use water usage rights to ensure that our water withdrawal remains within regulatory limits and continuously assess our dependence and water-related impacts in this area on a Group company level.

We therefore monitor and document our entire water withdrawal and water usage in the course of our business activities and report them on a consolidated basis by facility and specific water interactions. Facilities for manufacturing Group companies record the volumes of water taken from the grid and water discharged, water consumption, the proportion of water requirements covered by reuse or recycling as well as the proportion of water stored. By comparison with the water consumption in Steel Production, consumption in the Technology value chain is low.

TAKING ACCOUNT OF THE INTERESTS OF COMMUNITIES

In order to take account of the interests of communities affected by water-related impacts from our business activities, our Group companies cultivate a needs-based dialog. We respect the differing usage interests and avoid any overuse of natural resources. For the common good, we adhere strictly to the regulatory provisions of applicable water protection legislation at our facilities both in terms of our water withdrawal and our use of water.

Should the communities affected nevertheless observe negative impacts on local water resources, they can report them through our central whistleblower system. This enables us to establish a dialog and draw up solutions immediately in order to minimize potentially negative impacts.

DISCLOSURE REQUIREMENT E3-1 – POLICIES RELATED TO WATER RESOURCES

The resource of "water" enjoys an invaluable standing for Salzgitter AG. Not only is it a crucial production factor, it also forms the basis for the activities of our manufacturing Group companies. For example, Salzgitter AG with its affiliated companies is an operator of waterworks, major consumer of water, water provider as well as an operator of wastewater treatment systems. Our aim is therefore to drive sustainable water management and strive to make our use of water as prudent as possible.

ORGANIZATION OF WATER MANAGEMENT

Responsibility for systematically tracking and implementing Group requirements, strategy and objectives lies with the Executive Board which is supported in this process by the Group Management Board.

The groupwide exchange of information on relevant topics surrounding environmental protection, climate protection and energy policy is conducted in the Environment and Energy Group Steering Committee. We formulate the contents of our strategy in direct dialog with the relevant stakeholders, e.g., as part of official permit procedures. The respective Group companies are responsible for its implementation in accordance with the **"ESG" Group directive**. The governance structure described in the **"Environment" Group directive** applies to the entire contents of the "Water management protection" company guideline and ensures that the principles set out in the directive are implemented.

With our **Water management company guideline**, we subscribe to the objective of avoiding negative, water-related impacts from our business activities through the use of suitable processes and technologies at all facilities and thereby contributing to the responsible treatment of water resources. As an annex to the **"Environment" Group directive**, the "Water management" company guideline applies to all Group companies of Salzgitter AG. Besides setting targets, the guideline also defines the principles, responsibilities as well as the central levers and measures relating to the material sub-topic of "water".

With the aid of internal environmental management systems, we monitor our water-related environmental impacts on an ongoing, systematic basis. In addition to our water withdrawal, we also record water consumption, wastewater treatment and the water quality by facility, and we estimate the potential impacts on the water resources available to us as part of our business activities. Thus, we ensure compliance with the latest statutory requirements and are able to detect negative impacts and risks in connection with water and water pollution in good time and implement appropriate measures to reduce them.

WATER MANAGEMENT POLICIES

Large volumes of cooling water and process water are consumed in the production of steel. Water is used primarily for cooling in pig iron and steel production as well as in steel mills and hot rolling mills. In order to guarantee sustainable use of the valuable resource of water, we constantly optimize our operating processes and implement measures to recycle cooling water and process water.

Salzgitter Flachstahl GmbH (SZFG) assumes special responsibility on the topics and issues of water as it passes on water supplied by the in-house waterworks Börßum-Heiningen as drinking water and process water to industrial customers such as MAN, Alstom and VW in the Salzgitter-Watenstedt industrial estate. The water drawn is deacidified, filtered, disinfected and then softened with the aid of lime which enables it to be used as cooling and process water in production. The calcium carbonate sludge thereby created is used as certified fertilizer – one example of Salzgitter AG's recycling-based management approach to the resource of water.

The majority of manufacturing or processing Group companies in the business units of Steel Production, Steel Processing, Trading and Technology have certified environmental management systems in accordance with the international DIN EN ISO 14001 standard. As of the reporting date, the percentage of facilities certified to ISO 14001 stood at 73 % – based on the number of employees. Further information can be found on our homepage under ↗ Certifications and management systems.

There are areas of acute water stress worldwide, and it is to be expected that the number of such regions and the scale of the stress will increase over the medium and long term. At Salzgitter AG, we therefore pay particular attention to making efficient use of the water we consume and of our water withdrawal. We regularly assess the actual and potential impacts of our facilities in water-stressed regions and where necessary implement measures to avoid any steps to exacerbate the situation. To do so, efficiency measures are built into the facility-specific strategic alignment in order to improve the water quality, and underpinned with targets. In particular, these include targets such as that of improving water quality by lowering contamination and reducing the emissions of dangerous chemicals and substances. Facilities with high water stress are also covered by our "Water management" company guideline on water-related impacts, risks and opportunities.

DISCLOSURE REQUIREMENT E3-2 – ACTIONS AND RESOURCES RELATED TO WATER RESOURCES

For the Salzgitter Group, sustainable handling of the resource of water is of central importance and for that reason, continuous efforts are made involving all Group companies. Our manufacturing Group companies are tasked with implementing suitable measures in the sphere of water management in order to effectively meet the challenges in connection with the resource of water. In the process, we rely on the specific skills and experience of our employees in companies on the ground.

As part of the process of optimizing our environmental management systems, individual measures are constantly implemented in our day-to-day operations and adjusted in continuous improvement processes. This also includes water protection which, besides the most sustainable possible use of water resources, also comprises environmentally compatible wastewater disposal and careful handling of substances hazardous to water. Due to the constant refinement of improvement processes, we do not define any specific deadlines for concluding these interlocking measures.

The measures listed below which we implemented in the previous reporting year in connection with our targets in the field of water management, focus on the one hand on the technical optimization of systems and production processes as well as the technology deployed, and on the other on the sphere of day-to-day operational management. Consequently, we cover the main levers for mitigating the risks and negative impacts of our business activities on local and regional water resources and taking advantage of opportunities. There are currently no comprehensive action plans.

TECHNICAL MEASURES

- Sufficient use of the best available technologies (BAT) in plant operations in accordance with the relevant BATs
- Use of water-saving production processes
- Optimization and modernization of existing systems
- Introduction of water treatment and water recovery systems
- Use of closed water circulation loops
- Implementation of technologies to reduce water withdrawal

OPERATIONAL MANAGEMENT AND MAINTENANCE

- Regular inspection and maintenance of systems
- Employee training
- Implementation of policies to reduce water consumption

As a municipal water provider, we contribute to the local supply of water in Salzgitter and ensure that water quality is maintained through our wastewater treatment systems. The works sewage treatment system was expanded to include a fourth purification stage in the current year. Salzgitter Flachstahl GmbH's new purification stage combines flocculation filtration with 18 sand filters for separating solids and advanced phosphorus as well as 36 activated carbon filters to eliminate trace substances. This creates the conditions for making further progress on water protection.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT E3-3 – TARGETS RELATED TO WATER RESOURCES

We have set ourselves the overarching target of achieving sustainable water management in order to secure the quality and availability of water resources for the long term. The target is not subject to measurable specifications as it is embedded in daily operating processes and is thus implemented by Group companies as an ongoing assignment as part of day-to-day operations. This target also applies to regions affected by water shortages or stress. We endeavor to guarantee security of supply, particularly in times of drought or other climate challenges. The overarching goal is given concrete shape by the following priorities:

The Salzgitter Group is reinforcing its resolve to adhere to the national legal requirements in place at each production facility and specifically recognize in full the limits enshrined in them regarding water quality and pollutants. We view the observance of legal pollutant limits and other quality criteria as a precondition for collaborating with our stakeholders in a spirit of trust. No account was taken of ecological thresholds in defining the targets.

In addition, thanks to the optimization of our operating processes and measures to implement the recycling of cooling water and process water, the aim is to use the resource of water as carefully as possible. This is a binding target for all Group companies. We also follow the regulations for recirculating or disposing of water from our production processes and avoid contamination.

To do so, the high management standards in place throughout the Group governing the withdrawal and recirculation of water are upheld through the (re)-certification of our environmental management systems to ISO 14001 or equivalent standards. This applies in particular to the Steel Production and Steel Processing business units due to their high levels of water consumption by comparison with other Group companies.

No further measurable targets were set at a Group level beyond the qualitative target and its limits. In accordance with our **"Water management" company guideline**, our Group companies are required to handle the resource of water responsibly and must commit to the globally formulated, qualitative target.

DISCLOSURE REQUIREMENT E3-4 – WATER CONSUMPTION

Water consumption

		2024
Total water consumption	Tm^3	7,243

Water withdrawal

		2024
Total water withdrawal	Tm^3	37,460
Of which surface water	Tm^3	16,242
Of which groundwater	Tm^3	20,817
Of which water by third parties	Tm^3	400

Less than 1% of the Group's total water consumption occurs in regions affected by high water stress. No material water risks were identified.

Water recirculation

		2024
Total water recycled	Tm^3	30,217
Of which surface water	Tm^3	29,487
Of which groundwater	Tm^3	0
Of which water by third parties	Tm^3	730

Water re-use / storage

		2024
Total water re-use / storage	Tm^3	561,469
Of which water re-use	Tm^3	561,399
Of which stored water	Tm^3	70
Of which changes in water storage	Tm^3	0

Environmental indicators are recorded in the Salzgitter Group through a central data management system which ensures that water-related indicators are continuously registered in all Group companies. Absolute volumes were used to determine the key IROs. The indicators and survey methods are defined and described in an internal guide to ensure that the corresponding data are uniformly recorded. In addition, we use our environmental management system as part of our ISO-14001-certification to ensure that key water-related environmental aspects are identified in all relevant Group companies, and we continuously review and improve our water management practices in these Group areas in order to minimize the overall environmental impact.

The existing processes for ensuring consistent water quality and measuring our water withdrawal and recirculation are constantly reviewed here and where necessary adjusted. In addition, random check schedules guarantee that regular measurements are conducted at different locations. Equally, bodies of water are regularly inspected to ensure that wastewater and water thresholds are adhered to. Measurements are subject to regular checks by an external appraiser.

In surveying the data, we follow the specifications and measuring rules defined by governments and regional authorities. The water-related indicators supplied by individual Group companies in the central data management system are aggregated in the system in accordance with ESRS requirements by means of background calculations and ultimately further processed in specialist departments at a Group level for reporting purposes.

The methods for calculating these figures are designed to be site-specific. The primary data from Group companies are to be used for the survey. In the case of facilities that procure their water from third parties such as the municipal water utility, the data are based on the bills issued by the relevant providers. At facilities which manage their own water withdrawal and discharge, the data are registered by means of flow measurements. In a few instances – e.g., in sales and service offices where it takes a considerable time and effort to determine primary data – water-related indicators are extrapolated or estimated on the basis of uniform criteria. 99 % of the water data identified consist of direct measurements while the remaining 1 % is based on information taken from bills as submitted by water providers, for example, or on extrapolations.

Water intensity describes total water consumption in a company's own operation in cubic meters per euro million of net sales generated. In the reporting year, this figure stood at 631 m^3 of water per euro million.

ESRS E5 USE OF RESOURCES AND CIRCULAR ECONOMY

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

We have determined the material impacts of the use of resources and a circular economy by means of a comprehensive analysis of the value creation cycles within the Salzgitter Group and our upstream and downstream value chain. Our analysis of resource inflows and resource outflows and the disposal of waste focused on the manufacturing Group companies, primarily in the Steel Production Business Unit and Steel Processing Business Unit (including our interest in HKM). Due to the resource-intensive manufacture of systems and machinery, we also took the Trading and Technology business units into consideration.

By comparing internal requirements with external effects such as customer commitments, behavioral changes, changes expected to regulatory mechanisms, availability of resources and technological developments, we were able to identify the material risks and opportunities. Key variables for business performance such as market availability of ores and scrap were assigned specific probabilities in the subsequent assessment and applied to the risks and opportunities identified. The three issues and topics of "Resource inflows, including use of resources", "Resource outflows in the context of products and services" as well as "Waste" were identified as material within the Circular economy sphere. They form the substantive starting point for shaping the continuous alignment of the Salzgitter Group with circular business models.

The general process for identifying and assessing the material impacts, risks and opportunities is described in Section ESRS 2 under → IRO-1.

TAKING ACCOUNT OF THE INTERESTS OF COMMUNITIES

Companies affected and further stakeholders were actively consulted when determining impacts, risks and opportunities, particularly with regard to when and where they were affected by significant resource inflows, resource outflows as well as by the disposal of waste as part of our value creation.

DISCLOSURE REQUIREMENT E5-1 – POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In its Sustainability Declaration, the Salzgitter Group's Executive Board denotes the careful handling of resources and the focus on circular business models as a central management task. This corresponds to the objective set out in the "Salzgitter 2030" Group strategy to place "circularity" at the heart of our transformation.

By circularity, we mean using resources taken from nature economically for as long as possible, thereby minimizing the additional supply of finite resources into the economic cycle. Our ambition and desire is to position ourselves as the market leader for circular economy solutions through innovative products, processes, ideas from our staff as well as with the aid of partnerships and networks.

We realize this ambition in the Group by means of a multi-stage circularity approach based on the cascading logic of the Waste Management and Product Recycling Act:

/ **Reduce/Reduzieren:** We want to become more conscious of our handling of finite resources and minimize them in the economic cycle.

/ **Reuse/Wiederverwenden:** We want to keep resources once taken from nature in economic use for as long as possible.

- / **Recycle/Wiederverwerten:** We want to reuse raw materials from products that have already been used in order to save resources.

- / **Rethink/Umdenken:** We are questioning our accustomed habits and processes and will develop a sustainable industrial organizational structure.

Due to the high material and energy deployment required for steel production, the main focus of our Group lies on steel production as well as the upstream supply chain. Closed material loops are therefore at the heart of our strategic activity. Steel has ideal properties for closed material loops. It is durable and can be almost infinitely recycled with no significant loss of quality. At the same time, however, the production of steel is unavoidably associated with the use of considerable resources. Nearly three quarters of the cost of steel production is accounted for by raw materials such as iron ore, scrap, reducing agents and energy. As before, enhancing the efficiency of our production processes has consistently ranked as a key goal of the Salzgitter Group, both from an economic perspective and for ecological reasons.

By optimizing production processes but also by means of new strategic partnerships, we intend to create additional closed loops for recycling scrap steel and thus realizing further savings potential in our use of primary materials.

ORGANIZATION OF THE CIRCULAR ECONOMY

The set of issues revolving around the use of resources and the circular economy are enshrined in the Salzgitter Group's ESG governance structure. At the highest level of the Group's organization, the Executive Board is responsible for and has decision-making authority over the thematic priorities of resource inflows, resource outflows and waste, and for that reason it is kept regularly informed of the implementation status of topic-specific objectives and measures derived from them in meetings of the Group Management Board.

The Strategy & Corporate Development department (SU) is tasked with coordinating the groupwide circular economy strategy with a view to hitting its target effectively and in an economically efficient manner. The operationalization of the Group's strategic alignment is supplemented and supported by expert groups such as the Circular Table that meet on a regular basis. Additionally, the ESG round table provides a forum for the discussion of environmental and climate issues by participants from all business units. Such issues also include important strategic frameworks and decisions as well as consideration of stakeholders' interests. The strategic and economic importance of the issue of resource usage and the circular economy is set out in this report for external stakeholders and thereby made fully accessible to those affected by it. There will be no separate publication containing information on the strategic implementation of measures in this regard.

We have defined our principles, responsibilities and objectives with respect to the strategic thrust of "circularity" in the **"Use of resources and circular economy" company guideline** as an Annex to the **"Environment" Group directive** which applies to all Group companies of Salzgitter AG.

MANAGEMENT STANDARDS AS THE BASIS OF RESOURCE EFFICIENCY AND THE CIRCULAR ECONOMY

We guarantee management standards to make our use of resources as efficient as possible and increase the recyclability of our processes through the continuous certification of our environmental management systems. The majority of manufacturing or processing Group companies in the business units of Steel Production, Steel Processing, Trading and Technology have certified environmental management systems in accordance with the international DIN EN ISO 14001 standard. As of the reporting date, the percentage of facilities certified to ISO 14001 stood at 73 % – based on the number of employees. Further information can be found on our homepage under ↗ Certifications and management systems. This degree of coverage is to be expanded in accordance with the **"Environment" Group directive** and the issue-specific company guidelines.

DISCLOSURE REQUIREMENT E5-2 – ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

As one of Europe's leading steel companies, we exercise our responsibility towards our customers as a reliable steel supplier. We adhere to contractually agreed delivery quantities and ensure the sufficient availability of ore, scrap and other secondary materials through our supply chain management. At the same time, we make sure to treat resources with care and handle unavoidable waste in an environmentally-friendly manner.

LEVERS TO REDUCE THE USE OF RESOURCES AND THEIR CONTRIBUTION TO THE TARGET

We have identified various levers for realizing Salzgitter AG's ambitions with regard to the circular economy and use of resources. In the process, we differentiate between the levers and actions in the Steel Production, Steel Processing and Trading as well as the Technology Business Units. By embedding our targets in the overarching Group strategy, we also set the time horizon for implementing corresponding measures.

The following measures are to be prioritized in order to achieve our targets on a cost-efficient basis:

- identify alternative sources for secondary materials,
- design production systems to save resources and
- enhance material efficiency in production processes.

The measures to be prioritized are supplemented by supportive measures which are largely implemented on a site-specific basis.

MEASURES TO REDUCE THE USE OF RESOURCES

With regard to processes and value creation in connection with steel, we have introduced measures as part of the "Salzgitter AG 2030" Group strategy to reduce the use of primary materials in favor of increased use of secondary materials. In order to achieve this, we validate alternative sources in order to expand our scrap recycling and thereby identify new business models. For this reason, the successes achieved with pilot plants in wind energy are to be consolidated as a specific implementation of our circular approach. For example, this includes the use of old scrap from the dismantling of demolished wind towers and the restructuring of companies to ready them for new product areas in the offshore wind sector.

In the Technology Business Unit, the KHS Group offers products and services focusing on resource-saving, closed-loop production chains. In the process, KHS relies on mechanical processes and modernization solutions which support particularly energy and resource-efficient filling and packaging operations on customers' premises over the entire life cycle of their systems.

MEASURES TO REDUCE WASTE

The challenge is also to reduce waste in all our business units and thus across all processes by consuming less material in production and boosting resource efficiency. The actions we take here generate synergy effects between the fields of climate protection and energy on the one hand and the use of resources and circular economies on the other. Enhanced resource efficiency and the resulting decline in material requirements lower our waste and our carbon emissions in equal measure. Consequently, our energy requirements are also decreasing.

Measures developed in Group companies on a decentralized basis are validated from a technical perspective at the holding company level by the ESG team from the Strategic Corporate Development department (SU) and checked to verify whether they can be transferred to further companies.

We act as an environmentally-friendly company toward local residents at our locations. We respect the requirements for safe waste management and professional disposal. Should local contamination nevertheless occur in connection with waste, this can be reported via our central complaints system. This enables us to immediately implement countermeasures in order to minimize any negative impacts on our environment.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In our "Salzgitter 2030" Group strategy, we set ourselves clear targets as part of the strategic thrust towards the Circular Economy that are valid throughout the Salzgitter Group across all facilities. These targets are also embedded in our company guideline "Use of resources and circular economy" as an annex to the **"Environment" Group directive**. We derive our targets directly from the impacts, risks and opportunities which we scrutinize critically at regular intervals as part of a materiality analysis. The Salzgitter Group's topic-specific targets listed in the following sections of the report were drawn up as part of the ongoing dialog with stakeholders of strategic relevance and the respective specialist departments of Group companies. No changes were made to the targets set, the underlying parameters or the measurement methods used in the reporting period.

- **Resource inflows:** The declared aim of the Salzgitter Group is to incrementally expand our activities in the area of scrap recycling. As a result, we aim to close the material loop for steel to facilitate the return of raw materials to the cycle. This includes both the use of scrap as a secondary raw material in steel processing and steel production processes and trading with scrap and supporting activities. Based on a scrap proportion of 2,111 thousand tons in 2021, the plan is to expand our activities in scrap recycling by 3 million tons p.a. by 2030. This target is based on an analysis of our production capacity and the availability of high-quality scrap on the market. In the 2024 financial year, our activities in the scrap recycling sphere totaled 2,345 thousand tons (excl. HKM: 2,143 thousand tons). This corresponds to an increase of currently 11.1 % (excl. HKM 1.5 %) over the base value.

- **Waste:** Across the Group, national statutory provisions and official specifications as well as scientifically established limits defined in them must be adhered to at each of our facilities. While preserving the aspects of relevance and suitability, Group companies are obligated to introduce and (re)-certify environmental management systems.

The derivation of further strategic targets from our commitment to the principle of circularity has not yet been completed. Further medium-term targets will be defined by the end of the 2025 financial year. No account was taken of ecological thresholds in defining the targets.

DISCLOSURE REQUIREMENT E5-4 – RESOURCE INFLOWS

MATERIALS AND PRODUCTS

The production of high-quality steel at the Salzgitter Group's facilities requires the use of iron ore as the basic raw material as well as reducing agents and auxiliary materials. The addition of scrap as a substitute in the production process lowers the use of primary materials in keeping with our circularity approach. The figures shown below include the most significant material flows for steel production in terms of volumes, i.e. materials which are used in the products and where the volume processed per year exceeds 40 kt. Semi-finished products as production goods as well as merchandise and goods for resale were added for the first time.

Environmental impacts are particularly important in the upstream supply chain for metal producing and metal processing industries. As bulk raw materials such as iron ore, coal and bought-in coke are almost exclusively imported, we focus principally on the supply chain upstream from steel production when examining sustainability aspects. Due to their high material throughput, the spotlight naturally focuses on the Salzgitter and Peine facilities when analyzing the environmental impact of steel production and steel processing in our plants. The Group's cost of materials in financial year 2024 amounted to around € 7 billion. A major part of that expenditure, amounting to 28 %, was accounted for by the purchase of raw materials and energy for steel production at Salzgitter Flachstahl GmbH (SZFG) and Peiner Träger GmbH (PTG). We focus our efforts on procuring high-quality materials, and make sure that all aspects of relevance to the environment, health and safety are complied with.

As part of our transition to reporting based on the CSRD, we have developed a criteria-based process including specialist departments to identify material resource inflows. At a product group level, this process analyzed allocation to the groups "critical raw materials" or "conflict minerals", financial purchasing volumes, the greenhouse gas potential of an inflow of resources as well as aspects of our supplier risk analysis processes.

On the basis of this analysis, we record the volumes of the material resource inflows through our internal data management system for all Group companies, thereby covering our own business activities and those in the upstream value chain. In doing so, we record the actual quantity of materials consumed and the quantity sold for merchandise from all significant resource inflows.

The scrap rate is also of major importance with regard to the materials used in steel production. It indicates what percentage of our materials used for steel production are primary raw materials and what percentage is covered by recycled steel scrap.

Materials used

		2024
Metallic raw materials		
Iron ore	kt	7,118
Total scrap	kt	2,167
Alloys and metals	kt	130
Reduction agents		
Coking coal	kt	2,327
Bought-in coke	kt	116
Anthracite and coal fines	kt	1,007
Other reduction agents	kt	42
Mineral raw materials		
Limestone and dolomite	kt	1,198
Auxiliaries (e. g. dunite)	kt	231
Other mineral raw materials	kt	0
Semi-finished products as production goods		
Ferrous metals	kt	738
Non-ferrous metals	kt	1
Plastics	kt	2
Merchandise and goods		
Ferrous metals	kt	1,754
Non-ferrous metals	kt	20
Coal and coal products	kt	147
Secondary materials used (excl. scrap)	kt	12
Secondary materials used (incl. scrap)	kt	2,180
Secondary materials used (incl. scrap)	%	17

Critical raw materials used

		2024
Critical raw materials	kt	124
Conflict minerals	kt	0.002

Critical raw materials, such as for example manganese, can also be partially included in the "Materials used" table. Otherwise, double counting is prevented by unambiguous definitions of the values queried, clear processes and responsibilities in the data query and a comprehensive plausibility check of the data.

DISCLOSURE REQUIREMENT E5-5 – RESOURCE OUTFLOWS

PRODUCTS AND MATERIALS

As a particularly durable, corrosion-resistant and nearly infinitely recyclable material, steel is one of Salzgitter AG's main products. It is the central material and product conceived in accordance with the circular economy principles of durability, recyclability, reparability and return to the cycle.

		2024
Crude steel production	kt	6,361
Salzgitter Flachstahl GmbH	kt	4,257
Peiner Träger GmbH	kt	899
HKM Hüttenwerke Krupp Mannesmann GmbH	kt	1,205

Crude steel production rose in 2024, standing at around 6.4 million tons. The data result from the precise dimensions of the slabs and the specific crude steel density. The steel products of the Salzgitter Group are intended to meet the highest quality standards in the steel industry. In the case of steel production and processing, our internal grade system, quality standards and external qualification systems are aimed at ensuring that our products are resilient, durable and reparable. This is to be guaranteed by among other things the systematic use of steel scrap to substitute for primary raw materials.

The production processes for the production of primary steel require that around 20 % of the iron content is contributed by scrap. The pig iron used is first produced in the blast furnaces of Salzgitter Flachstahl GmbH. With secondary steel, on the other hand, up to 100 % of the iron content can come from the use of recycled material, i.e. scrap-based, as is the case in the mini mill of Peiner Träger GmbH. Thanks to SALCOS® and the integration of electric arc furnaces into primary steel production, we will be in a position theoretically to use higher or lower proportions of scrap depending on the customer's wishes and the availability of primary and secondary raw materials.

In the Technology Business Unit, our focus on sustainable product design, maintenance service, usage concepts and flexibility toward our customers permits us to significantly extend the lifetimes of the systems sold. We achieve this, for example, by means of modular, flexible new machinery and systems concepts that can be extended over their lifetime to accommodate further container sizes or even other container formats. A wide range of modernization services supports this overarching goal to extend the lifetime of machinery and systems. The result is that the KHS Group's machinery has a notional lifetime of 15 years which equates to the industry average. At the end of the machine's lifetime, the high recyclability of the valuable raw materials included in it such as steel, stainless steel and plastic, bears fruit. With the aid of individual machine documentation, the customer can already initiate the first steps toward environmentally-friendly, professional disposal of its own accord. As a further option, KHS is available to disassemble the system to ensure that the resources used are safely returned to the materials cycle. The packaging solutions from the KHS Group rely on recyclable materials and on reducing their use in primary and secondary packaging. With respect to PET container advice, KHS is already in a position to offer its customers solutions with a recycled content of up to 100 %. In the case of secondary packaging, customers can choose to use up to 100 % recycled material for film or even a solution that dispenses with secondary packaging altogether.

WASTE

Waste management

Wherever waste in steel production has so far proved to be unavoidable in spite of innovative methods and high recycling rates of approximately one third, the company attaches particular importance to appropriate, professional disposal.

Waste volume

		2024
Waste incurred	kt	1,693
Of which non-hazardous waste	kt	1,617
Of which hazardous waste	kt	76
Waste diverted from disposal	kt	852
Preparation for re-use	kt	2
Of which non-hazardous waste	kt	1
Of which hazardous waste	kt	0
Waste recycling	kt	643
Of which non-hazardous waste	kt	617
Of which hazardous waste	kt	26
Other utilization processes	kt	207
Of which non-hazardous waste	kt	204
Of which hazardous waste	kt	3
Waste passed on for disposal	kt	841
Waste passed on for disposal	%	50
Incineration	kt	32
Of which non-hazardous waste	kt	28
Of which hazardous waste	kt	4
Landfill	kt	790
Of which non-hazardous waste	kt	754
Of which hazardous waste	kt	36
Other disposal procedures	kt	20
Of which non-hazardous waste	kt	13
Of which hazardous waste	kt	7
Incurred radio-active waste	kt	0

The overall volume of waste incurred increased somewhat due to higher crude steel production. However, hazardous waste remained at its previous level. The volume and composition of the waste generated in the wake of our economic activities are the direct result of the production processes and processing techniques used at the Group's manufacturing facilities. The volume of waste determined results from various surveys of individual disposal companies or directly in our facilities. Waste data are in most cases determined directly (by weighing or based on the disposal service provider's billing), although in some cases, extrapolations are used due to incomplete billing for the year.

The erection and conversion of systems at the Salzgitter facility as part of the SALCOS® program is also reflected in the composition of our waste. The most significant waste streams in volume terms consist primarily of unprocessed slag and soil, mixtures of concrete and bricks, solid waste from the treatment of flue gas as well as dust. The Salzgitter Group documents the exact composition of the major waste streams from our steel producing and steel processing facilities as part of its environmental management strategy and collates the relevant information in an annual waste report.

SOCIAL INFORMATION

ESRS S1 OWN WORKFORCE

In the present report, we use the following definitions for our **workforce** as set out in the ESRS terms of reference:

- The terms “workers”, “employees”, “workforce” and “staff” relate to our own employees forming part of the permanent workforce at home and abroad who are in a direct employment relationship. Due to our Group structure, the workforce is made up in particular of industrial, technical and commercial occupations (wage earners, pay-scale and non-pay-scale employees as well as senior executives).
- The “non-employee workers” category includes “temporary workers” as well as contractors who have signed a contract with us to provide services, so-called “self-employed workers”.

STRATEGY

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material **impacts, risks** and **opportunities** with regard to our own workforce are identified as part of the double materiality analysis. An explanation of the four IROs and their place in our business model can be taken from Table → **SBM-3** in Section ESRS 2. The IROs form the substantive basis for the concepts, measures and targets listed below.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety and the associated actual, positive or negative impacts identified traditionally enjoy very high standing for us as a manufacturing company operating in heavy industry, and they will remain a top priority going forward. Our responsibility derives from our commitment to the well-being and physical safety of our own employees, but also with regard to non-employees working on our site, among them our temporary workers, in particular. Individual accidents at work and associated injuries can occur, above all in manufacturing Group companies or in a manufacturing or quasi-manufacturing working environment, due to the physical nature of the work. To avoid accidents and work-related injuries, company-specific occupational health and safety concepts and measures are therefore implemented in individual business units and companies in the Salzgitter Group. We want our employees to live healthy lives and to be able to work free of illness. This task is growing in importance, particularly in view of longer working lives, and it applies to employees in Production and Administration in equal measure. We therefore rely on extensive company healthcare management and take measures to promote and preserve our employees’ health and contribute to their well-being.

FURTHER TRAINING AND SKILLS DEVELOPMENT

Further training and skills development measures help to maintain employability and also promote our employees’ career development and promotion prospects. At the same time, the commitment, knowledge and creativity of our staff represent important factors in the success of our company, and are thus crucial both for our current business model and for our transformation to green steel production. We are convinced that continuous learning and further training form the foundation for successful work – now and in the future. To enable our employees to develop their abilities and talents, we create an environment of opportunities and ample scope for further development. We therefore strive to offer appropriate further training and growth opportunities to employees of all ages and positions.

SKILLS SHORTAGES

We currently perceive a risk in impending skills shortages. Advancing demographic change is leading on the one hand to an increasing number of retirements over the medium term among our own workforce and on the other to a reduction in the supply of workers in the external labor market and consequently to a shortage of skilled workers and managers. This risk of skills shortages currently applies in particular to our workers (specialists and managers) in our domestic Group companies. Even greater bottlenecks may have to be reckoned with in certain occupations or for certain types of qualifications. In addition, the situation may vary in individual companies due to their differing structures and underlying conditions. We are therefore directing our efforts towards identifying our need for skilled workers at an early juncture and putting suitable measures in place to secure such workers.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DISCLOSURE REQUIREMENT S1-1 – POLICIES RELATED TO OWN WORKFORCE

Success and progress hinge on our employees in particular – it is they who shape the future of the Salzgitter Group. For this reason, we are implementing issue-specific concepts to address the impacts, opportunities and risks identified as material. Activities across the Group and other actions of a strategic nature that affect our employees are managed by our Chief Personnel Officer (Industrial Relations Director) and by the line departments and group functions reporting to them. Such activities include implementing legal and collective agreement rules and regulations, drawing up personnel guidelines and Group agreements, identifying and developing specialists and senior executives across the Group, employer branding for Salzgitter AG, implementing remuneration and incentive systems, HR governance, as well as coordinating issues across all companies with respect to occupational health and safety, along with further training.

Personnel work in Group companies is carried out on a decentralized basis by local personnel departments and, along with groupwide requirements, is geared to regional requirements and processes and those specific to the respective company. The deployment of non-employees such as temporary workers is also managed and defined by Group companies on a decentralized level. Local HR departments are involved and kept informed by the Group in the form of regular HR manager meetings, issue-specific information events, circulars as well as an Intranet for HR managers. In addition, an HR Board consisting of the Industrial Relations Director and the personnel general managers of the business units functions as a supporting committee for voting on current and future issues relating to personnel for the Group and its companies.

As described in Section ESRS 2 in → **SBM-2**, we incorporate the interests of our stakeholders into the development and adoption of our concepts and associated actions.

OCCUPATIONAL HEALTH AND SAFETY

Occupational safety is one of the high-priority corporate goals of the Salzgitter Group. Against this backdrop, the **"Occupational Health and Safety" Group directive** defines our safety policy as well as the elements and standards of health and safety management. Nevertheless, the different requirements in the individual business units and companies of the Salzgitter Group necessitate that occupational safety be regulated on a decentralized basis. Every company is therefore tasked with drawing up targets, priorities and programs and with monitoring and reviewing the efficacy of the measures taken.

As accidents at work and associated injuries are especially likely to occur in manufacturing Group companies or in a manufacturing or quasi-manufacturing working environment, we continuously strive to reduce the number of accidents in the relevant Group companies and quasi-manufacturing areas, identify and minimize risks and unsafe conditions and mitigate and prevent any associated negative impacts on employees. Our occupational safety targets are regularly operationalized by the Executive Board and top management as part of our strategy scorecard and in annual target agreements.

Continuous monitoring of accidents in the Group and within individual Group companies, risk assessments, accident analyses and the preparation and communication of safety principles and rules help us, for example, in monitoring our performance in this area and counteracting any potential risks. The aim is to ensure that safety measures are always up-to-date, appropriate and effective and where necessary adapted to suit new circumstances. Further information on this can be found under Disclosure requirements → **S1-4** and → **S1-5.**

Against this backdrop, occupational health and safety concerns and issues regularly top the agenda in Group management meetings. The Executive Board and business unit managers discuss the relevant safety figures here, as well as events occurring in the Group and individual companies and relevant improvement measures. In addition, we endeavor to obtain certification for occupational health and safety management systems in Group companies in order to review and refine our processes. 71 % of our employees already work in companies certified to ISO 45001 in Germany and abroad.

We have been committed to the "Luxembourg Declaration on Workplace Health Promotion" in the EU since 2004. The intention of this declaration is not only to prevent occupational ill health but also to actively enhance health-promoting potential and improve well-being at the workplace. Prevention is a pivotal aspect of our health management, meaning efforts to promote behavior conducive to good health. We therefore attribute importance to having comprehensive company health care management and take measures to promote, protect and sustain our employees' health. Company healthcare management is normally designed on a facility or company basis and is based on relevant local needs and circumstances.

In order to mesh the areas of occupational health and safety and health protection more closely, and further standardize offers and measures across the Group, work started in the reporting year on drawing up a new → **health and safety strategy** for the Salzgitter Group.

FURTHER TRAINING AND SKILLS DEVELOPMENT

To enable our employees to develop their abilities and talents, we are working on creating an environment of opportunities and ample scope for further development. Our aim is to provide our employees with target-group oriented qualification and development opportunities and boost their career prospects. Against this background, our **Group umbrella works agreement "Further Training"** concluded with the Group Works Council defines corresponding framework conditions and standards for further training and access to qualification offers for employees of domestic Group companies (with the exception of the minority interest HKM). Besides the provision of central further training and development programs, e.g. for developing managers, further planning, the design and implementation of further training processes and measures as well as the conclusion of corresponding agreements and rules are conducted primarily on the level of Group companies, taking account of company-specific requirements and circumstances.

In Group personnel controlling, the number of further training participants and further training measures carried out in the Salzgitter Group is regularly surveyed in order to obtain an overview of the further training situation in the Group. Since 2024, the further training hours accessed and the number of interviews conducted on career and performance assessments have also been recorded in the set of key indicators. In addition, a detailed analysis of further training subjects is conducted through management bodies or committees. For example, there is a so-called "Joint Vocational Education Advisory Board" in place for the Salzgitter, Peine and Ilsenburg facilities on which representatives of the employer and employees regularly discuss questions and issues relating to further training and qualifications.

SKILLS SHORTAGES

Demographic change and growing skills shortages are also impacting Salzgitter AG. In Germany, in particular, numerous employees from the baby boomer generation will leave the company in the coming years. At the same time, there are fewer junior staff, specialists and managers available on the labor market. We mitigate the associated risks with various activities and concepts. Our aim is to identify the requirements for specialists and managers as early as possible and take appropriate steps to secure skilled workers, mainly in domestic Group companies.

Our vocational training and corresponding supporting measures for vocational guidance and personnel marketing represent the central elements in securing our needs for specialists, particularly in the technical industrial sector. These measures pursue the aim of recruiting junior staff to the company and retaining them. Our **Group umbrella works agreement "Training"** concluded with the Group Works Council defines corresponding framework conditions and standards for training for employees and trainees of domestic Group companies (with the exception of the minority interest HKM). In-house training is planned, designed and implemented at company level which allows company-specific requirements and circumstances to be taken into account. As part of Group HR controlling, the number of trainees and the corresponding number offered subsequent employment are surveyed at home and abroad to obtain an overview of the training situation in the Group. In addition, a qualitative analysis of training subjects is conducted through management bodies or committees. For example, the "Joint Vocational Education Advisory Board" at the Salzgitter, Peine and Ilsenburg facilities regularly discusses questions and issues relating to training.

A further focus of our activities lies on employees with key functions or within the managerial sphere. With regard to filling vacant managerial posts, a succession and talent management process has been established in the Group. The aim is to identify and promote successors with a specific target position and talented employees with the potential to take on more extensive management tasks, initially on the CEO level and the managers reporting directly to them across the Group. Our **Group works agreements "Succession planning"** and **"Talent management"** concluded with the Group Works Council define the process and participation arrangements for our non-pay-scale employees in Germany (with the exception of the minority interest HKM). By way of a separate arrangement, our senior executives are incorporated into the succession planning and talent management. Regular conferences are organized for succession planning and talent management. The Executive Board, Business Unit Managers and Personnel General Managers as well as the responsible Managers department confirm where the talents lie and decide on potential successors. The succession and talent conferences for the 2024 nomination cycle are planned for the first half of 2025.

In addition, company-specific demographic analyses and retirement forecasts were prepared for domestic companies in the reporting year, taking special account of employees in key positions, and on this basis, work began on gradually drawing up succession concepts for this group of persons.

HUMAN RIGHTS POLICY

Respect for internationally recognized human rights is high on the list of priorities for Salzgitter AG. This is underlined, in particular, by our ↗ Policy Statement issued by the Executive Board on the human rights strategy of the Salzgitter Group as well as our code of conduct. The principles laid down in the Salzgitter Group's ↗ Code of Conduct are at the heart of our corporate culture while, at the same time, representing binding guidelines on the actions of all the Group's employees. One essential component of these rules is respect for internationally recognized human rights, among them the lists in the European Convention on Human Rights and the Universal Declaration of Human Rights adopted by the United Nations. In this we include both personal rights and civil liberties as well as judicial and social human rights. As set out in our code of conduct, based on the ten principles of the UN Global Compact, we explicitly reject any form of forced labor, campaign for the abolition of child labor and recognize the right of employees to form unions and employee representations. Not least, we advocate for appropriate remuneration for all employees. In addition, the Salzgitter Group will not tolerate any kind of discrimination or harassment in the workplace and views occupational health and safety as a high-quality asset.

Our Group directives give concrete form to the expectations of the Executive Board with respect to the behavior of all Group employees. In particular, our **Group directive "Corporate due diligence in the supply chain"** helps to ensure that respect for human rights standards is applied both in its own operations and the supply chain. According to the directive, it is expected of all Executive Board members, CEOs and Group employees that they ensure within the remit assigned to them that all obligations relating to human rights and the environment are observed. Our code of conduct and Group directives apply uniformly around the world to all facilities of our Group companies and are consequently designed to guarantee uniform respect for human rights in the Salzgitter Group.

In order to identify risks with regard to the respect of human rights both in Group companies and in the supply chain, a supply chain risk management system (LkRM) has been set up in the Group. The LkRM is based on the obligations arising from the Supply Chain Due Diligence Act (LkSG). Its processes and mechanisms therefore also serve to monitor observance of the United Nations Guiding Principles on Business and Human Rights, the Declaration of the ILO on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, provided this is covered by the requirements of the LkSG. All operating Group companies report once a year on the human rights situation in their own business units and any risks that have come to light regarding respect for human rights among their suppliers. The supply chain risk management system is monitored by our Human Rights Officer.

Our objective is to strengthen this understanding not only among our own employees but also among all our suppliers and avoid human rights infringements such as child labor throughout the supply chain. This aspiration is clearly expressed in our ↗ Supplier Code of Conduct and in the Policy Statement issued by Salzgitter AG's Executive Board on the human rights strategy of the Salzgitter Group.

The **"Corporate Compliance" Group directive** also obliges all Group employees to observe the law and internal directives, giving them specific rules of conduct to guide them. The instruments of employee communication are used to make all Group employees continuously aware of issues of relevance to compliance.

"Human trafficking" is synonymous with grave human rights infringements which we combat with the aid of the aforementioned concepts. In our understanding, therefore, our concepts focused on preserving human rights include the subject of "human trafficking" even if this term is not explicitly referenced.

Our ↗ whistleblower system FAIR TOGETHER allows all Group employees, our business partners' employees and all other stakeholders to draw attention to any breaches of the law or irregularities. These include negative impacts on occupational health and safety which damage or penalize people, the environment or Salzgitter AG and its Group companies or harm natural resources in the context of the economic activity of the Salzgitter Group or its suppliers. Tip-offs can be submitted either via our electronic reporting portal, to our compliance hotline or addressed to our ombudsperson. Our electronic reporting portal can accept tip-offs in 27 languages. The compliance hotline and our ombudsperson receive tip-offs in German or English. They are also available for a one-to-one conversation on request and after fixing an appointment. Anonymous and confidential tip-offs are possible.

Human rights breaches that have occurred or are imminent must be reported to our compliance management without delay. The Group company affected will take suitable remedial measures to prevent a breach, immediately put a halt to it or minimize the scale of the breach. The efficacy of the prevention and remedial measures implemented as well as the whistleblower system (complaints procedure) is reviewed by the Group's internal auditing department.

Moreover, we encourage a continuous dialog with our employees. The (Group) Works Council is the central co-determination and participation body for our employees. In view of the decentralized Group structure, we also involve employees at a company level, in particular, besides the Group level. The central players here are predominantly local employee representatives. Various meeting and workshop formats as well as regular works meetings or joint management bodies and committees support dialog with the workforce on the ground.

Our concepts are based on relevant, internationally recognized standards. In the course of matching the various requirements contained in the frameworks referenced in the ESRS with our internal documentation, we identified individual aspects that do not yet fully and formally reflect the relevant international standards, among them the United Nations Guiding Principles on Business and Human Rights. The recommendations resulting from such mapping will serve as the basis for any potential adjustments to our internal rules and regulations.

In accordance with its ↗ Code of Conduct, the Salzgitter Group will not tolerate any discrimination or harassment in the working environment, whether on the basis of race, ethnic origin, gender, religion, ideology, a disability, age or sexual identity. The Salzgitter Group also expects objective, friendly, fair behavior from every employee in their dealings with colleagues, employees and third parties. The Salzgitter Group values and promotes open interactions between all parties. The obligation not to tolerate "any kind of discrimination" also includes the potential grounds for discrimination represented by skin color, political opinions, national heritage and social background as well as other forms of discrimination covered by EU legal regulations and national law even if these terms are not explicitly listed in our code of conduct. Corresponding breaches of such principles will be pursued and punished. Individual Group companies sometimes have their own rules and agreements on the treatment of employees and collaborating in a spirit of partnership. Such agreements define the principles and rules of conduct for the relevant company. The value of "fairness and a spirit of partnership" is an integral part of our ↗ Group mission statement YOUNITED. In support of this value, the Executive Board and Works Council together made a stand against discrimination and exclusion at this year's Group Works Council Conference under the motto "We are showing a red card to far right extremism".

The Salzgitter Group offers workplaces adapted to the needs of its employees with a view to integrating people with severe disabilities. The redesign or conversion of workplaces can enable employees with health restrictions to continue to play a productive part in working life. Our Group framework inclusion agreement also stipulates that the participation of employees with severe disabilities in training measures to maintain, expand and adapt their skills and knowledge must be promoted. Companies define their targets on their own initiative, e.g. the appointment or training of young people with disabilities. To meet these targets, individual companies can set up "Inclusion Teams" that draw up the specific measures to be implemented. In addition, employees have access to the representative bodies for people with severe disabilities both at Group level and at a local level in Group companies if they have questions or concerns with respect to severe disabilities or equal treatment.

Two components of our FORWARD personnel development program make an important contribution to promoting our female employees: Our "Career Path for Women" program is aimed at women in all positions who wish to actively plan their careers and are considering a management career. In addition, the target market for the mentoring program for women is composed of dedicated female managers and experts on every level of the hierarchy. The mentoring program is aimed at assisting the individual in developing in a management role, as well as providing support on the path toward managerial responsibility. Acting in the role of mentors are senior executives or managing directors in the Group who are willing to share their professional experience and insights, as well as their network of contacts with the mentee in confidence and support them as their career develops. A women's network "Women of Steel" has also been set up at Salzgitter Flachstahl GmbH which is intended to serve as a platform for exchange and networking among female employees in all departments and levels of the hierarchy.

Beyond these initiatives, there are no specific political commitments to include or promote people from particularly vulnerable groups within our own workforce.

DISCLOSURE REQUIREMENT S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

Regular, ongoing dialog with our employees is a matter of importance to us. In Section ESRS 2 under → SBM-2, we explain the basic, general process for directly involving our employees. This is accomplished by means of various forms of dialog as well as unions, works councils and other types of employee representation as part of co-determination.

On Salzgitter AG's Supervisory Board, the employee representatives play an active role in preparing the Supervisory Board's targets for the Executive Board and monitoring their implementation. For example, the Supervisory Board sets annual targets for the Executive Board comprising sustainability aspects such as occupational health and safety.

The Group Works Council is the central co-determination and participation body for our employees. Its members are delegated to the council from works councils in domestic companies operating in the relevant business units. The Group Works Council works closely with the Group representatives for youths and trainees as well as people with severe disabilities who also participate in meetings and events of the Group Works Council. In addition, each business unit has its own working groups within the works councils. This structure supports the networking of co-determination bodies between companies in each of the Group's business units. Our **Group works agreements** on the **"Composition and Brief of the Group Works Council"** as well as the **"Working Groups of the Works Councils"** define among other things the composition, remit and working methods of these co-determination bodies as well as aspects of their collaboration with the company.

The Chief Personnel Officer (Group Industrial Relations Director) is the link between the Group Works Council and the company and responsible for incorporating the results and suggestions arising from dialog with our employees and employee representatives in concepts and actions. The dialog between the company and employee representatives is based on constructive, ongoing collaboration. As a general rule, we strive to ensure that dialog with our employees and employee representatives is held as early as possible and on a continuous basis. Besides regular meetings with the chair of the Group Works Council, the Group Industrial Relations Director also participates in meetings of the Group Works Council, for example, using this forum to discuss with the attendees both strategic and issue-specific circumstances in connection with our impacts such as the accident picture in the Group, measures to promote occupational health and safety or further training. The Executive Board also takes part in the annual Group Works Councils Conference. In addition, there are regular plenary sessions for the working groups of the business units involving the participation of the responsible industrial relations directors and business unit managers. The HR Board and the head body of the Group Works Council (Group Works Committee) convene at least twice a year to discuss issues of relevance to the company and HR. Topics such as occupational health and safety, environmental protection or training and further education are addressed by the Group Works Council, including in committees specifically set up for this purpose. The information required to enable the committees to carry out their work is supplied by the company, and suggestions from the committees with respect to our impact in the areas of occupational health and safety, further training and skills development are received by the company and vetted. Constructive collaboration between company and Group Works Council is also reflected in the conclusion of collective agreements on a wide variety of subjects, among them **Group umbrella works agreements** for **"Training"** and **"Further Education"**.

As already explained, employees are included not only at Group level but also particularly at the company level, e.g. through local employee representative bodies. Company-specific rules and agreements including subjects such as occupational health and safety or further education are concluded in the companies and corresponding measures implemented. Various meeting and workshop formats as well as regular works meetings or joint management bodies and committees support dialog with the workforce on the ground.

The materials and funds required for the inclusion of employees are provided by the Group or the companies in accordance with the specifications of the Works Constitution Act (BetrVG).

In addition, numerous companies have a company suggestions management system that gives employees the chance to submit suggestions for improvements and thereby actively lobby for changes to their working environment.

INFORMATION MEDIA FOR EMPLOYEES

We ensure that our employees are informed of current issues in the Group through our extensive Intranet offerings as well as a range of printed matter such as brochures, flyers or posters. We also use digital formats such as video blogs and podcasts. For example, the Executive Board provides regular information on the Group's current situation in the "InSZights" series as well as an outlook on future developments. As part of the annual Group forum and regular seminars for managers, the Executive Board keeps top management continuously informed of current topics of relevance to the Group, thereby furthering the cascading of communication and flow of information to the companies. The successive rollout of our in-house employee app "SZMAPP" in domestic Group companies also began in the reporting year. This employee app contains a wide range of information, employee services, dates and documents, making a further contribution to supporting internal communication with our employees. Furthermore, decentralized communication formats such as company Intranets or employee magazines are used in the companies.

DISCLOSURE REQUIREMENT S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

Various channels are available to our workers through which they can express their needs and concerns and address them directly to the company. Besides decentralized reporting channels such as HR departments or works councils, this also includes our ↗ whistleblower system FAIR TOGETHER.

If we establish that the breach of a human rights-related obligation or a material negative impact on our staff caused by us has occurred or is imminent in the business unit of a Group company, the management of the Group company concerned will immediately implement remedial measures – if necessary in consultation with the Human Rights Officer. The remedial action to be taken will be determined on a case-by-case basis and selected in terms of measures that appear most suitable to prevent, immediately put an end to or minimize the extent of any breach or negative impact. We also assess the efficacy of the remedial action taken on a case-by-case basis and thus objectively. In order to prevent negative impacts with respect to occupational health and safety or take remedial action, measures such as incident investigations and associated priority programs, risk assessments, targeted communication, training or security briefings are used for example in the companies. In particular, accident analyses, regular risk assessments, inspections or audits help to identify and eliminate accident black spots, unsafe conditions and risks as well as to review the efficacy of the relevant measures.

We inform our workers of our whistleblower system and other complaints mechanisms via our Group homepage as well as → **information media for employees**. We do not record either how well known they are or to what extent the workforce trust the process. Our whistleblower system meets the statutory requirements for protecting whistleblowers. The protection of Salzgitter Group employees who provide information is separately defined in the **"Corporate Compliance" Group directive**. Further details on the whistleblower system can be found in → **G1-1**. The efficacy of the whistleblower system (complaints procedure) is regularly reviewed by our Group internal auditing department. Stakeholders who are intended as target users are not included in the process for tracking the efficacy of the system.

DISCLOSURE REQUIREMENT S1-4 – TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

With regard to impacts and risks identified as material, various individual issue-specific measures are implemented which we explain below. There are currently no comprehensive action plans. Accordingly, we dispense with the minimum disclosure requirements below in accordance with MDR-A Sec. 69 a to c which are not applicable.

The corresponding human resources, financial means and material resources required to implement all the measures mentioned here which serve to manage our material impacts, will be provided by the company or Group companies.

Internal directives such as the **"Occupational Safety" Group directive** and behavioral principles such as the code of conduct are intended to ensure that our own practices do not have any negative impacts on the workforce. Internal company rules and relevant statutory provisions constitute important company principles and must be observed. With regard to the subject of occupational health and safety, we work tirelessly to prevent accidents, identify and eliminate unsafe conditions and risks as well as reinforce the safety culture in the company.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is accorded high priority in the Salzgitter Group. The aim of our actions, on the one hand, is to avoid and counteract negative impacts such as accidents and risks, and on the other, to reinforce the safety culture in the company so as to further optimize the level of safety in the Group and continually heighten awareness of the subject of occupational safety among our workforce. Furthermore, our actions in the area of health management are intended to foster the health and well-being of our employees.

Occupational safety management and measures to promote occupational safety

The different requirements in the individual business units and companies of the Salzgitter Group necessitate that occupational safety be regulated on a decentralized basis, requiring the implementation of corresponding measures at a local level. For that reason, facility-specific and operation-specific measures and offers are therefore continually developed and implemented in Group companies in order to prevent, mitigate or put a stop to negative impacts. The emphasis lies in implementing statutory requirements and taking account of the issues relevant to the companies. These include specific risks, identifying prevalent accidents and injuries such as tripping and falling or hand injuries, unsafe conditions and near misses. The necessity and suitability of each measure must be confirmed by means of a targeted process. In this way, accidents in companies are systematically documented, investigated and analyzed including the circumstances surrounding the accident, the course of the accident and the reasons for it. Corresponding measures to prevent future accidents are derived and implemented on this basis, and corresponding remedial action taken. The latter is actioned by the companies in the event of an accident, taking account of the particular incident depending on the situation. For example, the remedial action comprises first aid for the victim of the accident, investigations into the incident, discussions of the events surrounding the accident, a repetition of safety briefings or training, drawing up or changing safety instructions, the temporary creation of alternative jobs or measures to reintegrate them into the operation. In addition, there is constant communication on the subject of occupational safety issues or incidents in order to raise employees' awareness of safety. Accident analyses, regular risk assessments, inspections or audits help to identify and eliminate accident black spots, unsafe conditions and risks as well as to review the efficacy of the relevant measures.

The Personal Protective Equipment (PPE) used in the companies is subject to a defined selection and approval process involving technical departments and employee representatives. The intention is to ensure the quality and suitability of the PPE made available to employees for their work. The handling of hazardous substances is governed by law. For example, at Salzgitter Flachstahl GmbH (SZFG), employees affected receive instruction regarding general work with hazardous substances via an e-learning module. Furthermore, the specific risks and protective measures associated with individual hazardous substances are taught by company supervisors on the basis of operating instructions in accordance with the Hazardous Substances Ordinance.

An occupational safety Group working group reporting directly to the Chief Personnel Officer and Group Industrial Relations Director supports Group companies in their aim of constantly improving occupational health and safety. Members of the working group are at the companies' disposal for advice. For example, they conduct so-called smart audits in the Group companies where required in order to identify strengths and areas in need of development in the field of occupational safety in the course of these analyses of the company's potential. In addition, the working group is intended to support dialog between the companies and promote knowledge transfer on appropriate measures in the Group. Furthermore, Group companies receive support in selecting possible instruments of occupational health and safety with the aid of a "toolbox". In addition, specialist seminars on the subject of occupational health and safety are conducted across the Group such as the annual get-together of safety officers and qualification measures on the subject of occupational safety. Moreover, occupational safety is a matter subject to co-determination as a rule. For example, there are various company agreements in place in the Group companies that reflect comprehensive health and safety at work as well as an integrated understanding of health. The inclusion of our co-determination bodies and employees in occupational safety processes such as the risk assessment, for instance, and the development and introduction of preventive occupational safety mechanisms is a key part of this process.

Action days in Group companies on occupational safety and health promotion

In the reporting year, activities also focused on staging action days with varying priorities on the subjects of occupational health and safety. Besides technical and organizational protective opportunities, the occupational safety conduct of each individual is crucial. The aim of these events, therefore, is to constantly make employees conscious of accident risks and health dangers, hone their awareness of them and encourage them to practice safe, healthy working methods and modes of behavior. The examples listed below reflect the wide range of offers aimed at the special requirements and needs of individual Group companies. The "Occupational Health and Safety Practice Days" were held for the third time in spring at SZFG with around 3,000 employees from different Group companies participating. In over 50 event blocks, groups of participants visited various stations devoted to occupational health and safety on a tour lasting four hours: from the virtual identification of dangerous situations and causes of accidents, coordination training, a slips, trips and falls training course to the theme of healthy hearts and how to handle hazardous substances.

General managers, works councils and safety experts from companies in the Steel Production Business Unit gathered at the Duisburg facility this year for a joint occupational health and safety conference. Over presentations and practical units, participants swapped notes on occupational health and safety measures and gained practical experience of the subject matter by taking part in a slips, trips and falls training course.

This year's Health Day for employees was held at the Peine facility under the motto: "HEALTHY? BUT OF COURSE". A total of 20 different offers on occupational health and safety topics were presented, aimed at raising participants' awareness and containing many helpful tips and suggestions for their everyday lives.

A total of 450 employees from companies at the Mülheim facility took part in this year's "Health Day". Participants were offered a varied program on the topics of occupational safety, health and well-being. For example, there was an "intoxication course" where participants were able to experience first-hand how the consumption of alcohol and drugs changes cognitive functions. In addition, there were demonstrations and exercises on fire prevention as well as various health and screening offers such as a back check, bowel cancer screening or advice on debt.

The "FingerFertig" (nimble fingers) campaign was staged at various German facilities in the Precision Tubes Group. The aim of this campaign is to reduce and prevent hand and finger injuries. Workshops and events were held on this subject in which participants learned the dangers and consequences of hand injuries as well as risks and how to conduct themselves at the workplace. At the Mannesmann Precision Tubes Group facility in Mexico, a "Safety Week" was held in spring with various occupational health and safety promotions designed to raise awareness of occupational health and safety.

KHS GmbH staged one-day health days at each of Its domestic facilities, offering participants various, easily accessible screenings (e.g. intraocular pressure testing) as well as campaigns focusing on occupational safety such as training in hazardous substances and safety footwear advice. Various priority measures were implemented at KHS's facility in Mexico in the reporting year, e.g. on the correct use of personal protective equipment or preventive maintenance on machines and systems.

To evaluate the efficacy of measures, companies obtain feedback from participants in the action days, for example, and the organizers reflect on the events in retrospect. The findings and insights thereby gained serve as the basis for designing future programs. Continuous monitoring of the accident situation in the Group and at the company level also helps us to monitor our performance in this area and to take corrective action. In addition, the subject of occupational health and safety is discussed at the start of all Group Management Board meetings. The Executive Board and business unit managers discuss the relevant safety figures here, as well as events occurring in the Group and individual companies and relevant improvement measures.

Development of a new health and safety strategy

Work also started in the reporting year on a concept for a new health and safety strategy for the Salzgitter Group. The aim is to meld the topics and issues of safety at work and protecting health more closely with each other, realize continuous, measurable improvement in occupational health and safety and reinforce the occupational health and safety structure in the Group. The project is collectively supported by the Executive Board, Group Management Board and the Group Works Council. As part of the project work, interviews and conversations were first held with senior executives and employees on a wide range of levels of the hierarchy in collaboration with an external partner, and facility inspections carried out at various companies to identify strengths and potential for improvement in the area of occupational health and safety. Building on these results, the next step will be to derive suitable measures in a road map and implement them in Group companies.

Further health management measures

We are constantly working on actively strengthening our health potential and improving the well-being of our employees at the workplace. Prevention is a pivotal aim of our health management, meaning efforts to promote behavior conducive to good health.

Besides medical screening and consultations, our health offers range from "health check-ups", company fitness centers and alliances with external partners to support for employees participating in public sports events. Our health check-up is an easily accessible offer in which parameters such as blood sugar, blood fats, BMI and blood pressure are measured. In a subsequent consultation with the works physician, participants receive their test results and recommendations on the steps to take to boost their individual health.

In addition, the companies provide regular action and information offerings which focus on a wide variety of health and screening issues. For example, in 2024, there were company podcasts available on the subjects of "cardiovascular diseases" or "preventive offers", screening campaigns for bowel and skin cancer, thyroid diseases, kidney and liver complaints as well as preventive eye examinations. Annual flu jabs or COVID-19 vaccinations were also offered at various facilities.

A special examination in the form of the CardioExplorer was also offered to employees at a heightened risk of cardiovascular diseases for companies at the Salzgitter, Peine and Ilsenburg facilities. The analysis of various health parameters by the works doctors in the course of this test procedure determines the likelihood of the presence of an acute vascular disease in the relevant patient. Furthermore, the test reveals previously undetected risk factors such as high blood sugar or cholesterol levels. The test is followed by a consultation with the works doctor during which the results are handed over to the participant. Depending on the seriousness of the findings, the works doctor may also identify further measures – e.g. a recommendation to have more extensive tests – and if necessary arrange for such tests to be performed. To establish this offer on a permanent footing and to manage it in a more targeted manner, the CardioExplorer is in future to be integrated with the regular health check-up. As a further measure in the area of heart disease, 24 automated, external defibrillators were installed in the head office and on the site in Salzgitter with the result that in the event of a cardiac arrest, helpers can begin resuscitating the patient even before the fire service or works doctor have arrived. As a result, the chances of surviving such an emergency are significantly increased.

Occupational healthcare also places emphasis on employees' mental health. At the Salzgitter facility, for example, there is the "mental signpost": Employees are able to obtain direct personal advice from a psychological psychotherapist who, if appropriate, will refer them to other providers working in our company health management system or in the national health system. There are also further education offers in the areas of stress management or resilience as well as a special offer for managers of all levels on how to handle psychological complaints and illnesses at work. Employees with care responsibilities can also avail themselves of a free family service in Germany which can advise them on questions relating to looking after children and caring for dependents and refer them to other services.

In addition, employees with long-term illnesses are given special support to reacclimatize to working life. First and foremost, this company reintegration management system includes measures individually tailored to those affected and their workplace demands. The highest priority is given to enabling them to return to their existing workplace. The close networking of all service providers allows a coordinated response to be quickly orchestrated.

Healthcare offers are constantly advertised via the various communication channels and intended to motivate employees to take advantage of them. Feedback from participants or participation numbers offer clues as to the efficacy and acceptance of the measures. In addition, our company health insurance provider prepares regular health reports for numerous companies which provide extensive information on the health situation in each company (e.g. absenteeism and the analysis of absences, main illnesses). Corresponding target market-specific and company-specific health offers can be conceived on that basis.

FURTHER TRAINING AND SKILLS DEVELOPMENT

The constant further education of our employees is a key concern of ours. In order to enable our employees to develop their abilities and talents, we are working on creating an environment of opportunities and ample scope for further development. Our aim is to provide our employees with qualification and growth opportunities and boost their career prospects.

Further training and qualifications offers

To strengthen further training and design it to be more efficient, two Centers of Excellence (CoE) have been set up at Salzgitter Flachstahl GmbH (SZFG) and KHS GmbH which provide training offers for participating domestic Group companies and arrange for measures to be carried out. An extensive learning management system, SuccessFactors Learning, was implemented in this context as a building block in the strengthening and digitalization of further training. Using this system, for example, training measures can be selected and allocated or reflections on an employee's own learning history prepared. Via the CoE, our employees have access to a comprehensive list of training measures that focus on a range of different work-related and interdisciplinary topics. For example, further training is offered in the spheres of IT and technology, logistics and transportation, communication and working methods, occupational health and safety as well as leadership, cooperation and equal treatment (General Equal Treatment Act). These courses are staged both as face-to-face events and in digital formats.

In addition, the companies implement specific further training and qualification measures to fit their respective needs and circumstances. The systematic management of training requirements is exemplified by the PuQ program (personnel growth and qualifications) conducted by SZFG. Employees meet with their supervisors once a year to discuss and clarify qualification requirements and career prospects. Leading on from this, measures and career development opportunities are agreed and generally realized within a year. Similar further training models are in use in other companies with the aim of determining employees' corresponding qualification requirements and growth opportunities in structured, joint discussions between supervisors and employees and deriving suitable measures to be implemented.

Through its "Fit4Leadership International" program, KHS GmbH has implemented a learning offering for international executives and project managers designed to strengthen networking, joint learning and the initiation and implementation of change processes on a global scale and thus support the company's international growth path. As part of this program, participants receive training on topics such as intercultural communication or virtual collaboration, among other things. With regard to the continuous qualification of its service technicians, KHS GmbH relies on an international infrastructure of trainers as well as a uniform qualifications matrix. The qualifications matrix defines the required technical skills which service technicians need to meet the high product requirements and standards – e.g. for the maintenance and servicing of systems on customers' premises – and facilitate reliable, flexible service.

Further training and qualification offers are subject to regular review, e.g. with respect to the demand for them or their relevance from the perspective of employees and companies, and supplemented by the needs of Group companies. This is aimed at ensuring that the offers align with the needs of the company and its workforce and are always up to date. In addition, feedback is solicited from participants on the relevant training measures. The stages in employees' growth and their careers are defined and implemented at Group company level. For example, after successfully completing training measures and acquiring the necessary qualifications and skills (e.g. certifications), employees can take the next steps defined in their growth path.

Career development

In the Salzgitter- Group we have established a groupwide system by the name of FORWARD for managers and experts encompassing all companies. This system fosters the commitment, innovation capability, information sharing and networking on the part of high achievers on all hierarchical levels. Our Salzgitter competence model defines interdisciplinary requirements that are particularly important, alongside expertise and professional experience.

Junior employees with a university degree and qualified staff with vocational training constitute the target market for FORWARD basic programs. The focus here is on the structured communication of knowledge and the systematic establishment and expansion of methodological expertise and social skills that are intended to enable students to take on departmental and managerial responsibility at a later date. There is a broadly diversified range of seminars that not only offer interesting opportunities for further training in line with requirements and on an extracurricular basis but also contribute toward the networking of junior staff between companies. Regular presentations from internal speakers provide insights into company structures, processes and topics.

By way of more extensive programs on personnel growth, such as the Salzgitter Seminar for the target group of experienced specialists and managers, FORWARD promotes and supports the development of skills in high-potential individuals and high achievers for the long term. Along with the range on offer to domestic companies, two English-speaking programs also form part of the FORWARD system. Particular emphasis is placed on intercultural collaboration for the target market of international high achievers, along with instruction in extracurricular competencies. The FORWARD program for the top management "Leadership Circle" provides a targeted offer for the top management of the Salzgitter Group that provides fresh impetus with its emphasis on (new) leadership, change, systemic thinking and innovation, encouraging the consolidation and expansion of managerial skills.

In order to evaluate the efficacy of the FORWARD modules, regular feedback is obtained from participants and on this basis any adjustments needed to the content of the program are defined and implemented. There is also a close feedback loop in place with Group companies with respect to the modular development of managers as well as the modification of existing and development of new modules in the Group.

Securing knowledge

As a module to secure knowledge, a process of systematic knowledge transfer is used as and when required in the form of the so-called TransferWerk in Group companies. The aim is to preserve knowledge in the company, especially when the incumbents of key functions change and, under normal circumstances, this knowledge will be made available to their successor. TransferWerk is a proven knowledge management tool in the Group and in companies and it makes an important contribution toward preserving and passing on knowledge and know-how in the company and supporting the onboarding process for employees.

SKILLS SHORTAGES

In Germany, in particular, numerous employees from the baby boomer generation will leave the company in the coming years. At the same time, there are fewer junior staff, specialists and managers available on the labor market. We therefore deploy various measures on an ongoing basis in order to counter the risk of skills shortages.

Vocational guidance and personnel marketing

To counter the imminent lack of specialists and engineers in good time, we promote young people also during their high school and college time, and offer vocational guidance. We focus our commitment on the disciplines of natural sciences and technology. We supplement this strategy by relying on personnel marketing tools in order to advertise the company and the jobs it offers across various channels.

Visits to companies, practical days and company presentations, as well as comprehensive information from our "Career Blog" enable young people to gain practical insights and give them an idea of the wide-ranging professional prospects on offer in the Salzgitter Group. In addition, a summer vacation program was again organized this year for young people at the Salzgitter and Ilsenburg facilities. In line with the motto, "Experience electrical engineering or metalworking technology", participants were given the chance to familiarize themselves with technical professions in an industrial context and try out their manual skills in handling steel as a material. Various Group companies also regularly take part in the Future Day or Girls' Day. The Technology Center of Lower Saxony on the other hand enables female high school graduates to take on parallel work placement at Salzgitter AG and to have a taste of studying engineering at one of the universities involved in the program.

In order to sell young people on the idea of working for our Group, we rely on training campaigns specific to each business unit and targeted marketing activities. For example, we use social media channels to raise awareness of the Group among future trainees and employees. Since this year, for example, the training program of Salzgitter Flachstahl GmbH has been offering insights into the training at the Salzgitter campus through its own Instagram channel and providing practical information through the platform, e.g. on the application process. Under the motto of "Glüh Auf" (Light Up), Mannesmann companies are running a training homepage with extensive information on training in the Mannesmann sphere in order to attract young people to various training professions and jobs. The Trading Business Unit illustrates everyday life in various training professions on the website "hier-passierts.de" (we make it happen), and KHS GmbH provides personal testimonies by trainees in a wide variety of apprenticeship occupations on its homepage as well as an information video on training at KHS. In addition, Salzgitter AG once again exhibited at IdeenExpo this year, Europe's largest youth event for technology and science. Equally, we regularly participate in job exchanges and university contact fairs and work closely with universities to attract students and graduates to our Group. With regard to students and graduates, there is an opportunity to get to know Salzgitter AG as an intern or working student or to join the company as a trainee. In addition, Peiner Träger GmbH, for example, awarded five German scholarships to students at a regional university in the reporting year.

Vocational guidance and personnel marketing measures serve primarily to increase awareness of the Group through various channels, generate visibility, arouse interest in future trainees and employees and make contacts. They also make an important contribution toward positioning Salzgitter AG and its Group companies in the competition for future specialists. Indicators such as the number of visits to the career blog, social media posts or job advertisements, applications received, discussions with visitors to trade fairs or the number of visitors to events such as IdeenExpo or trade fairs provide us with information on the reach of these activities and support us in identifying possible topics with respect to refining our employer branding.

Vocational training

Vocational training represents for us an important investment in the future and a key measure for securing our requirement for skilled workers. In Germany, for example, we offer training in over 30 different occupations and sandwich study programs in commercial and technical fields as well as IT. Securing the future prospects of trainees by giving them follow-on employment not exclusively based on immediate requirements reinforces the processes of obtaining and extending qualifications, and represents an important approach to the problem of skills shortages. Training is organized and delivered at Group company level as is the corresponding requirements planning. Besides the well-founded communication of training content, trainees also receive close support. For example, trainees can enjoy their own "works school" at the Salzgitter training center where they are specifically trained for exams in addition to their regular lessons. A "Trainee Exchange" was held again this year between different Group companies and locations to network training in the Group. Eight trainees swapped their traineeship places with each other for two weeks and were thus not only able to get to know different traineeships but also other Group facilities and products. Trainees at KHS GmbH also have the chance to visit KHS' facility in China as part of a trip abroad and get to know the production, culture and language there. In addition, the regular "Executive Board meets Trainee" scheme underscores the importance our company places on education and training activities. In a series of workshops, trainees from various Group companies work on entrepreneurial and strategic issues and subsequently discuss their conclusions together with the Executive Board.

At the Salzgitter facility, our "Future Hunter" program is making its contribution toward readying school-leavers in need of support to take up a company traineeship in the metalworking or electrical field. In the course of this ten-month program, participants learn the basic work methods and gain insights into everyday working life as well as into how training operates in our company. In addition, refugees were again given the opportunity in the reporting year as part of an integration project to find their feet in the world of work through an internship and to qualify for a company traineeship.

The quality and efficacy of our vocational training is continually reviewed by the companies, e.g. with respect to the occupations offered or examination results obtained. There is a joint Vocational Training Advisory Board in place for the Salzgitter, Peine and Ilsenburg facilities. This board consists of employer and employee representatives from different companies, and it meets on a regular basis to discuss and analyze issues surrounding vocational training. In the process, application figures and examination results are regularly discussed, for example, and training processes, content or projects agreed.

Succession and talent management

With regard to filling vacant managerial posts, a succession and talent management process has been established in the Group. The aim of this process is initially to identify and encourage successors (with a specific target function) and talented individuals (with potential for more far-reaching management assignments without as yet any defined personal development target) for the general manager level and managers reporting directly to them across the Group. A precise analysis of their potential is obligatory for all those nominated. Talented individuals are integrated into a talent pool and they undergo a high-quality personnel development program at a Group level. The development of successors is managed on a decentralized basis in the companies. In order to ensure the efficacy of our succession and talent management, appointments to the pool and the career development of prospects are tracked and supported via the Managers department in the holding company. In addition, the content of the program and associated processes are regularly reviewed and, where necessary, adjusted. In the reporting year, talent management was also more closely linked to our mentoring program for women. The aim in the future is to integrate graduates from the mentoring program into the nomination process for the talent management program in an even more targeted fashion and identify female prospects. The current nomination cycle was started at the end of 2024, and the selection of successors and talented individuals is due to be completed by the middle of 2025.

Demographic analysis
Demographic analyses and retirement forecasts were also prepared in domestic companies in the reporting year, taking account of employees in key positions. In this context, the companies shone a light on among other things the age structure and the trend in the age-related retirements of key employees, and on this basis they identified possible measures for managing the demographic development in the company. In addition, work started on successively drawing up succession concepts for this group of people. The relevant measures are to be consolidated in the coming years and are to support the Group or the companies in identifying personnel requirements, in particular for specialists and managers in key positions, at an early juncture and implementing suitable measures to fill these posts.

Measures to boost our attractiveness as an employer
In addition to the measures described above, we also constantly implement further measures to boost our attractiveness as an employer in order to cope with the shortage of skilled workers. In cooperation with external partners, for example, the Salzgitter location offers free vacation care for primary school children of employees close to the workplace. There are also alliances in place with different discount portals. These portals give our employees the opportunity to procure services from third-party providers on favorable terms. In numerous Group companies, the Salzgitter pension (works pension) represents a uniform model of an employer-funded pension. We also offer our employees various options for deferred compensation in the form of a pension plan and as disability insurance.

The aim of these offers is to position Salzgitter AG as an attractive employer in the competition for qualified employees and cement employees' loyalty to the company. We therefore track corresponding developments or relevant trends, and implement measures commensurate with the circumstances in the Group or companies in order to attract and retain talented individuals. Indicators of our employees' loyalty to the company, for example, include employee fluctuations and turnover and the number of employees handing in their notice.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

OCCUPATIONAL HEALTH AND SAFETY
Occupational health and safety represent important concerns for the company. Reducing accidents and promoting a safe, healthy working environment play a significant role in this process. Safety at work and the associated lowering of accident figures are enshrined both in the targets set for our top management and in our scorecard targets. Our strategy scorecard aims to reduce accidents by 35 % by 2025 compared with 2021 and by 50 % by 2030 vs. 2021. The metric here is the Lost Time Injury Frequency (LTIF, number of work-related accidents with days and occupational accidents lost per 1 million hours worked) of our worldwide active workforce (permanent staff and trainees). There were no adjustments to the targets or measurement methods in the reporting period. In addition, a reduction in the number of accidents or the LTIF is a regular component of the targets set by the Supervisory Board for the Executive Board. The employee representatives on the Supervisory Board play an active role in defining the targets and thus for the Executive Board, and they monitor and discuss their implementation status in this context.

The target for the LTIF for the whole Group was 7.90 for 2024 while the actual figure in 2024 stood at 7.45. Besides the worldwide active workforce, temporary workers have been included in the LTIF target for the Executive Board for the first time in the reporting year in order to monitor accident frequencies for this group of people more closely.

The LTIF target for the Group is also passed on within the Group via the Executive Board's annual targets set for top management. The corresponding targets are set for each company. The degree to which the target is met is continuously followed by monitoring accident figures and the LTIF on a monthly basis. The issues and topics of occupational safety are top of the agenda at Group Management Board meetings. The Executive Board and business unit managers discuss relevant safety figures here, events occurring in the Group and individual companies and actions to achieve improvements. At meetings of the Group Works Council, the Group Industrial Relations Director informs employee representatives of the accident picture and discusses findings and opportunities for improvement with the members.

FURTHER TRAINING AND SKILLS DEVELOPMENT

The provision of opportunities for qualifications and development to boost the employability and career prospects of our employees, is one of our company's important objectives. Between 2020 and 2023, the continuous expansion of further training activities in the Salzgitter Group was enshrined in the Supervisory Board's targets for the Executive Board. These targets were then cascaded within the entire Group via the Executive Board's targets for top management. Under these targets, 95 % of employees worldwide should have taken part in at least one further training measure by 2023. The figure achieved for the 2023 financial year stood at 99.87 %. In addition, qualitative targets were also met such as the development of further training concepts in connection with digitalization.

After the targets for 2023 were successfully met, the Group initially refrained from defining a follow-on target on the subject of "Further training". The further training data for the Group are uniformly collected for the entire Group via Personnel Controlling on the basis of the corresponding definitions. The corresponding, regular monitoring of the number of further training participants and the further training measures carried out for our global permanent workforce was also maintained in the reporting year. In 2024, we recorded 20,426 further training participants across the Group and 76,143 further training measures carried out.

From 2024 onwards, work started on also surveying new indicators such as the further training hours per employee on the basis of ESRS requirements. To date, there are no benchmarks or experience with respect to these figures in the Group which would have supported the corresponding setting of targets. Based on the results of the new data surveyed, we will assess the new indicators and verify whether appropriate targets could be derived from them going forward. Regardless of this process, we are continuously working on providing our employees with qualification and growth opportunities and boosting their career prospects. We therefore continued to deliver our further training measures and programs at Group and company level in the reporting year. Details on tracking the efficacy of our concepts and measures are described in this section in → S1-4.

SKILLS SHORTAGES

With regard to our handling of the risk of skills shortages, we pursue the objective of identifying the need for specialists and managers at an early juncture and putting suitable measures in place to secure the specialists.

To date, the Group has refrained from setting a quantitative target due to the multifaceted nature of this issue. Rather, we are relying on implementing specific qualitative measures. The corresponding concepts and measures are continuously prepared, implemented and evaluated, taking account of the concerns and needs of the Group and its companies. Corresponding details of how we track the efficacy of our concepts and measures are described in this section in → S1-4.

DISCLOSURE REQUIREMENT S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

The following key data provide an overview of how our workforce is structured and supplement the information on the aforementioned key IROs. Key workforce data are based on the workforces of all consolidated domestic and foreign Group companies. All of these details are based on the number of people on the reporting date. The personnel indicators are recorded in an SAP-BW system as part of Personnel Controlling. The survey itself is conducted on a largely automated basis via machine interfaces from the central payroll accounting client of the Salzgitter Group to the SAP-BW system. The workforce data and personnel movements for the vast majority of foreign facilities are also recorded via mini master records in the Group client and extracted to the BW system. All further data are collected via manual data entry screens on binding reporting dates. Data are collected on the basis of definitions applicable across the Group. Rounding differences in the headcount data are possible when taking into account proportionate shareholdings.

Employee head count by gender (as of December 31, 2024)

Gender	Number of employees
Male	19,266
Female	3,115
Other[1]	0
Not reported	0
Total Employees	22,381

[1] Gender as specified by the employees themselves.

Employee head count in countries in which the company has at least 50 employees who account for at least 10 % of the total number of employees of the company (as of December 31, 2024)

Country	Number of employees
Germany	18,585

Employee by contract type, broken down by gender (as of December 31, 2024)

2024	Female	Male	Other[1]	not disclosed	Total
Number of employees	3,115	19,266	0	0	22,381
Number of permanent employees	3,019	18,547	0	0	21,566
Number of temporary employees	97	719	0	0	816
Number of non-guaranteed hours employees	0	0	0	0	0
Number of full-time employees	2,362	18,924	0	0	21,286
Number of part-time employees	749	345	0	0	1,094

[1] Gender as specified by the employees themselves.

Employee by contract type, broken down by region (as of December 31, 2024)

2024	Germany	Rest of Europe	Asia	America	Other regions	Total
Number of employees	18,585	1,226	905	1,451	214	22,381
Number of permanent employees	17,873	1,194	848	1,448	203	21,566
Number of temporary employees	712	32	57	3	11	815
Number of non-guaranteed hours employees	0	0	0	0	0	0
Number of full-time employees	17,563	1,158	901	1,451	214	21,287
Number of part-time employees	1,023	68	4	0	0	1,095

Turnover

2024	Number of persons
Total number of employees who have left the company	1,715
Rate of employee turnover in %[1]	7.4

[1] Based on the average core workforce of 2024.

As at the reporting date, our global core workforce comprised 22,381 employees. The most representative figure in the financial statements can be found under Note 4 "Personnel expenses". Over 95 % of our employees were permanent or full-time employed. Temporary employment contracts are used, for example, to cover temporary additional or replacement requirements. In the reporting year, 1,715 employees left the company. This includes both employee and employer-related departures as well as departures due to age and health. 573 employees left the company in 2024 due to employee termination, which corresponds to an employee termination rate of 2.5 %. A more detailed description of the development of the workforce in the 2024 financial year and information on the composition of our Executive Board and Supervisory Board can be found in the management report in the chapter → Employees, and in the → Declaration of Corporate Governance respectively.

DISCLOSURE REQUIREMENT S1-13 – TRAINING AND SKILLS DEVELOPMENT METRICS

Employees that participated in regular performance and career development reviews

2024	Female	Male	Other[1]	not disclosed	Total
Employees that participated in regular performance and career development reviews (%)	54.1	47.6	0.0	0.0	48.5

[1] Gender as specified by the employees themselves.

Average number of training hours

2024	Female	Male	Other[1]	not disclosed	Total
Average number of training hours per employee	17.0	23.2	0.0	0.0	22.3

[1] Gender as specified by the employees themselves.

DISCLOSURE REQUIREMENT S1-14 – HEALTH AND SAFETY METRICS

Occupational safety

	2024
The percentage of people in its own workforce who are covered by the undertaking's health and safety management system.	71 % of our employees are covered by a management system for health and safety certified as per ISO 45001.
The number of fatalities as a result of work-related injuries and work-related illnesses.	0
Number of recordable work-related accidents	250
Rate of recordable work-related accidents[1]	7.2

[1] Occupational accidents per 1 million hours worked and fatal occupational accidents; core workforce.

In the reporting year, a work-related accident occurred on the site of Hüttenwerke Krupp Mannesmann GmbH (HKM; 30 % share) in which an employee of an external company was fatally injured during loading work within their own sphere of responsibility. Official investigations into this incident had not yet been completed as of the end of the reporting year. HKM is providing its full support to these investigations.

COMPANY-SPECIFIC METRICS ON SKILLS SHORTAGES

Apprentices and sandwich students (as of December 31, 2024)

	2024
Number of apprentices	1,057
Number of sandwich students	61

Apprenticeship quota (as of December 31, 2024)

in %	2024
"Apprentices and sandwich students" trainee ratio - domestic	5.5
"Apprentices and sandwich students" trainee ratio - global	4.8

In the reporting year, 256 trainees and sandwich students were taken on by the Salzgitter Group at the end of their training.

ESRS S2 WORKERS IN THE VALUE CHAIN

STRATEGY

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS

As workers in our value chain might be materially affected by our operating activities, we regard them as vital stakeholders. In the process, we focus on the employees of service companies which perform their work on our sites in a manufacturing or quasi-manufacturing working environment. Their interests, views and rights form part of our occupational safety strategy and are enshrined there as a strategic target in terms of minimizing risks and achieving a common culture of safety.

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SMB-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The actual and potential impacts on workers in our value chain which we viewed as part of our materiality analysis, are linked to our human rights strategy, particularly with respect to occupational health and safety. We have identified management of social and human rights issues along the entire value chain as a strategic focus as part of our → **sustainability strategy**.

Within the context of our materiality analysis, we identified and examined certain kinds of workers in the upstream and downstream value chain who may be affected by negative impacts, primarily on their health and safety at work. During the → **workshops conducted for the materiality analysis**, we developed a deep understanding of the extent to which certain workers are at greater risk, e.g. with respect to complex production processes or construction work forming part of the SALCOS® program. We define the kinds of workers in the value chain who might be materially affected by our activities as the employees of service companies in the upstream value chain who perform their work in a manufacturing or quasi-manufacturing working environment on our sites.

Regrettably, we identified one actual, materially negative impact in the course of our materiality analysis. In 2024, a work-related accident occurred on the site of Hüttenwerke Krupp Mannesmann GmbH (HKM) in which an employee of an external company was fatally injured as a result of loading work within their own sphere of responsibility. Official investigations into this incident had not yet been completed as of the end of the reporting year. The investigation is receiving the full support of HKM.

We did not identify any substantial risk of child labor or forced labor among workers in our value chain. In the reporting year, no serious problems or incidents were reported to us in connection with human rights within our upstream and downstream value chain.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DISCLOSURE REQUIREMENT S2-1 – POLICIES RELATED TO E VALUE CHAIN WORKERS

Our occupational safety policies described below apply to all partner companies working in Group companies and to all contractors of Salzgitter AG on its sites. Activities in the upstream and downstream value chain, in particular at external suppliers or service providers not working at Group facilities, are not covered. Our occupational safety policies comprise all activities within Salzgitter AG and its direct Group companies. This includes all activities in the areas of production, administration and logistics relating to the occupational health and safety of workers of partner companies and suppliers.

Occupational safety is one of Salzgitter Group's high-priority corporate goals and traditionally enjoys very high standing for us as a manufacturing company operating in heavy industry. Against this backdrop, the **"Occupational Health and Safety" Group directive** defines our safety policy as well as the elements and standards of health and safety management. Nevertheless, the different requirements and circumstances in the business units and companies of the Group necessitate that occupational safety be regulated on a decentralized basis. For that reason, individual business units and companies within the Salzgitter Group implement occupational health and safety policies and measures tailored to their respective requirements. Each company is required to draw up targets, priorities and programs and to monitor and verify the efficacy of the measures put in place.

These company-specific occupational safety policies and minimum standards for partner companies are intended to minimize risks and avoid accidents in order to safeguard the physical safety of all suppliers and employees of partner companies. The core objective of the works regulation governing the work of Salzgitter Flachstahl GmbH (SZFG) employees, for example, is to guarantee safety on construction sites, in particular for non-German speakers and external workers. In addition, the "Staged Concept for Briefing External Companies", specifies the briefings to be given on occupational safety, technical environmental protection and energy management.

In various companies, the implementation of occupational safety is based on certified occupational safety management systems which largely align with the ISO 45001 management system. The management systems are regularly reviewed and managements and the Group Executive Board informed of their current status. Companies' ↗ certifications are available on the Salzgitter AG website.

As part of a continuous monitoring and improvement process, safety measures are updated and adjusted to fit new circumstances. This includes regular risk assessments, safety regulations and the documentation of accidents and near misses. The responsible managers and safety experts also conduct implementation and efficacy checks to ensure that the protective effect expected is genuinely delivered.

The observance of human rights in all parts of the Salzgitter Group is a matter of course for us. In addition, we endeavor to cement this understanding with all our suppliers and workers in the value chain and prevent human rights infringements in the entire supply chain. This is also clarified in the ↗ policy statement issued by the Executive Board of Salzgitter AG on the Salzgitter Group's human rights policy.

Part of our human rights policy is to ensure that human rights due diligence is carried out in the supply chain. To achieve this, the Salzgitter Group and each Group company have introduced various processes and mechanisms as part of supply chain risk management (LkRM) which is based on the three pillars of Identification, Prevention and Remedy and set out in writing in the **"Corporate due diligence in the supply chain" Group directive**. The LkRM is based on the obligations arising from the Supply Chain Due Diligence Act (LkSG). The processes and mechanisms therefore also serve to monitor observance of the United Nations Guiding Principles on Business and Human Rights, the Declaration of the ILO on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, provided this is covered by the regulations and requirements of the LkSG. Implementation of the LkRM of Salzgitter AG and SZFG acting as a center of excellence for various Group companies, is monitored by the Human Rights Officers of Salzgitter AG and SZFG. Our → **whistleblower system** FAIR TOGETHER is also available to our workers in the value chain.

If it is established that a breach of human rights due diligence has occurred or is imminent at a direct supplier, the management of the Group company concerned will immediately take remedial action – if necessary, in consultation with the Human Rights Officer. These measures are individually defined and selected for their suitability for preventing the breach, putting an immediate stop to it or minimizing its scale.

In order to remedy negative impacts with respect to occupational health and safety, risk assessments are prepared, for example, training activities are conducted, and safety briefings used that require to be documented. In addition, measures are implemented such as detailed incident investigations and associated priority programs initiated in the companies. In the process, we always rely on targeted communication.

Our Supplier Code of Conduct defines clear standards for suppliers with respect to the observance of human rights, occupational safety, environmental protection and climate protection, as well as statutory regulations. Suppliers are obliged to implement these principles along the entire supply chain with a facility to carry out audits and random checks and terminate contracts in the event of serious infringements. The Salzgitter Group's Supplier Code of Conduct contains provisions dealing with worker safety, forced labor and child labor.

Our policies with regard to workers in the value chain are based on internationally recognized standards of relevance to workers in the value chain. In particular, we regard the Principles of the United Nations' International Labor Organization (ILO) and the contents of the UN Civil and Social Pacts as minimum global standards. In the course of matching the various requirements contained in the frameworks referenced in the ESRS with our internal documentation, we identified individual aspects that do not yet fully reflect the relevant international standards, among them the United Nations Guiding Principles on Business and Human Rights. This relates to individual documents, e.g., the Supplier Code of Conduct. No cases of failure to observe the UN Guiding Principles on Business and Human Rights, the Declaration of the ILO on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises relating to workers in our value chain were reported to our compliance hotline in terms of our upstream and downstream value chain in the reporting year.

DISCLOSURE REQUIREMENT S2-2 – PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

We take account of the views of workers in our value chain by facilitating a regular exchange by means of regular processes such as standard meetings between external company coordinators and representatives of external companies or joint safety meetings. The management of each company bears responsibility for ensuring that this participation takes place and the results are taken into account. We evaluate the efficacy of our commitment to the workers in our value chain by means of regular inspections and by recording the relevant accident figures.

DISCLOSURE REQUIREMENT S2-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

If we have caused a material negative impact on workers in our value chain or contributed to such an impact in connection with working conditions, we apply the following approaches and processes to remedy the situation: The management of the Group company affected – if necessary in consultation with the relevant Human Rights Officer – will take remedial action without delay. This action will be determined on a case-by-case basis and selected on the basis of what measures seem to be the most suitable for preventing a breach or negative impact, putting an immediate stop to it or minimizing its scale. We also assess the efficacy of the remedial action taken on a case-by-case basis and thus objectively.

We offer workers in our value chain the option to raise their concerns, needs and reservations directly and use our whistleblower system FAIR TOGETHER to convey them to us anonymously and confidentially via our electronic reporting portal, compliance hotline or our ombudswoman. These channels are set up by Salzgitter AG itself. Via our homepage, we provide detailed information about our whistleblower system FAIR TOGETHER both on the protection offered to the whistleblower and on external and internal reporting offices. Furthermore, we regularly draw attention to FAIR TOGETHER in our Group magazine STIL and fundamentally in our Supplier Code of Conduct.

The problems raised and dealt with that may relate to the breach of a human rights obligation or a material negative impact on workers in the value chain caused by us, are tracked and monitored by the management of the Group company affected. If necessary, such issues may also be coordinated with the relevant Human Rights Officer. The efficacy of the whistleblower channels is reviewed by management once a year and as warranted; this review includes random checks carried out by our internal auditing department. Stakeholders who are intended as target users are not included in the process for tracking the efficacy of the system.

We do not regularly investigate whether the workers in our value chain are aware of these processes or trust them to raise their concerns or needs and have them reviewed. Our whistleblower system meets the statutory requirements for protecting whistleblowers.

DISCLOSURE REQUIREMENT S2-4 – TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS

We implement various occupational safety measures to prevent or mitigate material negative impacts on workers in the value chain, which we explain below. There are currently no comprehensive action plans. Accordingly, we waive the non-applicable minimum disclosure requirements in accordance with MDR-A 69 a to c hereinafter.

COLLABORATION, TRAINING AND MANAGEMENT SYSTEMS FOR SUPPLIERS

The Salzgitter Group engages and works closely with its suppliers to ensure that they comply with the Supplier Code of Conduct. We also require that our suppliers' management systems are certified. Occupational health and safety requirements are systematically integrated into the planning of new buildings and conversions. In the process, we also rely on the safety assessments and experience from comparable projects. In addition, we conduct training to communicate knowledge of human rights-related risks in supply chains as part of a compliance training program for our staff. In order to supplement this program, the PAM process (Partnerschaftliches Auftragnehmermanagement - Contractor Management in a spirit of Partnership) was implemented at SZFG with the aim of systematically meeting the respective occupational health and safety requirements in working with contractors. This process includes the identification and reporting of anomalies, the classification and escalation of breaches and efficacy reviews of actions.

The Salzgitter Group has introduced a comprehensive questionnaire to evaluate, manage and administer external companies and contractors. This questionnaire serves as a tool to ensure occupational safety and minimize risks when working with external companies. It includes various aspects such as occupational health and safety management, the induction system or risk assessments. By introducing this questionnaire, we are ensuring that collaboration with external companies is systematically monitored and continuously improved.

Furthermore, we have defined minimum standards and good practice examples for external companies to ensure that they meet the high standards of our own employees. These joint efforts are designed to specifically identify weaknesses and take remedial action.

EFFICACY OF THE MEASURES

Within the context of examining the fatality in the reporting year, the Salzgitter Group evaluated the relevant processes to systematically assess and further reinforce their efficacy in relation to the safety standards and the protection of workers. With respect to the corresponding process of loading tar, a review of the loading process at the Salzgitter facility was conducted. Room for improvement was identified and technical measures such as design changes defined, employees' awareness raised and the use of fall protection specified.

The Salzgitter Group tracks and evaluates the efficacy of its measures by carrying out regular audits and random checks as well as execution and efficacy checks and by analyzing the results. Warnings are consistently issued when delays occur, and the protective effect of the measures is carefully verified. The implementation of minimum standards for partner companies of Salzgitter AG and the works regulation governing contractor services to SZFG are to be guaranteed by measures such as recorded safety briefings, documented risk assessments and daily reports, and monitored by means of random checks of the documentation.

PROCESSES AND THE APPROACH TO IMPLEMENTING MEASURES IN RELATION TO MATERIAL IMPACTS

SZFG has introduced a systematic process for recording and processing safety incidents. This process comprises the reporting and documentation of work-related accidents, near misses and unsafe conditions by means of regular inspections and a standardized form. From 2023 onwards, the monitoring of accidents was extended to temporary workers worldwide and in the first quarter of 2024 to the employees of external companies in Germany, thus enabling a comprehensive record and analysis of accidents. Contracts with external companies are being adjusted to reflect current health and safety requirements.

Measures tailored to meet the relevant requirements in relation to certain material negative impacts on workers in the value chain are being implemented in companies in the Salzgitter Group. At SZFG, if an accident or incident occurs, the coordinator of the German Social Accident Insurance, the client's supervisor or technical project manager are immediately notified (obligation pursuant to Sec. 193 of the German Social Code Vol. 7 in Germany). SZFG uses a standardized form for reporting and documenting incidents containing detailed information on the date, time, location, persons involved and immediate action taken. The causes of the incident are analyzed and corresponding measures defined and implemented to avoid any future incidents. Near misses and accidents are subsequently communicated in order to raise awareness of safety. Regular discussions are held on serious accidents in meetings of the Executive Board and Group Management Board as well as in the Group working group on "Occupational safety".

When obligations overlap as is the case with public safety, we ensure that processes for implementing or facilitating remedial action are available in the event of material negative impacts and effective in terms of their implementation and results as part of the established process of coordinating external companies. Further details on our remedial policies can be found in → S2-3.

FURTHER MEASURES AND DEPLOYMENT OF RESOURCES

We implement further measures above and beyond the topic of occupational safety in order to ensure that our practices have no material negative impacts on workers in our value chain. We achieve this, for example, by the requirement to comply with collective agreements and minimum wages in the relevant contracts. Moreover, aspects such as child labor and forced labor, slavery, abuse of the right of association and unequal treatment form part of the continuous abstract risk analysis.

The corresponding human resources, financial means and material resources required to implement the measures described here which serve to manage our material impacts, are provided by the company or Group companies.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT S2-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Currently, we have not set ourselves any measurable, results-driven targets with respect to our material negative impact on workers in the value chain. Details on tracking the efficacy of our policies and measures are explained in → S2-4.

GOVERNANCE INFORMATION

ESRS G1 BUSINESS CONDUCT

GOVERNANCE

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 GOV-1 – THE ROLE OF THE ADMINISTRATIVE, SUPERVISORY AND MANAGEMENT BODIES

Details of the role and specialist knowledge of the administrative, management and supervisory bodies with respect to aspects of corporate governance can be found in Section ESRS 2 under → GOV-1.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Details of the process for identifying and assessing the material impacts, risks and opportunities are described in Section ESRS 2 under → IRO-1.

DISCLOSURE REQUIREMENT G1-1 – CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

As a globally active Group, Salzgitter AG and its Group companies have the ambition to not only uphold the highest safety and quality standards, while at the same time maintaining an environmentally friendly approach in the production of goods and delivery of services, but also to correctly and fairly shape all business activities and consequently the relationship with their business partners and all parts of society in legal and ethical terms. We have therefore given ourselves a groupwide code of conduct, as well as implementing further measures to guarantee compliance across the board.

A **healthy corporate culture** counteracts breaches of internal and external regulations, and we therefore promote integrity as a key component of our corporate culture. This includes the creation and observance of the guidelines, structures and processes (corporate governance) with which we want to ensure responsible entrepreneurship along the entire value chain.

The **Code of Conduct** of the Salzgitter Group (↗ Code of Conduct) sets out principles to be observed by all employees of the Group which serve the purpose of ensuring that all laws are adhered to at all times and places in the conduct of our business, that generally recognized, fundamental values are respected in our dealings with other people and companies, that we behave fairly and do our utmost to protect nature.

The **"Corporate Compliance" Group directive** aims at

/ making it crystal clear that observance of statutory regulations and internal company rules represents an unshakable framework within which employees of the Salzgitter Group perform their duties for the company and that no breaches of any kind will be tolerated (zero tolerance),

/ leaving no doubt as to who is responsible for compliance with the regulations to be observed in the company's business activities,

/ specifying the organizational measures which all members of the Executive Board, all managing directors, all managers, all other senior executives and all employees are obliged to comply with as a minimum requirement,

/ clarifying that it is also the responsibility of all members of the Executive Board, all managing directors, all managers and all other senior executives to take steps to regularly monitor that their staff are meeting their obligations and what these obligations consist of, as well as

/ providing all employees with guidelines for complying with the standards in place in certain legal areas, e.g. to prevent corruption and avoid breaches of anti-trust legislation.

This is intended to ensure that the Salzgitter Group makes every effort to avoid breaches of regulations as well as the ensuing disadvantages for Group companies and personal disadvantages for the employees concerned.

ORGANIZATION OF CORPORATE COMPLIANCE

Corporate compliance, the observance of all external and internal regulations applicable to our operations such as laws, ordinances, provisions in articles of association, rules of procedure, internal directives, is regarded as an important part of corporate governance in the Salzgitter Group. The Executive Board of Salzgitter AG therefore works actively to ensure observance of the statutory provisions and the Salzgitter Group's internal guidelines to be complied with in business practices by means of systematic prevention, including the Compliance Management System (CMS).

In the Salzgitter Group, every member of the Executive Board, every managing director and every other Group employee must ensure that all external and internal regulations pertaining to their assigned sphere of responsibility are observed.

Compliance organization

Within the Executive Board, responsibility for compliance is assigned to the CEO. At each meeting of the Executive Board, under the "Compliance" agenda item, the Board is informed by the Head of Compliance Management or the Compliance Officer of any new compliance issues and the status of any ongoing matters as well as the refinement of the CMS, and then discusses any such issues.

The CEO, the CFO, the Head of Legal, Compliance & Insurance and the Head of Internal Audit together form Salzgitter AG's Compliance Committee. It serves as a platform for monitoring, exchanging views on and discussing any current compliance issues and for joint opinion-forming and decision-making – e.g. in the event of changes to the compliance organization or for the implementation of special compliance measures. The Compliance Committee meets as and when required but at least twice a year.

Priorities of the Compliance Committee in 2024

In the 2024 financial year, the Compliance Committee concerned itself with the focus area of integrity and ongoing and scheduled refinements to the Salzgitter Group's CMS and supply chain risk management. This included reporting on the results of compliance and supply chain risk analyses, refining the CMS and supply chain risk management in the Salzgitter Group as well as the status of ongoing compliance issues of relevance. No new compliance matters of heightened relevance or major new findings with respect to already familiar issues were identified. Equally, no breaches of human rights or environmental obligations became known in the Group's own business area in the 2024 financial year. In the supply chain, one incident was identified as a suspicious case, and investigations into it are still ongoing. Should we identify opportunities to improve our supply chain risk management in the process, we will make the necessary changes. No special measures therefore had to be implemented in these areas in the process of monitoring the company's strategy, no special considerations taken into account nor any compromises found with regard to individual decisions.

The Compliance Management department helps to ensure that external and internal rules and regulations are observed by framing preventive measures and refining the CMS in the Salzgitter Group, and it consults on questions regarding the implementation of the CMS in Group companies. At the same time, it provides the compliance hotline function.

One member of the management in each Group company bears responsibility for compliance. This member implements a CMS which reflects the size, type of business activity and risk position of the particular Group company. The design of the CMS is based on the Salzgitter Group's Code of Conduct as well as the **"Corporate Compliance" Group directive**. Depending on the business activities and risk position of the particular Group company, it will also have compliance committees or support for the management in the shape of compliance officers.

All consolidated companies, including 100 % of the operating facilities of the Salzgitter Group, analyze their compliance risks on an annual basis. They check risks arising from corruption, competition, money-laundering and supply chains as well as general indicators of changes in the compliance risk position and report on them to the Compliance Committee. The internal Audit department verifies the suitability and efficacy of the preventive measures implemented in the course of its regularity audits.

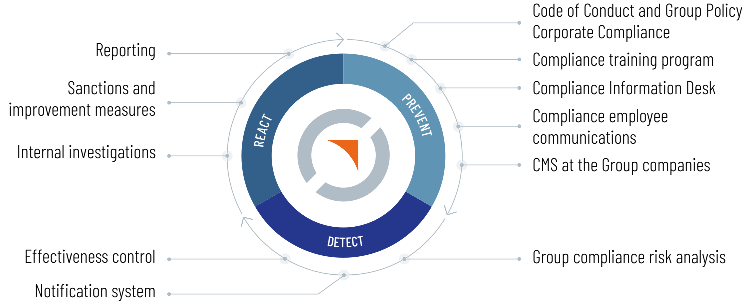
The Executive Board explains the corporate compliance situation of the Salzgitter Group to the Supervisory Board in a detailed compliance report every year and on an ad-hoc basis. In addition, the audit committee set up by the Supervisory Board also addresses issues relevant to compliance. The CEO and the chairman of the Supervisory Board also remain in touch between meetings of the Supervisory Board in order to discuss compliance issues as and when they arise. Salzgitter AG also reports on the Group's corporate compliance in its → **Declaration of Corporate Governance** which is published annually.

Any compliance risks resulting from the corporate culture or breaches of external standards to be respected in its business activities are incorporated into Salzgitter AG's risk management system and in this way taken into account in management decisions.

COMPLIANCE MANAGEMENT SYSTEM

The aim of the CMS in the Salzgitter Group is to prevent or reveal breaches of laws and internal directives and to respond to any such breaches appropriately and effectively. It is based on the three pillars Prevent, Detect and React, and its implementation is based on IDW PS 980. The scope of the CMS includes all Salzgitter AG's Group companies (Sec. 18 (1) AktG). In order to ensure maximum efficiency, its design is closely linked to the management organization, i.e. compliance responsibility matches management responsibility.

Elements of the Compliance Management System



Prevent

The rules contained in the Code of Conduct, including respect for human rights, adherence to laws and avoidance of conflicts of interest, form the core of the Salzgitter Group's corporate culture. The **"Corporate Compliance" Group directive** commits all employees to respecting laws and internal directives. It gives them specific rules of conduct to prevent corruption, ensure correct anti-trust behavior under competition law, avoid money-laundering risks, prevent forbidden insider trading, conclude consultancy contracts and vet business partners.

The legal departments in the Salzgitter Group are available to all Group companies and employees as a point of contact for legal questions, and they offer comprehensive legal advice.

The instruments of employee communication are used to make all Group employees continuously aware of issues of relevance to compliance.

Compliance training

Observance of and compliance with the law are a key component of integrity. Our compliance training program therefore imparts the necessary knowledge of external standards (laws, etc.) which are relevant to the business activities of Group companies and the Salzgitter Group. This puts employees in a position with respect to the duties assigned to them and their remit to better detect and avoid the risk of legal infringements.

The areas for which training is offered include corruption prevention, the prevention of breaches of antitrust law, data protection law, money-laundering prevention and the Supply Chain Due Diligence Act. The compliance training program is delivered in the form of e-learning and face-to-face classes. Thanks to e-learning, it is also possible to offer compliance training to those engaged in mobile working.

E-learning is available in German and numerous other languages with the result that facilities abroad can also be included.

On taking up a compliance-sensitive activity, the employee concerned will receive compliance training within twelve months. The training will be repeated after three years at the latest.

Detect

The Salzgitter Group's compliance risk position is regularly analyzed and evaluated. Our whistleblower system gives all employees as well as customers, suppliers and other business partners and their employees, the opportunity to draw attention to breaches of the law and misconduct. The efficacy of the CMS of the Salzgitter Group and its Group companies is regularly reviewed by internal audits.

Whistleblower system

The Salzgitter Group has set up the whistleblower system FAIR TOGETHER in order to learn of potential breaches of the law in connection with the economic activities of companies in the Salzgitter Group as well as of any human rights abuses along its supply and value chains and to counteract them. We provide information on this on the homepages of our Group companies and on the Group Intranet.

All Group employees, business partners, their employees and all other stakeholders of the Salzgitter Group can approach our reporting offices for information. FAIR TOGETHER offers an opportunity to draw attention to breaches of the law or other circumstances as a result of which people, the environment, Salzgitter AG or one of its Group companies are harmed, unjustly disadvantaged or natural livelihoods linked to the economic activities of the Salzgitter Group or one of its business partners are unlawfully impaired.

Information can either be submitted through an electronic reporting portal or addressed to our compliance hotline or ombudsperson. Tip-offs can be submitted through our electronic reporting portal in German and 26 different languages. Our compliance hotline and ombudsperson can receive information in German or English. They are also available for a personal conversation on request and with an appointment.

All information is treated confidentially. Internally, information on persons and circumstances can only be accessed by employees who need it to process the case.

Anonymous tip-offs can be submitted through our electronic reporting portal, by letter or to the ↗ ombudsperson. The ombudsperson will not pass on the identity of the whistleblower, or any other parties involved to the Salzgitter Group if the whistleblower so wishes.

The Compliance Committee is informed of tip-offs relating to events of special significance or of groupwide relevance on an ad-hoc basis or in the course of regular reporting.

React

Our aspiration is to thoroughly investigate and solve any suspicion of a breach of the law or regulations.

Handling suspicious cases and infringements

All suspicious cases of infringements of internal or external regulations in connection with the Salzgitter Group's business activities are investigated immediately wherever possible. The aim is to investigate and evaluate whether and to what extent an infringement can be identified. If suspicious cases are of elevated or fundamental importance, this investigation is carried out by the Internal Audit department. All further cases of suspicion are investigated by the management of the Group company concerned, if applicable, with the support of the legal departments in the Salzgitter Group. Any breaches found are met with sanctions. Measures to bring about improvements are implemented to avoid repetitions.

The Compliance Reporting system informs the Executive Board about current compliance issues. Equally, the Executive Board and Supervisory Board are kept regularly informed of refinements to the CMS and significant compliance events within the Salzgitter Group.

DISCLOSURE REQUIREMENT G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Trusting, intact supplier relationships form the basis for reliable, punctual delivery, can strengthen operating business and bring about economic benefits over the long term.

In order to exploit this opportunity and reinforce trusting relationships with our suppliers in a spirit of partnership, we therefore aim to always settle their bills punctually in accordance with the terms of payment agreed. This applies regardless of whether the supplier is a large, small or medium-sized company. The terms of payment to be applied to each order are recorded in the contracts and transparently made available to all parties involved in the process in subsequent procedures. Invoices are punctually verified and paid on the basis of workflow-supported standard processes and general work instructions, the observance and efficacy of which are monitored via internal audits and supervisory measures as well as external inspections. These processes fall within the remit of the managements of the procuring Group companies and that of the management of our shared service center, insofar as its competence is affected.

CONSTANT REFINEMENT OF SUPPLY CHAIN RISK MANAGEMENT

In addition to the risk analysis of the supply chain which we have been using across the Group since 2023, the purchasing departments of the various Group companies conduct standardized assessments of the main suppliers every year. Furthermore, Salzgitter Flachstahl GmbH (SZFG), acting as a center of excellence for various Group companies, developed a separate survey in 2015 to cover the most important sustainability issues which is closely based on the self-disclosure “Sustainability for Automotive Sector Suppliers” form used in the automotive industry. On the basis of this survey, all the relevant long-term suppliers of raw materials are regularly evaluated with an additional spotlight on further sustainability criteria. Since 2024, suppliers from other product categories have also been included in a structured survey of sustainability criteria.

In the 2024 financial year, work started on incorporating carbon emissions data, risk scores from supply chain risk management as well as suppliers’ readiness to accept our Supplier code in which we express our human rights and environmental expectations and our own expectations of legally compliant conduct on the part of our suppliers, in decisions to award contracts and to take them into account for further decisions.

Social and ecological aspects of supplier selection covered by risk analysis

All suppliers are viewed as equal business partners and treated fairly. This principle is also reflected in the Salzgitter Group’s code of conduct. The IT-based risk analysis covers numerous social and ecological aspects which are important to us as a company in order to ensure compliance and sustainability. As a general rule, the risk analysis supports the implementation of the Supply Chain Due Diligence Act.

STAKEHOLDER COMMITMENT

Our → **“Partnering for Transformation”** mission pursues the objective of securing central sections of our value chain for the long term with the aid of strategic partnerships and monitoring critical control points. Suppliers and customers alike, as well as Salzgitter AG and its subsidiaries are faced with the task to master the transformation of their industry. We are convinced that we can only meet these challenges together. Cross-sector support from collaboration offers Salzgitter AG and its partners investment security which is required across the entire value chain. Strategic partnership agreements allow us to secure and actively develop waypoints of relevance to production at an early stage.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT G1-6 – PAYMENT PRACTICES

The average time in days required to pay a bill based on its document date is 27 days for our Group companies with relevant operating activities in terms of their share of Group sales. The average time in days required to pay a bill based on its document date is 27 days. A figure that deviates significantly from this is not to be expected even if all Group companies are included.

Our standard payment terms provide for payment within 90 days at the latest, in many cases earlier, and, if so agreed, with the application of a discount. These payment terms were uniformly applied to around 93 % of all payments in the 2024 financial year, regardless of whether the payee was a small, medium-sized or large company.

We are not aware of any pending court cases against companies in the Salzgitter Group due to the non-payment of uncontentious invoices due.

APPENDIX

DISCLOSURE REQUIREMENT IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT

The following index presents the disclosure requirements that were followed based on the results of the materiality assessments including the pages where the corresponding information can be found in the report.

List of covered sector-agnostic disclosure requirements

Disclosure Requirement	
	ESRS 2 - General disclosures
BP-1	→ General basis for preparation of sustainability statements
BP-2	→ Disclosures in relation to specific circumstances
GOV-1	→ The role of the administrative, supervisory and management bodies
GOV-2	→ Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
GOV-3	→ Integration of sustainability-related performance in incentive schemes
GOV-4	→ Statement on due diligence
GOV-5	→ Risk management and internal controls over sustainability reporting
SBM-1	→ Strategy, business model and value chain
SBM-2	→ Interests and views of stakeholder
SBM-3	→ Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1	→ Description of the processes to identify and assess material impacts, risks and opportunities
IRO-2	→ Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Disclosure Requirement	
	ESRS E1 - Climate change
E1-1	→ Transition plan for climate change mitigation
ESRS 2 SBM-3	→ Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1	→ Description of the processes to identify and assess material climate-related impacts, risks and opportunities
E1-2	→ Policies related to climate change mitigation
E1-3	→ Actions and resources in relation to climate change policies
E1-4	→ Targets related to climate change mitigation
E1-5	→ Energy consumption and mix
E1-6	→ Gross Scopes 1, 2, 3 and Total GHG emissions
E1-7	→ GHG removals and GHG mitigation projects financed through carbon credits
E1-8	→ Internal carbon pricing
	ESRS E2 - Pollution
ESRS 2 IRO-1	→ Description of the processes to identify and assess material pollution-related impacts, risks and opportunities
E2-1	→ Policies related to pollution
E2-2	→ Actions and resources related to pollution
E2-3	→ Targets related to pollution
E2-4	→ Pollution of air and water

Disclosure Requirement	
	ESRS E3 - Water and marine resources
ESRS 2 IRO-1	→ Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities
E3-1	→ Policies related to water resources
E3-2	→ Actions and resources related to water resources
E3-3	→ Targets related to water resources
E3-4	→ Water consumption
	ESRS E5 - Resource use and circular economy
ESRS 2 IRO-1	→ Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities
E5-1	→ Policies related to resource use and circular economy
E5-2	→ Actions and resources in relation to resource use and circular economy
E5-3	→ Targets related to resource use and circular economy
E5-4	→ Resource inflows
E5-5	→ Resource outflows
	ESRS S1 - Own workforce
ESRS 2 SBM-2	→ Interests and views of stakeholder
ESRS 2 SBM-3	→ Material impacts, risks and opportunities and their interaction with strategy and business model
S1-1	→ Policies related to own workforce
S1-2	→ Processes for engaging with own workers and workers' representatives about impacts
S1-3	→ Processes to remediate negative impacts and channels for own workers to raise concerns
S1-4	→ Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Disclosure Requirement	
S1-5	→ Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
S1-6	→ Characteristics of the undertaking's employees
S1-13	→ Training and skills development metrics
S1-14	→ Health and safety metrics
	ESRS S2 - Workers in the value chain
ESRS 2 SBM-2	→ Interests and views of stakeholder
ESRS 2 SBM-3	→ Material impacts, risks and opportunities and their interaction with strategy and business model
S2-1	→ Policies related to value chain workers
S2-2	→ Processes for engaging with value chain workers about impacts
S2-3	→ Processes to remediate negative impacts and channels for value chain workers to raise concerns
S2-4	→ Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
S2-5	→ Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
	ESRS G1 - Business conduct
ESRS 2 GOV 1	→ The role of the administrative, supervisory and management bodies
ESRS 2 IRO-1	→ Description of the processes to identify and assess material impacts, risks and opportunities
G1-1	→ Corporate culture and business conduct policies
G1-2	→ Management of relationships with suppliers
G1-6	→ Payment practices

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In € million	Note	2024	2023
Sales	[1]	10,011.7	10,790.5
Changes in inventories / other own work capitalized		137.7	–171.3
Overall Performance		10,149.4	10,619.2
Other operating income	[2]	539.5	671.8
Cost of materials	[3]	6,975.1	7,246.0
Personnel expenses	[4]	2,015.8	1,887.7
Amortization and depreciation of intangible assets and property, plant and equipment	[5]	624.2	321.5
Other operating expenses	[6]	1,437.4	1,584.4
Result from impairment losses and reversal of impairment losses of financial assets		–1.2	10.3
Income from shareholdings	[7]	1.3	1.0
Result from investments accounted for using the equity method	[13]	184.4	92.5
Finance income		33.4	44.9
Finance expenses		150.6	161.6
Earnings before tax		–296.2	238.4
Income tax	[8]	51.7	34.3
Consolidated result		–347.9	204.1
Consolidated net result due to Salzgitter AG shareholders		–352.2	200.1
Minority interest in consolidated net result		4.3	4.0
Earnings per share (in €) – basic	[9]	–6.51	3.70
Earnings per share (in €) – diluted	[9]	–6.51	3.70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € million	Note	2024	2023
Consolidated result		-347.9	204.1
Recycling			
Reserve from currency translation		5.4	-10.2
Changes in value from cash flow hedges	[34]	-23.4	22.6
Changes in fair value		-38.0	35.6
Recognition with effect on income		0.8	-2.4
Deferred tax		13.8	-10.6
Changes in value of investments accounted for using the equity method	[14]	6.8	-39.5
Changes in fair value (in particular cash flow hedges)		-2.5	-34.7
Currency translation		8.3	-10.2
Deferred tax		1.0	5.4
Deferred taxes on other changes without effect on the income		-0.6	0.2
		-11.7	-26.9
Non-recycling			
Changes in equity for financial equity instruments valued without effect on the income	[34]	-1.7	-0.7
Changes in fair value		-2.2	-0.9
Deferred tax		0.5	0.2
Remeasurements		5.9	-105.4
Remeasurement of pensions	[26]	6.2	-135.5
Deferred tax		-0.2	30.0
Currency translation		-0.1	0.1
Changes in value of investments accounted for using the equity method	[14]	-7.2	-6.1
Changes in fair value		-0.1	3.0
Remeasurement of pensions		-10.5	-19.4
Deferred tax		3.4	10.4
		-3.0	-112.2
Other comprehensive income		-14.8	-139.0
Total comprehensive income		-362.6	65.0
Total comprehensive income due to Salzgitter AG shareholders		-367.0	61.2
Total comprehensive income due to minority interest		4.3	3.9

CONSOLIDATED BALANCE SHEET

Assets in € million	Note	2024/12/31	2023/12/31
Non-current assets			
Intangible assets	[10]	174.4	207.3
Property, plant and equipment	[11]	2,674.8	2388.5
Investment property	[12]	65.5	76.6
Financial assets	[13]	26.2	29.0
Investments accounted for using the equity method	[14]	1,655.0	1505.5
Trade receivables	[17]	1.4	2.6
Other receivables and other assets	[18]	19.6	28.9
Income tax assets	[19]	9.8	6.6
Deferred income tax assets	[15]	364.9	325.3
		4,991.7	4,570.4
Current assets			
Inventories	[16]	2,740.9	2,867.2
Trade receivables	[17]	1,058.9	1,221.5
Contract assets	[18]	382.1	372.0
Other receivables and other assets	[19]	244.7	231.4
Income tax assets	[20]	44.8	34.6
Cash and cash equivalents	[21]	1,002.2	939.7
Assets held for sale		–	265.2
		5,473.6	5,931.7
Total assets		10,465.3	10,502.0

Equity and liabilities in € million	Note	2024/12/31	2023/12/31
Equity			
Subscribed capital	[22]	161.6	161.6
Capital reserve	[23]	257.0	257.0
Retained earnings		4,304.7	4,660.4
Other reserves		75.8	90.5
Unappropriated retained earnings	[24]	12.1	27.1
Subtotal		4,811.1	5,196.6
Treasury shares		–369.7	–369.7
Amount due to Salzgitter AG shareholders		4,441.4	4,826.9
Minority interest		7.4	7.6
		4,448.8	4,834.5
Non-current liabilities			
Provisions for pensions and similar obligations	[26]	1,638.4	1,667.8
Deferred income tax liabilities	[14]	154.8	98.4
Income tax liabilities	[20]	19.2	19.1
Other provisions	[27]	201.5	203.7
Financial liabilities	[29]	465.4	360.2
Contract liabilities	[30]	0.9	0.1
Other liabilities		4.6	4.1
		2,484.8	2,353.4
Current liabilities			
Other provisions	[27]	292.4	239.3
Financial liabilities	[29]	1,290.1	940.6
Trade payables		1,290.6	1,247.6
Contract liabilities	[30]	408.7	447.2
Income tax liabilities	[20]	4.4	26.0
Other liabilities	[31]	245.5	289.9
Liabilities associated with assets held for sale		–	123.7
		3,531.7	3,314.2
Total assets		10,465.3	10,502.0

CONSOLIDATED CASH FLOW STATEMENT

In € million	2024	2023
Earnings before tax	–296.2	238.4
Depreciations and impairments (+) / (-) of non-current assets	623.4	321.5
Income tax paid (-) / refunded (+)	–41.6	–80.0
Other non-cash expenses (+) / income (-)	34.2	48.0
Interest expenses	150.6	161.6
Gain (-) / loss (+) from the disposal of non-current assets	–3.0	18.7
Increase (-) / decrease (+) in inventories	118.3	443.2
Increase (-) / decrease (+) in trade receivables and other assets not attributable to investment or financing activities	137.1	91.2
Use of provisions affecting payments, excluding use of tax provisions	–226.6	–227.9
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investment or financing activities	–87.8	–122.7
Cash inflow from operating activities	**408.4**	**892.0**

In € million	2024	2023
Cash inflow from the disposal of intangible assets, property, plant and equipment and investment properties	18.7	42.6
Cash outflow for investments in intangible assets, property, plant and equipment and investment properties	–968.7	–751.8
Cash inflow from subsidies for intangible and tangible assets	137.6	202.7
Cash inflow from investments of funds	3.0	–
Payments for financial investments	–	–0.6
Cash inflow (+) from the sale of subsidiaries	130.9	–
Cash inflow from the disposal of other non-current assets	1.2	86.8
Cash outflow for investments in other non-current assets	–0.1	–10.2
Cash outflow from investment activities	**–677.4**	**–430.5**
Cash outflow in payments to company owners	–24.3	–54.1
Deposits from taking out loans and other financial debts	1,475.5	528.7
Repayment of loans and other financial liabilities	–1,019.6	–879.2
Interest paid	–99.6	–93.8
Cash flow from financing activities	**331.9**	**–498.3**
Cash and cash equivalents at the start of the period	939.7	988.4
Cash and cash equivalents relating to changes in the consolidated group	–0.5	–0.1
Gains and losses from changes in foreign exchange rates	0.1	–11.3
Changes in cash and cash equivalents due to transfers	–	–0.4
Payment-related changes in cash and cash equivalents	62.9	–36.9
Cash and cash equivalents at the end of the period	**1,002.2**	**939.7**

For information on the composition of cash and cash equivalents, please refer to Item 21 in the Notes → **Cash and Cash Equivalents.** For further information, please refer to Item 35 → **Notes to the Cash Flow Statement in the Notes.**

CHANGES IN EQUITY

	Subscribed capital	Capital reserve	Treasury shares	Retained earnings	Other reserves from				Unappropriated retained earnings	Share of Salzgitter AG shareholders	Minority interest	Equity
In € million					Currency translation	Cashflow hedges	Equity instruments measured at fair value without effect on the income	Investments accounted for using the equity method				
Note	[22]	[23]				[34]	[34]	[14]	[24]			
As of 01/01/2023	161.6	257.0	-369.7	4,585.7	-7.2	21.5	15.5	115.7	60.1	4840.2	10.2	4850.4
Consolidated result	–	–	–	–	–	–	–	–	200.1	200.1	4.0	204.1
Other comprehensive income	–	–	–	-105.0	-10.2	22.6	-0.7	-45.6	–	-138.9	-0.1	-139.0
Total comprehensive income	–	–	–	-105.0	-10.2	22.6	-0.7	-45.6	200.1	61.2	3.9	65.0
Basis adjustments	–	–	–	–	–	-21.0	–	–	–	-21.0	–	-21.0
Dividend	–	–	–	–	–	–	–	–	-54.1	-54.1	-3.0	-57.1
Change in retained earnings	–	–	–	179.0	–	–	–	–	-179.0	–	–	–
Initial consolidation of Group companies so far not consolidated for materiality reasons	–	–	–	0.0	–	–	–	–	–	0.0	–	0.0
Disposals from deconsolidation	–	–	–	-1.8	2.8	–	–	–	–	1.0	-0.0	0.9
Other	–	–	–	2.5	-0.2	–	–	-2.7	–	-0.4	-3.4	-3.8
As of 12/31/2023	161.6	257.0	-369.7	4,660.4	-14.8	23.1	14.8	67.4	27.1	4,826.9	7.6	4,834.5
Consolidated result	–	–	–	–	–	–	–	–	-352.2	-352.2	4.3	-347.9
Other comprehensive income	–	–	–	5.3	5.4	-23.4	-1.7	-0.3	–	-14.7	-0.0	-14.8
Total comprehensive income	–	–	–	5.3	5.4	-23.4	-1.7	-0.3	-352.2	-367.0	4.3	-362.6
Basis adjustments	–	–	–	–	–	4.1	–	–	–	4.1	–	4.1
Dividend	–	–	–	–	–	–	–	–	-24.3	-24.3	-4.5	-28.9
Change in retained earnings	–	–	–	-361.5	–	–	–	–	361.5	–	–	–
Initial consolidation of Group companies so far not consolidated for materiality reasons	–	–	–	-0.1	–	–	–	–	–	-0.1	–	-0.1
Disposals from deconsolidation	–	–	–	–	1.2	–	–	–	–	1.2	–	1.2
Other	–	–	–	0.6	–	–	–	–	–	0.6	–	0.6
As of 12/31/2024	161.6	257.0	-369.7	4,304.7	-8.2	3.9	13.0	67.1	12.1	4,441.4	7.4	4,448.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT REPORTING

	Steel Production		Steel Processing		Trading		Technology		Total segments		Reconciliation		Group	
In € million	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
External sales	3,388.8	3,528.0	1,576.3	2,126.5	3,056.7	3,313.0	1,803.9	1,647.4	9,825.7	10,614.8	186.0	175.6	10,011.7	10,790.5
Sales to other segments	1,159.9	1,289.2	632.4	667.6	44.4	43.7	0.8	0.7	1,837.5	2,001.1				
Sales to group companies that are not allocated to an operating segment	3.3	6.0	300.1	234.7	0.0	0.1	–	–	303.4	240.8				
Segment sales	4,551.9	4,823.2	2,508.8	3,028.8	3,101.1	3,356.7	1,804.7	1,648.0	11,966.5	12,856.8				
Segment cost of materials[1]	3,421.8	3408.7	1889.1	2157.9	2849.0	3065.3	922.1	874.5	9082.0	9506.3	–2,107.0	–2,260.3	6,975.1	7246.0
Interest income (consolidated)	0.3	0.3	3.4	4.4	2.5	3.8	5.9	5.0	12.2	13.5	21.3	31.4	33.4	44.8
Interest income from other segments	–	–	–	–	–	–	–	–	–	–				
Interest income from group companies that are not allocated to an operating segment	2.2	19.3	2.9	6.1	19.4	15.8	0.2	0.7	24.6	41.9				
Segment interest income	2.5	19.6	6.3	10.5	21.9	19.6	6.1	5.7	36.7	55.4				
Interest expenses (consolidated)	55.3	62.9	14.3	15.4	35.3	35.5	6.2	5.4	111.0	119.1	39.5	42.5	150.6	161.6
Interest expenses to other segments	–	–	–	–	–	–	–	–	–	–				
Interest expenses from group companies that are not allocated to an operating segment	8.2	7.1	12.2	12.0	0.6	0.6	2.6	1.2	23.7	20.8				
Segment interest expenses	63.5	70.0	26.5	27.4	35.9	36.0	8.8	6.5	134.7	139.9				
Scheduled depreciation of property, plant and equipment and amortization of intangible assets (excluding impairment costs in accordance with IAS 36)	186.1	169.3	52.4	62.3	20.2	17.6	34.6	32.5	293.3	281.7	36.3	36.3	329.5	318.0
Impairment of tangible and intangible assets (according to IAS 36)	–	–	240.2	3.5	26.0	–	17.6	–	283.9	3.5	10.8	–	294.7	3.5
Earnings before tax	–60.9	75.8	–391.4	144.7	–81.2	–13.6	93.5	81.1	–440.0	288.1	143.8	–49.7	–296.2	238.4
of which resulting from investments accounted for using the equity method	–	–	0.3	52.0	–	–	–	–	0.3	52.0	184.1	40.5	184.4	92.5
Material non-cash items	74.2	–25.2	40.5	41.0	29.1	11.1	50.8	30.0	194.6	56.9	6.1	11.4	200.7	68.2
Investments in property, plant and equipment and intangible assets	653.7	404.1	96.1	79.5	31.0	31.9	56.5	40.7	837.3	556.3	61.5	26.9	898.8	583.1

[1] Newly added in 2024 (including previous year)
For further information, please refer to Item 36 → **Note to the Segment Reporting.** This section also includes notes on the reconciliation.

ANALYSIS OF FIXED ASSETS 2024

In € million	Acquisition and production costs						Valuation allowances						Book values	
	2024/01/01	Currency translation differences	Additions	Disposals	Transfers	2024/12/31	2024/01/01	Currency translation differences	Deprecia-tion in the financial year[1]	Disposals	Transfers to other accounts	2024/12/31	2024/12/31	2023/12/31
Intangible assets														
Purchased concessions, brand names, industrial property rights plus licenses and emission rights	447.3	–0.1	12.0	–31.6	14.9	442.4	–261.7	0.2	–27.2	12.5	–0.0	–276.2	166.2	185.5
Payments on account	24.6	0.0	4.7	–0.1	–8.6	20.6	–2.8	–0.0	–9.6	–	–	–12.4	8.2	21.8
	471.9	–0.1	16.7	–31.7	6.3	463.0	–264.5	0.2	–36.7	12.5	–0.0	–288.6	174.4	207.3
Property, plant and equipment														
Land, similar rights and buildings, including buildings on land owned by others	2,066.1	3.9	73.3	–17.7	3.9	2129.6	–1,254.0	–1.7	–104.8	11.8	–0.6	–1,349.4	780.2	812.1
Plant equipment and machinery	7,333.4	5.6	190.6	–125.6	82.0	7486.0	–6,236.7	–5.3	–363.3	116.6	–12.0	–6,500.6	985.4	1,096.8
Other equipment, plant and office equipment	550.1	0.0	62.4	–38.4	9.4	583.5	–432.2	–0.2	–55.4	36.9	0.9	–449.9	133.7	117.9
Payments made on account and equipment under construction	375.2	0.3	555.8	–0.3	–101.5	829.5	–13.5	–0.1	–52.8	0.8	11.5	–54.0	775.6	361.7
	10,324.9	9.9	882.2	–182.0	–6.2	11,028.7	–7,936.3	–7.3	–576.3	166.1	–0.1	–8,353.9	2,674.8	2,388.5
Investment property	100.2	–	–	–	0.0	100.2	–23.5	–	–11.2	–	–0.0	–34.7	65.5	76.6
	10,896.9	9.8	898.8	–213.7	0.2	11,591.9	–8,224.4	–7.1	–624.2	178.6	–0.2	–8,677.3	2,914.7	2,672.5

[1] The impairments (unscheduled amortization and depreciation) under this item are summarized under note 5.

ANALYSIS OF FIXED ASSETS 2023

In € million	Acquisition and production costs						Valuation allowances						Book values	
	2023/01/01	Currency translation differences	Additions	Disposals	Transfers to other accounts	2023/12/31	2023/01/01	Currency translation differences	Depreciation in the financial year	Disposals	Transfers to other accounts	2023/12/31	2023/12/31	2022/12/31
Intangible assets														
Purchased concessions, brand names, industrial property rights plus licenses and emission rights	428.3	-0.1	15.8	-8.0	11.3	447.3	-262.9	–	-19.0	6.6	13.6	-261.7	185.5	165.4
Payments on account	42.9	-0.1	7.9	-2.6	-23.2	24.6	-2.8	0.0	-2.4	2.4	–	-2.8	21.8	40.1
	471.2	-0.1	23.7	-10.6	-12.0	471.9	-265.7	0.0	-21.4	9.0	13.6	-264.5	207.3	205.5
Property, plant and equipment														
Land, similar rights and buildings, including buildings on land owned by others	2,028.8	-2.3	46.4	-7.6	1.4	2,066.1	-1,233.5	0.6	-45.8	6.2	18.1	-1,254.0	812.1	795.2
Plant equipment and machinery	7,356.8	-3.4	260.9	-114.6	-166.3	7,333.4	-6,311.0	2.3	-208.7	107.2	173.5	-6,236.7	1,096.8	1,045.8
Other equipment, plant and office equipment	543.6	-1.9	56.1	-41.5	-6.4	550.1	-439.1	1.4	-42.9	39.8	8.7	-432.2	117.9	104.5
Payments made on account and equipment under construction	277.8	-0.3	196.0	-0.1	-98.2	375.2	-12.3	–	-1.1	–	–	-13.5	361.7	265.5
	10,206.9	-8.0	559.5	-163.7	-269.4	10,324.9	-7,995.9	4.3	-298.6	153.3	200.4	-7,936.3	2,388.5	2,211.0
Investment property	100.2	–	–	–	–	100.2	-22.1	–	-1.4	–	–	-23.5	76.6	78.1
	10,778.2	-8.2	583.1	-174.3	-281.4	10,896.9	-8,283.7	4.3	-321.5	162.2	213.9	-8,224.4	2,672.5	2,494.6

PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements are based on the audited financial statements of the ultimate parent company Salzgitter AG (SZAG) as well as the largely audited statements of the companies to be included in these financial statements. SZAG is entered in the Commercial Register at Braunschweig Local Court, Germany, under HRB 9207 and has its headquarters in Salzgitter. The Group's business stretches from the production and further processing of rolled steel and tube products, trading with such products as well as the construction of custom machines and systems. The address of the SZAG Executive Board is Eisenhüttenstraße 99, 38239 Salzgitter.

The accounting rules of the International Accounting Standards Board (IASB) that are mandatory in the European Union as of the balance sheet date, as well as the supplementary rules of Section 315a (1) German Commercial Code (HGB) are decisive for the preparation of SZAG's consolidated financial statements These rules, together with the interpretations based on them, constitute the foundation for the accounting and valuation principles that must be applied uniformly throughout the Group. All of the requirements set down in these standards were fulfilled, with the result that the consolidated financial statements were prepared in compliance with the applicable accounting rules (IFRS Accounting Standards). The consolidated financial statements of SZAG are prepared in euros. Unless otherwise indicated, the amounts are stated in millions of euros (€ million). As a result, there may be deviations from the unrounded amounts.

On December 5, 2024, the Executive Board and the Supervisory Board issued the Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on the company's website (↗ Declaration of Conformity).The Declaration of Conformity is also printed in the → Corporate Governance Report section of the Annual Report.

The consolidated financial statements and the Group management report were approved by the Executive Board on March 20, 2025, for submission to the Supervisory Board. They will then be published in the German Federal Gazette.

ACCOUNTING AND VALUATION PRINCIPLES

EFFECTS OF STANDARDS APPLIED FOR THE FIRST TIME OR AMENDED STANDARDS

Standards / Interpretation		Mandatory date in financial year	Adoption by EU Commission	Effects
IAS 7 / IFRS 7	Disclosures of: Supplier Finance Arrangements – Amendments	2024	yes	Notes
IFRS 16	Lease Liability in a Sale and Leaseback Transaction – Amendments	2024	yes	none
IAS 1	Classification of Liabilities as Current or Non-current – Amendments	2024	yes	no material effects

LIKELY EFFECTS OF NEW AND/OR AMENDED STANDARDS TO BE APPLIED IN THE FUTURE

Standards / Interpretation		Mandatory date in financial year	Adoption by EU Commission	Likely effects
IAS 21	Lack of exchangeability – Amendments	2025	yes	none
IFRS 9 / IFRS 7	Classification and Measurement of Financial Instruments — Amendments	2026	no	none
IFRS 9 / IFRS 7	Power Purchase Agreements — Amendments	2026	no	compare with following information
Multitude	Annual Improvements to IFRS Accounting Standards — Volume 11	2026	no	Presentation and disclosures
IFRS 18	Presentation and Disclosure in Financial Statements - Amendments	2027	no	Presentation and disclosures
IFRS 19	Subsidiaries without Public Accountability; Disclosures - Amendments	2027	no	none

The International Accounting Standards Board (IASB) published amendments to IFRS 9 and IFRS 7 on December 18, 2024. The amendments clarify in particular how own use criteria are to be applied in future to power purchase agreements.

The Salzgitter Group has concluded long-term Power Purchase Agreements (PPAs) for its SALCOS® steel production in order to guarantee the long-term supply of electricity from renewable sources such as wind and solar energy. In contrast to conventional energy supply contracts in which only the energy required is purchased, the electricity from renewable energies (e.g. from a wind or solar farm) must usually be purchased in full and at fixed prices. Companies inevitably have to accept naturally occurring fluctuations with respect to the quantities to be purchased. They may even have to resell electricity purchased from renewable sources.

The assessment of whether the own consumption exemption can be applied is made on the basis of the own use criteria contained in IFRS 9. Applicability is excluded in particular if similar contracts are normally settled in cash or the resale is made to achieve profits from short-term fluctuations in prices or dealer margins. This would be of increased significance for the Salzgitter Group with the planned decline in self-generated energy from coal as part of the expansion of SALCOS® steel production from the 2026 financial year onward.

The provisions contained in IFRS 9 for the future – with the latest date of initial application from January 01, 2026 provided the EU's outstanding approval is issued in good time – can be applied to all contracts relating to electricity dependent on nature. The resale of electricity procured under PPAs will then no longer automatically entail that the own use exemption cannot be applied. One condition for the application of the own use exemption is that a company must be a net buyer of electricity during the term of the contract and plans to remain so in the future. A company is a net buyer if it usually buys sufficient electricity over a period of up to 12 months to offset the sale of unused electricity on the same market.

CONSOLIDATION PRINCIPLES AND METHODS

SUBSIDIARIES

All the material subsidiaries are fully integrated into the consolidated financial statements. Subsidiaries are commercial entities over which SZAG, in accordance with IFRS 10, has indirect or direct power of disposition (control) and consequently receives both positive and negative variable returns whose amounts can be influenced by the power of disposition.

These subsidiaries are included fully in the consolidated financial statements as of the time when the possibility of being controlled commences. Changes in SZAG's ownership interest in a subsidiary that do not lead to a cessation of control are shown in the balance sheet as equity transactions. If the potential for control of a subsidiary by the Group ceases, that entity is excluded from the consolidated group.

Capital consolidation is carried out by setting off the acquisition cost of the shareholding against the proportionate amount of the newly valued equity at the time when the subsidiary was purchased. Intercompany sales, expenses, and income are eliminated within the scope of consolidation, while receivables and liabilities between the companies included in the financial statements are eliminated within the scope of debt consolidation. Intercompany results deriving from intercompany deliveries and services are eliminated with effect on income, taking deferred taxes into account. Minority interests in the consolidated companies are reported separately within equity (minority interest).

JOINT ARRANGEMENTS

Arrangements in which SZAG contractually exercises the management functions together with one or more partner entities are classified as joint arrangements in accordance with IFRS 11. In accounting for the joint arrangements in the balance sheet, a distinction is made between joint ventures and joint operations.

The distinction depends on the rights and obligations of the parties. Joint operations are characterized by the fact that the parties possess rights to the assets and have obligations for the liabilities in the arrangement, whereas the parties to joint ventures possess rights to the net assets in the arrangement. Joint ventures are accounted for using the equity method, while joint operations are included proportionally in the consolidated financial statements (proportional application of the consolidation rules).

ASSOCIATED COMPANIES

According to IAS 28, moreover, those participating interests in associated companies in which SZAG is able to participate in the respective financial and business strategy decisions, but where neither control nor joint management applies (significant influence), are accounted for using the equity method.

The times of admission into and departure from the group of consolidated companies accounted for using the equity method are determined by applying the same principles that are used for subsidiaries. The associated companies are reported using the revaluation method with their proportionate equity at the time of acquisition. As a general rule, the equity valuation is based on the last audited annual financial statements or consolidated financial statements, or in the case of a financial year that diverges from that of the consolidated financial statements, (consolidated) interim financial statements as of December 31.

SHAREHOLDINGS

If SZAG is unable either to exercise significant influence or to participate in the respective financial and business strategy decisions, the shares in the company are accounted for at fair value as financial assets in accordance with IFRS 9.

CONSOLIDATED GROUP

In addition to the annual financial statements of the parent company, the consolidated financial statements include the annual financial statements of 43 (previous year: 52) domestic affiliated companies. Mannesmann Stainless Tubes GmbH (MST) was deconsolidated together with one domestic and four further subsidiaries abroad. In addition, seven mergers also occurred between consolidated entities. The consolidated group also includes 59 (previous year: 62) foreign affiliated companies. Besides the sale of the four foreign subsidiaries of MST, one company previously not consolidated for reasons of materiality was included in the consolidated group for the first time. The financial year of SZAG and its subsidiaries included in the consolidated financial statements corresponds to the calendar year.

A total of six (previous year: six) domestic and 11 (previous year: 13) foreign subsidiaries have still not been consolidated due to their minor overall significance for the Group's net assets, financial position and results of operations, but shown as other non-current financial assets. These companies are primarily non-operational shell or holding companies as well as very small marketing or real estate companies.

As in the previous year, one domestic company is being included proportionally in the consolidated financial statements as a joint operation. The company in question is Hüttenwerke Krupp Mannesmann GmbH (HKM), Duisburg, in which Salzgitter Mannesmann GmbH has a 30 % participating interest. HKM's commercial activities consist in supplying the partners with input material. For this reason, HKM's operating result is dependent in particular on orders from the partners, with the result that they also assume the rights to the assets and the obligations for the liabilities.

Salzgitter Mannesmann GmbH continues to hold an interest of 29.99 % in Aurubis AG, relative to the total number of outstanding shares. As an affiliated company, Aurubis AG is accounted for by the equity method. For the purposes of group accounting, the share of equity is allocated taking account of Aurubis' treasury shares which reduce its equity. As of the reporting date, the equity portion is thus 30.89 %. This share did not change during the year. There are no commercial relationships of a substantial nature between the groups.

Salzgitter Mannesmann GmbH has a 50 % participating interest in EUROPIPE GmbH, Mülheim an der Ruhr. As both participating owners of EUROPIPE GmbH run the company jointly and have a contractual share in its net assets, this constitutes a joint venture. The EUROPIPE Group is therefore also accounted for using the equity method. The EUROPIPE Group procures input material from the Salzgitter Group.

Wohnungsbaugesellschaft mit beschränkter Haftung Salzgitter, Salzgitter, whose business purpose consists in developing, administering and managing real estate, is also accounted for using the equity method. Salzgitter Mannesmann GmbH holds a participating interest in this company of 25.05 %. Companies in the Salzgitter Group have business relations with this company of subordinate importance.

DECONSOLIDATION OF THE MANNESMANN STAINLESS TUBES GROUP

The Mannesmann Stainless Tubes Group (MST Group) from the Steel Processing Business Unit, with activities in the stainless steel and nickel-based tubes sector, was sold to the Italian company Cogne Acciai Speciali S.p.A.by means of a notarized purchase contract on February 19, 2024, following the best-owner principle. The sale represents the continuation of SZAG's active portfolio management. The MST Group did not cover any of the development spheres defined in the "Salzgitter AG 2030" Group strategy. After fulfilling all the conditions specified in the purchase contract, MSTG was deconsolidated from SZAG's consolidated group effective November 30, 2024.

The following companies were removed from SZAG's consolidated group as part of the sale of the MST Group:

- Mannesmann Stainless Tubes GmbH
- Salzgitter Mannesmann Stainless Tubes France SAS
- Salzgitter Mannesmann Stainless Tubes Italia S.r.l.
- Salzgitter Mannesmann Stainless Tubes USA, Inc.
- Mannesmann SOTEP Stainless Tubes S.A.S.

MSTG's income statement and balance sheet at the time of deconsolidation are shown below.

Profit and loss of MSTG

In € million	01/01 - 10/31/2024
Overall performance	270.63
Other operating income	13.69
Cost of materials	–205.45
Personnel expenses	–52.84
Other operating expenses	–40.53
Others	–2.03
Earnings before tax	**–16.52**

Overall, the results of the deconsolidation of the MST Group are of minor significance in relation to this year's earnings of the Salzgitter Group before taxes. Furthermore, the annual results of MST companies had no decisive effect on the long-term financial success of the Salzgitter Group. The future business success of the Salzgitter Group will therefore be similar in terms of its structural composition. The carrying amount of the MST Group's assets held for sale was reduced by € 20 million in the 2nd quarter of 2024 and recognized in profit or loss.

Balance sheet of MSTG

In € million	2024/10/31
Non-current assets	80.23
Property, plant and equipment	70.88
Deferred income tax assets	8.57
Other non-current assets	0.78
Current assets	235.24
Inventories	170.57
Trade receivables	50.68
Other receivables and other assets	12.14
Others	1.85
Assets	315.46

Balance sheet of MSTG

In € million	2024/10/31
Equity	154.71
Subscribed capital	3.00
Capital reserve	28.00
Retained earnings	129.59
Other comprehensive income	–5.88
Non-current liabilities	38.27
Provisions for pensions and similar obligations	22.25
Personnel provisions	3.52
Other provisions	3.52
Financial liabilities	7.37
Other non-current liabilities	1.60
Current liabilities	122.48
Other provisions	5.65
Financial liabilities	29.04
Trade payables	67.60
Contract liabilities	3.39
Other liabilities	14.74
Other current liabil	2.06
Equity and liabilities	315.46

As part of SZAG's annual financial statements and consolidated financial statements, a list of its entire shareholdings pursuant to Sec. 285 No. 11 HGB can be called up on the ↗ electronic company register as well as under ↗ Financial reports.

CURRENCY TRANSLATION

In the individual annual financial statements of the Group companies, business transactions in foreign currencies are valued at the exchange rate prevailing at the time when they were first recorded. Exchange gains and losses incurred due to the valuation of receivables and/or liabilities up to the reporting date are taken into consideration and impact the profit and loss.

Annual financial statements are prepared in the functional currency of the individual company. A company's functional currency is defined as the currency of the economic environment in which it primarily operates. With the exception of a few companies, the functional currencies of subsidiaries correspond to the currency of the country in which the relevant subsidiary has its head office.

Assets and liabilities are translated at the exchange rates prevailing on the reporting date; the positions in the income statement are translated at the annual average exchange rate. The resulting differences are reported in the currency translation reserve in equity without effect on income until such time as the subsidiary is sold.

A similar approach is adopted when translating equity rollover for foreign companies that are included in the consolidated financial statements using the equity method. Differences from the previous year's translation are offset against retained earnings without effect on income. Income and expenses are translated at annual average exchange rates, while changes in reserves are translated at the rate prevailing on the reporting date.

ESTIMATES AND ASSUMPTIONS

When the consolidated financial statements were being prepared, estimates and assumptions were made that impacted the amounts and reporting of the assets and liabilities, the earnings and expenditure and the contingent liabilities that are included in the balance sheet. All estimates and assumptions were made in a way that conveys a true and fair picture of the Group's net assets, financial position and results of operations. The actual values may deviate from the assumptions and estimates in individual cases. Deviations of this kind are accounted for as of the time when better knowledge becomes available. Significant estimates and assumptions are used primarily for the following items explained below: "Impairment of intangible assets, property, plant and equipment, shares in equity-accounted companies and investment property", "Impairment of financial instruments", "Inventories", "Recognition of sales", "Income taxes", "Provision for pensions and similar obligations" as well as "Provisions for typical operational and other risks".

IMPAIRMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, SHARES IN EQUITY-ACCOUNTED COMPANIES AND INVESTMENT PROPERTY

As of every balance sheet date, the Group must estimate whether there is any concrete indication that the carrying amount of an intangible asset, tangible fixed asset, shares in equity-accounted companies or property held as a financial investment could be impaired. Should this be the case, the recoverable amount of the asset in question or the cash generating unit is estimated using recognized measurement methods. The recoverable amount is either the fair value less selling costs or the value in use, whichever is higher. The calculation is basically made at fair value less selling costs. To determine the value in use in this context, the discounted future cash flows of the asset in question or cash-generating unit must be determined. The estimate of the discounted future cash flows is based on fundamental assumptions concerning, for example, future selling prices and selling volumes, costs and discount rates. Comparable estimates arise with purchase price allocations in acquisitions. As part of the impairment test, models are run for the cash-generating entity Salzgitter Flachstahl GmbH (SZFG) as well as for Hüttenwerke Krupp Mannesmann GmbH (HKM) including the possible effects of carbon emissions. The underlying estimates and assumptions take into account the future price trend for CO2 certificates, the expected CO_2 allocation quotas and the impact on sales prices. The expertise of the consulting firm AFRY is also used to forecast the expected prices from CO2 certificate trading. In contrast to Hüttenwerke Krupp Mannesmann GmbH (HKM) and the other cash-generating units, the detailed planning for the planning years 2025-2027 for Salzgitter Flachstahl GmbH (SZFG) is extended by a modeled rough planning period up to 2037. This extended planning period ensures a steady state as the basis for determining the perpetual annuity.

In the case of Salzgitter Flachstahl GmbH, the assesment also takes into account the investment costs to be expected in connection with the SALCOS® project and assumes external support assumed for the implementation of low CO2 steel production (for example, in the form of government subsidies). This is due to the fact that the amount of revenue for CO2-reduced steel in particular can only be assessed in the future depending on customer demand. For the impairment calculation of the cash-generating unit concerned (Salzgitter Flachstahl GmbH, Salzgitter), it is currently assumed that there will be excess demand at the start of production from 2026, which may decrease over time as production capacities for CO2-reduced steel are expanded.With regard to the green transformation, the economic effects expected from the ongoing construction of the first direct reduction plant, as well as the further expansion stages, in addition to the current and expected future legal and economic framework conditions (e.g. CO2 certificate trading), were taken into account in the cash flows of the impairment test, so that a complete transformation of steel production to green steel is assumed as part of the long-term planning phase. It is assumed that the steady state will be reached in 2037 due to market conditions and that this year will therefore mark the transition year into perpetuity and the end of the rough planning phase. In particular, the rough planning takes into account CO2 price increases (incl. required CO2 certificates), further investments (incl. subsidies) as well as the gradual reduction and elimination of free CO2 certificates by 2034, the raw material mix required due to the change in technology, including effects from CBAM (Carbon Border Adjustment Mechanism) and a price premium ("green steel premium"). Furthermore, it is assumed that the costs for the construction of new technical facilities and also the running costs (including the future main input factors electricity, gas and hydrogen, steel scrap and HBI material (sponge iron)) of future SALCOS® steel production will be fully and permanently covered by increased customer prices, even for the period after completion of the full transformation. If these basic assumptions do not materialize as expected and there is no compensation - for example through a more favorable production cost structure or additional government subsidies - or if market conditions deteriorate due to political conditions (in particular the continuation of the EU safeguard measures until mid-2026 and the disadvantageous design of the CBAM border adjustment scheme as well as the underlying price assumptions), there would be a significant need for impairment due to a lower fair value.

Due to the outstanding decision on a comparable transformation project at the not fully consolidated Hüttenwerke Krupp Mannesmann GmbH, Duisburg, its impairment calculation also includes the assumption that rising production costs (particularly for carbon costs) can be almost exclusively passed on to the market. Regardless of the direction that these selected assumptions take, their failure to materialize would not give rise to any further need for impairment as HKM's assets were fully depreciated as of the 2024 annual financial statements. Further explanations of this matter can be found in Note 5 → **Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment**.

If an impairment test is needed for equity-accounted companies, it is carried out by applying the DCF method. The underlying assumptions for the budget are based primarily on information in the public domain. The main assumptions are derived from sales revenues and EBITDA margins. The peer group of companies is used to determine the discount rate.

It can generally be said with regard to impairment calculations that they may be negatively impacted if individual estimates or assumptions turn out to be false on a lasting basis.

Supplementary scenario analyses were carried out as part of this year's impairment tests. Here the impact on earnings resulting from expected price changes in the main input materials (iron ore, coking coal and scrap) and the energy sources of electricity and gas was determined for the main cash-generating units and their effect on fair value measured. According to this analysis, the cash-generating units are to a large extent able to promptly pass on price changes due to their predominantly short-term delivery obligations. In the case of longer-term delivery commitments and substantial changes in prices, the aim is to minimize their impact on earnings by means of possible escape clauses in contracts and increasing use of price escalation clauses. In addition, cost benefits are achieved by the central procurement of electricity and gas and price fluctuations reduced by concluding forward contracts. On the basis of historically observable, regular market conditions, the price changes assumed did not lead to any substantial, lasting change in fair value for the cash-generating units under consideration.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

With regard to the assessment of the impairment of financial instruments for which there is no active market, alternative actuarial assessment methods are used. The parameters taken into consideration in determining the fair value are based partially on forward-looking assumptions. Further comments can be found in the section → **Financial assets – categorization and measurement** as well as in Note 34 → **Financial instruments**.

External and internal credit ratings are used to assess any impairment of receivables and contract assets in accordance with the expected loss model. The parameters on which the determination of credit ratings relies, are partially based on forward-looking assumptions. Further comments can be found in the section → **Financial assets – accounting treatment of impairment losses** as well as in Note 34 → **Financial instruments**.

INVENTORIES

If it is discernible on the reporting date that pending sales contracts are likely to result in imminent losses and the semi-finished goods for such orders are included in inventories on the reporting date, the inventories are written down accordingly. To determine the need for a writedown, the realizable net sales prices are deducted from the production costs and the difference recognized as a writedown. The probable full order-related costs (unavoidable costs) are used as the production costs. Due to production still outstanding in some cases as of the reporting date, estimates have to be made, particularly with regard to the actual costs such as raw materials or energy. Some of the sales contracts also contain variable price components which can only be calculated after production.

REVENUE RECOGNITION

Ascertaining the progress made so far in order to account for existing orders for the manufacture of machines and technical systems necessitates a precise estimate of the total costs of the contract, the costs still to be incurred before completion, total revenues from the contract, the risks associated with the contract and other assumptions. Estimates with respect to revenues, costs or progress of the contract are corrected if circumstances change. Any resulting increases or decreases in the estimated revenues or costs are recognized in profit and loss at the time when management becomes aware of the circumstances giving rise to the correction. For further estimates and assumptions in revenue recognition, please refer to the remarks in → **Revenue recognition**.

INCOME TAXES

As the Group operates and generates income in numerous countries, it is subject to an extremely wide variety of tax laws under a multiplicity of taxation authorities. To ascertain the Group's tax liabilities worldwide, a number of fundamental assessments must therefore be made. The carrying of potential tax risks in the Group as a liability is effected on the basis of the best possible estimate.

Provisions are formed for potential income tax back payments from preceding years with associated interest. The Salzgitter Group is continually audited by the local tax authorities. Continuous refinements to tax laws, tax case law and its interpretation by national tax authorities can result in discrepancies between the actual taxes to be paid and the estimates and expectations formed in the financial statements. Measurement of provisions for income tax is based on the most likely value at which an uncertain event may be realized. The Salzgitter Group decides whether to show several tax uncertainties individually or as a group in each instance on the basis of which presentation is better suited to estimating the risk. From a tax perspective, the Salzgitter Group sees estimation uncertainties with regard to the timing of tax deductibility and the measurement of balance sheet items including provisions and capitalization and also off-balance sheet additions, for example, in the area of tax-related transfer pricing. Potential recourse to comparable market prices or similar accounting circumstances is subject to considerable uncertainty with regard to tax implications. The best possible estimate is made based on the facts known on the reporting date.

As of every balance sheet date, the Group, on the basis of a three-year planning period, assesses whether the realizability of future tax benefits is sufficiently probable for the reporting of deferred tax assets. Among other things, this requires management to assess the tax benefits that arise from the available tax strategies and future taxable income, and to take other positive and negative factors into account.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Pensions and other obligations are reported in the balance sheet in accordance with actuarial valuations. These valuations are based on statistical and other factors with a view to anticipating future events. These encompass actuarial assumptions such as interest rates, expected salary increases and mortality rates. Further explanations on the assessment of this provision can be found in Note 26 → **Provisions for pensions and similar obligations**.

PROVISIONS FOR OPERATIONAL AND OTHER RISKS

Any potential obligation is recognized taking account of its probability of occurrence. An amount is used to assess the obligation which matches the most likely scenario on the basis of the best possible estimates.

The accounting treatment of long-term energy procurement achieved or supply contracts which provide for the physical supply of energy (Power Purchase Agreements, PPA) depends on the structure of the contract. An initial review is conducted to establish whether control (IFRS 10) or joint control (IFRS 11) of the company applies or whether the Salzgitter Group owns the asset. The analysis then examines whether the contract is based on a lease (IFRS 16). This is the case if the consumer draws the entire economic benefit from its use and it is able to decide on use of the asset. Otherwise, a PPA may have to be accounted for in the same way as a financial instrument pursuant to IFRS 9. If IFRS 9 is not applied due to the own use exemption, the contract represents a pending transaction for which a provision for imminent losses is only to be formed if the contractual obligation is classified as an onerous contract (IAS 37). It is assumed that the own use exemption applies and no derivatives are therefore to be accounted for.

In determining obligations, assumptions must be made on future cash flows and, in the case of long-term obligations (particularly in the Strip Steel Business Unit), also on cost increases. The actual figures may diverge from the assumptions made if the underlying conditions change against expectations on the reporting date. Deviations of this kind are accounted for in profit or loss as of the time when greater insight becomes available. If necessary, the facts of the matter are assessed with the help of external advisors. Further explanations and details on this can be taken from Note 27 → Other provisions.

IMPACT OF CLIMATE CHANGE

As a result of heightened social and political discussions surrounding the need for (tougher) climate protection measures, the Salzgitter Group sees itself exposed to new risks in the form of regulatory measures (for example, changes to CO_2 emissions trading), as well as a structural change in production methods with the aim of achieving a significant, long-term reduction in CO_2 emissions as our contribution towards climate protection. These risks may have an effect on the impairment of assets as the useful lives of property, plant and equipment have to be re-estimated or future cash flows are affected.

We regard the further development of the European greenhouse gas emissions trading system as a key regulatory measure. Detailed rules are still awaited but changes have already been announced by the EU Commission for the fourth trading period lasting up to and including 2030. As we acquired carbon credits as a precautionary measure in earlier years, it should be possible to largely offset the estimated medium-term shortfall for SZAG's fully consolidated subsidiaries covered by emissions trading, after allocations. It will only be possible to be more specific once more detailed rules are in place for all aspects relevant to allocations and it becomes clear whether and to what extent the envisaged raising of the EU's climate target by 2030 is to impact the budget for free allocation. On this basis and due to the fact that our fully consolidated subsidiaries have plans in place to cover any shortfalls in CO_2 certificates, we are not expecting any relevant risk on average. If we assume that the underlying political framework will turn unfavorable, a requirement to buy further carbon credits, no later than towards the end of the fourth trading period, cannot be ruled out on current assessments.

The change of production methods will make itself felt on an industrial scale, particularly with the implementation of SALCOS® (Salzgitter Low CO_2 Steelmaking). Implementation of the first expansion phase is scheduled to start at the end of 2026. In the following year (2027), 30% of SZFG's primary steel production – over 1 million tonnes of steel – is set to be produced without the use of coking coal. Complete implementation is planned by 2033.

The long-term consequences of climate change on measurements and the regulatory requirements to which we are responding with our SALCOS® transformation project, were already included in earlier impairment tests. We currently see no additional effect on measurements resulting from the price increase in CO_2 certificates which is expected to be long-term as well as any possible requirement to purchase additional certificates at the end of the current trading period and after 2030, as by comparison with the previous year, we were essentially able to retain our planning assumptions.

From the time it is commissioned, the new production process will require more electricity than today's steel production using blast furnaces. In addition, after the complete transformation of the steel production process, there will not be sufficient gases for the company to generate its own electricity. As a result and taking account of future electricity generation from renewable energy sources wherever possible, Power Purchase Agreements are already being concluded with wind and solar farm operators for a term of presently up to 15 years.

The successive conversion of the production process described above as a result of climate-related demands did not lead to any change in estimates of useful lives.

POTENTIAL TAKEOVER BID

In the final quarter of the financial year, Salzgitter AG was informed by its shareholder, GP Günter Papenburg AG, that together with TSR Recycling GmbH & Co. KG, it was considering a voluntary, public takeover bid to the company's shareholders for the acquisition of their shares. Thereupon, the Executive Board entered into talks with the potential bidders in order to understand the economic rationale behind this potential bid. At the time of preparing the 2024 consolidated financial statements, these talks have not led to any complete findings which would entail amendments to the figures reported or valuations.

INTANGIBLE ASSETS

Intangible assets acquired against payment are reported at acquisition cost and amortized on a straight-line basis over the period of their likely economic useful lives, generally between three and five years.

Intangible assets generated internally are capitalized if it is probable that their usefulness for the Group is reliable and if the acquisition or production costs can be measured with accuracy. The production costs of internally generated intangible assets are determined on the basis of directly attributable costs. Costs that are necessary for the creation, production and development of the asset so that it is in good operational condition for the purposes intended for it by the Group's management are included. These intangible assets are usually amortized over a period of five years.

The assets identified within the framework of the purchase price allocations are amortized regularly over periods of between 10 and 26 years using the straight-line method.

Development costs are capitalized if a newly developed product or process can be clearly defined, is technically feasible and is intended for either the company's own use or for selling. Moreover, capitalization presupposes that development costs will with sufficient probability be covered by

future inflows of cash and cash equivalents. The development process must be distinguished from a research phase. Development is the application of the research result and takes place before the start of commercial production or use. If the prerequisites for capitalization are not satisfied, the expenses are set off with effect on income in their year of origin.

The acquisition or production costs in question encompass all costs that are directly attributable to the development process, as well as similarly directly attributable parts of the development-related overheads. They are amortized from the start of production onward on a straight-line basis over the likely economic useful life of the developed asset models.

Rights to emit CO_2 are reported under intangible assets if the intention is to use emission rights for production purposes. The resulting expenses are recognized in cost of materials. Initial ownership of emission rights that were acquired gratuitously are recorded at an acquisition cost of € 0. Paid-for emission rights are reported at their acquisition cost..

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at acquisition or production cost, less accumulated depreciation and impairment costs. Any investment grants received are shown as a reduction in the acquisition and production costs. The residual book values and the economic useful lives are examined on every reporting date and adjusted if necessary.

The production costs of internally generated intangible assets are determined on the basis of directly attributable costs. Borrowing costs that can be directly allocated to the purchase, construction or production of a qualified asset, are capitalized.

The costs incurred by the regular maintenance and repair of property, plant and equipment are recognized as expenses. Renewal and maintenance expenses are capitalized as subsequent production costs only if they result in an extension of the useful life or an improvement or change in the use of the said property, plant and equipment.

Material components of property, plant and equipment that require replacement at regular intervals are capitalized as autonomous assets and depreciated over the course of their economic useful lives.

The scheduled straight-line depreciation is essentially based on the following economic useful lives:

Useful economic lives	
Buildings including investment property	10 to 50 years
Property facilities	5 to 40 years
Plant equipment and machinery	5 to 33 years
Other equipment, plant and office equipment	3 to 20 years

LEASES

A right of use and lease liability are generally recognized for leases under IFRS 16.

Initial recognition of the lease liabilities assigned to financing liabilities is determined by the present value of the lease payments to be made. In the subsequent measurement, the carrying amount of the lease liability is compounded and reduced by the lease payments made with no effect on income. Lease payments include fixed payments (including de facto fixed payments) less any lease incentives to be received, variable lease payments linked to an index or interest rate and amounts that have to be paid as residual value guarantees. Lease payments also comprise the exercise price of a purchase option if it is regarded as reasonably certain that it will be exercised, and contractual penalties for terminating the lease if its term reflects the possibility that a termination option will be exercised. Variable payments not linked to an index or interest rate are recognized as expenses in profit and loss. In calculating the present value, the Salzgitter Group uses the incremental borrowing interest rate because the interest rate underlying the lease cannot be readily determined. To determine the incremental borrowing interest rate, reference interest rates are derived for a period of up to 30 years from the yields of corporate bonds for industrial companies from Europe which match the Salzgitter Group's rating class. Foreign Group companies are subject to country-specific circumstances.

Rights of use shown in tangible assets are recognized at the cost of acquisition less cumulative depreciation as well as any necessary impairment. The cost of acquiring the right of use is determined by the present value of all future lease payments plus the lease payments made at or before the beginning of the lease term as well as the cost of concluding the contract and the estimated cost of dismantling or restoring the leased object. All lease incentives received are deducted. In this context, the Salzgitter Group makes use of its option to consider payments for non-lease components as lease payments as a general rule. Leases for property and vehicle fleets constitute an exception.

If the lease payments to be taken into account also comprise the transfer of ownership of the underlying asset at the end of the lease term, including the exercise of a purchase option, amortization will be applied over the economic useful life. Otherwise, the right of use is amortized over the term of the lease.

During the term of the lease, the right of use must be amortized and the lease liability amortized by using the effective interest method and taking account of lease payments. Under IFRS 16, application relief is available for short-term and low-value leases which the Salzgitter Group takes advantage of and for which it therefore does not recognize any right of use or liability. Lease payments in this respect are recognized as an expense in profit and loss. The option not to apply IFRS 16 to intangible assets is also taken into account.

In determining the term of contracts with options to extend or terminate, all facts and circumstances which offer a financial incentive to exercise extension options or not to exercise termination options are taken into account. Changes to terms resulting from the exercise or non-exercise of such options are only taken into account in the term of the contract if they are reasonably certain. Lease agreements for real estate and land, in particular, contain extension and termination options in the Salzgitter Group.. For details of possible future lease payments for periods after the time when extension and termination options not reflected in the term of the lease will be exercised, we refer you to Note 37 → **Notes to leases**.

Lessors must classify leases as finance or operating leases on the basis of the distribution of opportunities and risks arising from the asset. In the case of an operating lease in the Salzgitter Group, the leased object is reported as an asset at amortized cost in tangible assets, and the lease installments collected shown under other operating income. With a finance lease, the asset is derecognized and instead shown under receivables at the level of the net investment value.

INVESTMENT PROPERTY

Investment property comprises property that is used to generate rental income or long-term value appreciation and not for production or administration purposes. This property is recognized at cost in accordance with IAS 40 taking into account unscheduled depreciation ("cost model").

FINANCIAL ASSETS – CATEGORIZATION AND MEASUREMENT

On initial recognition, a financial asset is classified for subsequent measurements as to be reported at "amortized cost", recognized "in profit or loss at its fair value" or "at its fair value with no effect on profit or loss".

CATEGORIZATION

BUSINESS MODEL CONDITION AND PAYMENT FLOW CONDITION

In accordance with IFRS 9, the categorization and measurement of financial assets are determined by the business model and the structure of the agreed payment flows. The financial instruments are allocated to different categories on the basis of these two conditions.

AMORTIZED COST

A financial instrument falls into the category of "at amortized cost" if the objective of the business model consists in holding a debt instrument in order to generate the contractual payment flows (for example, interest income), and at the same time, the terms of the contract lead to payment flows at certain defined times constituting payments of principal and interest.

RECOGNIZED IN PROFIT OR LOSS AT FAIR VALUE

A financial instrument falls into the category "at fair value recognized in profit or loss" if the objective of the business model consists in holding the debt instruments or equity instruments for the short term in order to realize price gains (business model condition), and in the case of debt instruments, interest payments and principal repayments are not exclusively generated on the outstanding principal (payment flow condition). In addition, derivatives not used in hedge accounting are also shown in this category.

AT FAIR VALUE WITH NO EFFECT ON PROFIT OR LOSS

A financial instrument defined as a debt instrument falls into the category "at fair value with no effect on profit or loss" if it has not been designated as "at fair value recognized in profit or loss" and the objective of the business model consists both in holding the financial assets to collect the contractual payment flows of the debt instrument and in selling the debt instrument, and the terms of the contract lead to payment flows at defined times that represent exclusively principal repayments and interest payments on the outstanding principal.

A financial instrument defined as an equity instrument can be reported in the category "at fair value with no effect on profit and loss" if it is not solely held for the short term in order to realize price gains. If this option is exercised, the cumulative gains and losses in other comprehensive income are not derecognized through profit or loss when the financial asset is derecognized (no recycling) but recognized directly in retained earnings. The Salzgitter Group makes use of this option provided the conditions described are met. Irrespective of the above, dividends are recognized in profit or loss unless they represent the repayment of part of the cost of acquiring the equity instrument.

Derivatives that according to hedge accounting rules are accounted for without affecting profit or loss as part of a cash flow hedge, are also assigned to this category.

No use is made in the Salzgitter Group of the option to account for financial assets or liabilities at their fair value (fair value option) in profit or loss.

INITIAL AND SUBSEQUENT EVALUATION

Regular purchases and disposals of financial assets are recognized as of the trading date, the day on which the Group undertakes to purchase or dispose of a financial asset.

Financial assets are initially recognized at fair value.

Trade receivables are recognized at their transaction price on first-time recognition.

Financial instruments are attributed to non-current assets if management does not intend to sell them within twelve months of the reporting date.

Financial instruments in the categories "at fair value recognized in profit or loss" and "at fair value with no effect on profit or loss" are subsequently measured at fair value. The category "at amortized cost" is subsequently measured at amortized cost using the effective interest method.

Market values are determined for forward exchange and commodity futures transactions by means of recognized actuarial methods. In the event of substantial market values, the counterparty risk is taken into account by way of a credit risk discount.

Forward exchange contracts are valued using the Group's own calculations. The outright rates applicable on the reporting date were determined on the basis of the ECB's reference rates for the respective currency pairs and the interest rate differences between the various terms of the forward exchange contracts. Working on the assumption of standardized terms, the interest rate differences between the actual terms were determined by means of interpolation. The information regarding the standardized terms was obtained from a standard market information system. The difference ascertained between the contractually agreed foreign exchange amount at the forward exchange rate and the cut-off date exchange rate is mainly discounted as of the reporting date using the Euribor interest rate in accordance with the residual term.

Open iron ore, coking coal and HRC swaps are measured with the aid of monthly forward prices. The future cash flows from these derivatives are discounted in accordance with their maturity. On the basis of these parameters, a market value is initially calculated for the open volume in foreign currency with no credit risk exposure. The second step is to determine a correction amount to take account of the credit risk in accordance with IFRS 13. This correction amount acts as an adjustment to the risk-free market value and takes account of the counterparty credit default risk (CVA = Credit Value Adjustment) and the company's own credit default risk (DVA = Debit Value Adjustment). The market value in foreign currency is finally converted to euros using the current rate of exchange.

Unrealized profits and losses arising from changes in the fair value of financial instruments in the "at fair value with no effect on profit or loss" category are posted to equity. If assets in this category defined as a debt instrument are sold, the cumulative adjustments to fair value under equity are posted to income in the income statement. If assets in this category defined as an equity instrument are sold, the gains and losses accumulated with no effect on income are not to be derecognized through profit or loss when the financial asset is derecognized (no recycling in other words). Accumulated gains and losses not recognized in profit or loss are transferred to retained earnings.

Changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are shown directly in the income statement.

DERECOGNITION

Financial instruments are written off if the rights to payments from the investment have expired or were transferred and the Group has essentially transferred all risks and opportunities associated with their ownership. If essentially all the risks and opportunities associated with ownership of the financial asset are retained in spite of its transfer, the financial asset is not derecognized and continues to be reported. If all the risks and opportunities associated with ownership of the financial asset are neither transferred nor retained, a determination is made as to whether control of the financial asset remains. If control no longer remains, the financial asset is derecognized. However, if control remains, the financial asset is not derecognized in accordance with the Group's continuing commitment and continues to be reported.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are netted and shown as a net amount in the balance sheet only if there a legal entitlement to this, plus an intention to bring about the settlement on a net basis or, at the same time, to utilize the asset concerned in order to redeem the associated liability. The legal right to netting out may not depend on some future event and must be enforceable both in the normal course of business and in the event of a default or an insolvency.

FINANCIAL ASSETS – ACCOUNTING TREATMENT OF IMPAIRMENT LOSSES

EXPECTED LOSSES MODEL

The impairment model under IFRS 9 is based on the premise that the credit losses actually to be expected can be reflected as soon as financial assets are recognized.

The expected loss ratios are based on external and internal credit ratings. To judge whether the default risk has increased significantly, the default risk with respect to the closing date is compared with the default risk at the time of initial recognition. Besides external credit ratings, weight is given to internal credit ratings and significant changes to the expected profitability and payment behavior of the debtor.

STAGED MODEL (GENERAL APPROACH)

Assets for which expected losses are to be reflected in accordance with the expected losses model, are assigned to one of three stages depending on movements in the default risk (3-stage concept). A loss allowance is generally formed in all stages. All financial assets are to be assigned to Stage 1 when they are first recognized. Financial assets that are already impaired at the time of acquisition form an exception to this rule.

STAGE 1

The extent to which expected losses are recognized depends on whether the default risk of financial assets has substantially deteriorated since their acquisition or not. If the default risk has not substantially deteriorated, the expected losses over the life of the receivable resulting from possible future loss events within the next twelve months are to be taken into account (Stage 1).

STAGE 2

If the credit risk increases significantly after acquisition, the financial instrument is transferred to Stage 2. When calculating the loan loss provision in Stage 2, the expected losses over the entire residual term of the financial asset must be taken into account.

STAGE 3

The financial asset must be assigned to Stage 3 if its credit quality has deteriorated further and there is objective evidence of impairment. Breach of contract or considerable financial difficulties on the part of the debtor may represent objective evidence, for example. The loan loss provision is calculated as in Stage 2; however, the effective interest income must then be calculated not on the gross but on the net carrying amount (after deducting the loan loss provision).

SIMPLIFIED APPROACH

Derogations apply to trade receivables and contract assets under IFRS 15. For these assets, all expected losses over the entire life can be taken into account on acquisition of the financial instrument. The simplified impairment model contained in IFRS 9 is applied in the Salzgitter Group for trade receivables and contractual assets as a result of which the impairment is determined on the basis of the losses expected over the residual term and immediately recognized in profit or loss. The staged model is not applied as part of the simplified approach. The value of the financial asset must be fully corrected regardless, if its credit quality has deteriorated and there are objective indications of impairment, e.g. breach of contract or considerable financial difficulties on the part of the debtor.

In order to calculate the expected credit losses, trade receivables and contract assets are aggregated on the basis of common credit risk characteristics. Contract assets relate to services already provided which it has not yet been possible to invoice and essentially exhibit the same credit risk characteristics as trade receivables for the same types of contract. The Salzgitter Group therefore applies the same loss ratios as for trade receivables when measuring the expected losses from contract assets.

FINANCIAL INSTRUMENTS – ACCOUNTING TREATMENT OF HEDGE INSTRUMENTS

The method used to report gains or losses from derivatives depends on whether the derivative was designated a hedging instrument and, if this was the case, on the type of hedging arrangement. The Group designates derivatives either as hedging the fair value of an asset or a liability reported in the balance sheet (fair value hedge), as hedging payment flows from a transaction that is regarded as highly likely, or as hedging the currency risk inherent in a firm obligation (both cash flow hedges). The underlying and hedging transactions designated as a hedging relationship (hedge accounting) are managed and monitored within the scope of corporate risk management.

FAIR VALUE HEDGE

In the past financial year, no derivatives were qualified as fair value hedges in the Salzgitter Group.

CASH FLOW HEDGE

The effective portion of changes in the market value of derivatives that are designated for hedging cash flows or for the currency risk inherent in firm obligations and qualify as cash flow hedges is recognized under equity. The ineffective portion of the changes in value, on the other hand, is recognized immediately in the income statement.

When a hedged future transaction results in the recognition of a non-financial asset (e.g. inventories), the gains or losses previously recognized in equity are included directly in the initial measurement of the cost of the non-financial asset (adjusted basis). When a hedging instrument expires or is sold, or when a hedge no longer meets the requirements of hedge accounting, the cumulative gain or loss remains in equity and is not recognized as an adjusted basis in the balance sheet or disclosed in the income statement until the underlying transaction occurs.

If the forecast transaction is no longer expected to take place, the cumulative gains or losses that were recorded directly in equity must be transferred immediately to the income statement.

INVENTORIES

Inventories are recognized at acquisition or production cost or the net selling value, whichever is lower. Inventories are valued at average costs or individually attributed acquisition or production costs. The production costs are determined on the basis of normal capacity utilization. Specifically, the production costs include not only the directly attributable costs but also the production-related material costs and production overheads, including production-related depreciation. If the values as of the reporting date are lower because of a decline in net realizable values, these are reported. If the net selling value of previously written-down inventories has increased, the resultant reversal of write-downs is recorded as a reduction in the cost of materials or a change in inventories.

Unfinished and finished products, as well as raw materials generated internally, are valued at Group production cost that, in addition to direct costs, includes the variable and fixed overhead costs that are calculated systematically or attributed.

CONTRACT ASSETS AND CONTRACT LIABILITIES

The companies in the Salzgitter Group must determine on each reporting date the extent to which the parties involved in a customer contract have fulfilled the contract and show the net contract position in the balance sheet. This results in a contract asset if our Group company has fulfilled a greater part of the contract than the customer or a contract liability if the customer's consideration received in advance is not yet matched by complete fulfillment. Prepayments received are deducted from contract assets on an order-specific basis. If the payments received on account for individual customer contracts exceed the receivables from customer contracts, the excess amount is reported under contract liabilities. If total contract costs are likely to exceed total contract revenues, the anticipated loss is recognized immediately as an expense and, if it exceeds the contract costs already incurred, reported as a contract liability.

For the realization of sales revenues and further assumptions regarding customer contracts, reference is made to the section "Revenue recognition".

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions and similar obligations are formed as a result of benefit plans for retirement and invalidity pensions and provisions for surviving dependents. These provisions are formed exclusively for defined benefit plans under which the company guarantees that employees will receive a specific level of pension. The pension provisions also include bridging payments in the event of death.

The pension obligations are valued on the basis of actuarial assumptions and calculations. The defined benefit obligations are determined using the usual projected unit credit method prescribed by IFRS. The actuarial interest rate for measuring pensions under IFRS is determined on the basis of the Mercer Yield Curve Approach. According to this approach, a spot rate yield curve is calculated in the eurozone on the basis of high-quality corporate bonds. In order to represent the current market value of the money appropriately in accordance with IAS 19.84, both statistical outliers which are significantly higher or lower in their risk rating, as well as bonds with interest-distorting options are ignored. The yield curve is extrapolated in order to obtain an interest rate to match the duration of the obligation.

In contrast to this principle, pension commitments for which benefits are based on the growth of securities are, as a general rule, shown at the fair value of the underlying securities (securities-based commitments). To the extent that any minimum interest is guaranteed on the contributions made, a minimum, actuarially determined obligation is shown if it exceeds the current market value of the securities.

INCOME TAXES

In accordance with IAS 12, deferred taxes are calculated using the balance-sheet-oriented liability method. Under this method, reductions in the tax burden and charges that are likely to arise in future are reported for temporary differences between the book values shown in the consolidated financial statements and the values attributed to assets and liabilities for tax purposes.

As of December 31, 2024, the deferred taxes of domestic corporate entities were evaluated with an overall tax rate of 31.6 % (previous year: 31.5 %). This tax rate comprises the 15.8 % trade tax rate that prevails in the Group (previous year: 15.7 %) and the 15.8 % rate of corporate income tax (including the solidarity surcharge; previous year: 15.8 %).

The calculation of foreign income tax is based on the laws and regulations applicable in the individual countries.

The anticipated tax savings resulting from the utilization of loss carryforwards whose realization is expected in the future are capitalized. When capitalized assets are valued for future reductions in the tax burden, consideration is given to the probability of the expected tax benefit being realized.

Assets deriving from future reductions in the tax burden include deferred tax assets arising from temporary differences between the book values stated in the consolidated balance sheet and values attributed for tax purposes, as well as tax savings resulting from loss carryforwards whose realization is anticipated at a future date.

Deferred tax claims in a particular area of fiscal jurisdiction are offset against deferred tax liabilities in the same area if the company is entitled to offset actual tax liabilities against tax claims and the tax is levied by the same tax authority; the offsetting is carried out on condition that there is matching maturity.

Provided that they relate to the same geographical area of fiscal jurisdiction and their types and maturities match, income tax liabilities are set off against corresponding tax refund claims.

OTHER PROVISIONS

Provisions are formed for current legal or factual obligations to third parties whose occurrence would be likely to burden Group assets. They are reported at their likely settlement amount, taking account of all the discernible risks involved, and are not offset against recourse claims. If discounting results in any significant effect, the provisions will be made at their present value. The interest rate used will be appropriate to the term and currency and free of risk. There will be no compounding if interest rates are negative for reasons of materiality.

SHARE-BASED PAYMENTS

Share-based payment plans existing in the Group constitute payment plans settled in cash. The Group's resulting liability is determined at fair value and recognized as an expense over the period until the claim for cash settlement has been unalterably established. Until it is settled, the fair value of the liability is remeasured on each reporting date and any changes in the fair value recognized in profit or loss. An appropriate option pricing model is used to determine the fair value.

FINANCIAL LIABILITIES

CATEGORIZATION

Financial liabilities are categorized and measured at their amortized cost or at their fair value through profit or loss.

AMORTIZED COST

When financial liabilities are recognized for the first time, they are stated at fair value less transaction costs. In subsequent periods they are basically valued at amortized cost. Each difference between the amount paid out and the amount repaid is then spread over the term of the loan using the effective interest method. Supply chain finance agreements concluded with financial institutes correspond to the usual payment terms and do not change the original liability to the suppliers with the result that the amounts continue to be reported in trade accounts payable.

RECOGNIZED IN PROFIT OR LOSS AT FAIR VALUE

As financial instruments in the Salzgitter Group are not designated as at fair value through profit and loss when first recognized (non-application of the fair value option), this category contains only derivatives with a negative fair value that are not shown in the hedge accounting.

DERECOGNITION

Financial liabilities are derecognized if the contractual obligations have been fulfilled, annulled or have expired.

REVENUE RECOGNITION

Revenue recognition under IFRS 15 is based on the transfer of control principle. The basic concept states that the recognition and measurement of assets and sales revenues be determined by applying five steps:

- Identify the contract with the customer
- Identify separate contractual obligations
- Determine the transaction price
- Split the transaction price across the contractual obligations identified
- Realize the sales revenues when the contractual obligation is met

Revenues from contracts with customers are recognized when the delimitable contractual obligations, in other words, the contractually agreed goods or services, have been transferred. This is basically the case if the customer is able to decide on its use of the goods or services transferred and essentially derive the remaining benefit from them. Revenues must be recognized at the time when and in the amount at which contractual obligations are met. The fulfillment of contractual obligations is therefore classified by time or period. Revenues from sales are recognized at the level of the price defined in the contract – after deducting any reductions such as bonuses, cash discounts or rebates – and therefore equate to the transaction price. They are recognized to the extent that it is highly likely that no significant cancellation of the sales will become necessary provided there is no further uncertainty in this regard.

In the Salzgitter Group, power of disposal over products is generally transferred to the customer on delivery to the customer in accordance with the contractually agreed delivery terms.

No major financing components are included. There are no significant obligations to take back products, provide reimbursement or similar obligations which exceed normal assurance-type warranties. In the case of contracts with customers containing a bundle of contractual obligations, the prices of such obligations are largely estimated on the basis of existing individual sales prices.

Contract assets are subject to the expected losses model contained in IFRS 9. Impairment losses are recognized at the level of the expected credit loss over the term.

SALE OF STRIP STEEL AND PLATE STEEL, SECTION STEEL PRODUCTS, TUBES AND PIPES AS WELL AS OTHER PRODUCTS

The Group sells its products in the steel production and steel processing segments both directly to customers and with the involvement of the trade.

In the case of direct sales, this predominantly occurs on the transfer of physical possession to the customer. Revenues from sales are recognized when power of disposal has been transferred to the buyer and no unfulfilled obligations remain that might affect the customer’s acceptance of the products.

If the Trading segment is included, revenues are recognized at the time when the opportunities and risks associated with the product are transferred to the buyer. Payment terms of less than six months are usually agreed with customers. A receivable is shown on dispatch or delivery of the goods as at this point the claim for consideration is unconditional, in other words, payment will automatically become due with the lapse of time from this moment onward.

Revenues from sales are recognized at the level of the price defined in the contract – after deducting any reductions such as bonuses, cash discounts or rebates. If variable purchase price components change, such changes are netted off against the sales revenues. Sales revenues are only recognized to the extent that it is highly likely that no significant cancellation of the sales will become necessary provided there is no further uncertainty in this regard.

SALE OF MACHINES AND TECHNICAL EQUIPMENT

As a general rule, the Group sells machines and technical equipment directly. Spare parts and maintenance services are also offered. Revenues from sales are recognized both by time and period.

In the case of time-related recognition, revenues from sales are recognized when power of disposal has been transferred to the buyer and no unfulfilled obligations remain that might affect the customer's acceptance of the products. This is predominantly the case on delivery.

In the case of period-related recognition, the revenues are recognized over the term of the contract to the extent that a claim for the agreed payment by the customer is established by performance of the service already rendered provided the contract is structured accordingly. Payment terms of less than twelve months are usually agreed with customers. A receivable is shown on dispatch or delivery of the goods as at this point the claim for consideration is unconditional, in other words, payment will automatically become due with the lapse of time from this moment onward.

Applying IFRS 15, revenues from contracts with customers are realized as period-related sales if performance of the contract gives rise to a claim for the agreed payment by the customer. The Group provides its performance for contracts with customers on a period basis if performance gives rise to an asset with no alternative economic benefit, and an enforceable legal claim to consideration (including margin) for the contractual obligations fulfilled applies. Costs for the products sold and services provided are recognized at the end of the period in accordance with the stage of completion.

The input-oriented "cost-to-cost method" is used almost exclusively in the Group to determine the stage of completion as this method is best suited to reflecting the transfer of assets to the customer. The determination is based on the ratio between the costs accumulated by the closing date and the current estimate of the total costs.

Methods, assumptions and estimates are applied consistently. Losses on contracts are recognized in the period in which the latest estimate for the total costs of the contract exceeds the total contract revenues. Contract costs are estimated on the basis of project calculations, updated monthly. They also contain estimated follow-on costs.

If the sales revenues for an individual order recognized by the stage of completion exceed payments received and advance payments requested, a contract asset is recognized for the excess amount. If the revenues are lower, a contract liability is recognized. If a claim for payment is successively established against the customer for an order for which a contract asset is shown, or if the customer pays the relevant order, the contract asset is reduced accordingly and a receivable is recognized; if the company successively meets its performance obligations for an order for which a contract liability is shown, the contract liability is reduced and sales are shown.

REALIZATION OF DIVIDENDS, INTEREST AND PUBLIC GRANTS

Dividends are collected when the claim has been legally accrued. Interest expenses and interest income are reported pro rata temporis. When there are changes in the consolidated group, acquired dividend claims are recorded without effect on income as part of the capital consolidation.

Government grants are not reported in the balance sheet until the necessary claim prerequisites have been fulfilled and it can be anticipated that the grants will actually be paid. Grants relating to assets are always reported as deductions from acquisition or production costs. Performance-based remuneration is reported as other operating income. If performance-based remuneration relates to future financial years, it is accrued appropriately.

IMPAIRMENT OF ASSETS (IMPAIRMENT TEST)

As of every balance sheet date at the latest, the Group reviews the carrying amounts of its intangible assets, property, plant and equipment, investments in companies accounted for by the equity method and investment property to establish whether there are any signs of impairment. If such signs are discernible, the recoverable amount is ascertained and compared with the carrying amount of the asset concerned, taking account of corporate assets. If the recoverable amount for the individual asset cannot be estimated, an impairment test is carried out at the level of the cash generating unit to which the asset belongs. If the carrying amount of an asset or a cash generating unit exceeds the respective recoverable amount, the asset is impaired and will be subjected to unscheduled depreciation at its recoverable amount. If the reason for a previous unscheduled depreciation no longer applies, a reversal is carried out.

FINANCIAL RISK MANAGEMENT

The Group's commercial activities expose it to a variety of financial risks: market risk (currency, interest rate and market price risk), credit risk and liquidity risk. The Group's overarching risk management aims to minimize the potentially negative effects of financial market developments on the Group's financial position.

Risk management is carried out independently by the subsidiaries and associated companies of Salzgitter AG in accordance with guidelines approved by the Executive Board. The Executive Board issues written principles for overall risk management, as well as guidelines for specific areas such as the hedging of currency risks, interest rate and credit risks, the use of financial instruments as well as the investment and borrowing of funds.

CURRENCY RISK

The Group operates internationally and is therefore exposed to currency risks based on fluctuations in the exchange rates between various foreign currencies. Currency risks result from expected future transactions and from assets and liabilities reported in the balance sheet. The risks arise when transactions are denominated in a currency that is not the functional currency of the company. At the level of Group companies, forward currency transactions are generally concluded with a central Group organization. Within the framework of the hedging strategy applicable in each case, this organization decides on the use of suitable financial instruments.

In the Group, the hedging relationship between the hedging instrument and the underlying transaction, the objective of the associated risk management and the strategy underlying the hedging transactions are documented when an effective hedging transaction is concluded. The estimation as to whether the derivatives used in the hedging relationship are highly effective in compensating for the changes in the current value or the cash flows of the underlying transaction is examined in the Group at the start of the hedging relationship and continuously thereafter.

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The Group's interest rate risk arises from interest-bearing receivables and liabilities. The variable interest rates expose the Group to a cash flow interest rate risk that influences interest expenses and interest income. The fixed-interest liabilities give rise to a fair value interest rate risk, although this has an impact on the balance sheet only if the financial instruments are reported at current value.

The Group's risk of interest rate changes is always viewed and analyzed in connection with ongoing or planned financing measures. The use of derivative interest rate hedging instruments is only considered for existing or highly probable underlying transactions. In order to reduce the risks arising from derivative financial instruments, risks of interest rate changes are not decoupled from liquidity risks. As a general rule, market-related risks of interest rate changes are preferred to additional liquidity risks posed by asymmetric interest rate hedging transactions.

MARKET PRICE RISK

The Salzgitter Group counters the risk of fluctuating market prices, especially in the procurement of raw materials and energy, with price and supply contracts. Hedging is also used to a limited extent, primarily for ore and coking coal. The analysis period for hedging is based on the medium-term three-year plan. Starting from a hedging ratio up to the mid-double-digit range, the aim is to reduce this over the following years. A risk committee manages the risk exposure as a function of the market situation and business position and implements suitable measures.

The Salzgitter Group also concludes Power Purchase Agreements for wind and solar energy in order to hedge against fluctuations in energy prices and secure a long-term, sustainable and more predictable supply of green electricity. Power Purchase Agreements are purchase agreements comprising fixed sales prices for the electricity produced by a specific wind or solar power plant. These long-term contracts have become necessary as the commissioning of the new SALCOS® production process, probably from the end of 2026, will entail higher electricity requirements for technical reasons which will have to be procured externally.

CREDIT RISK

In respect of potential credit risks, the Group has trading rules and regulations and a consistent receivables management system that ensure that products are sold only to customers with an appropriate payment history. Contracts involving derivative financial instruments and financial transactions are restricted to financial institutions with good credit standing. The Group's business policy is to limit the amount of credit exposure in respect of the individual financial institution. As regards the financial institutions, there were no significant risk clusters in the financial year ended.

LIQUIDITY RISK

The Group's liquidity management includes an adequate reserve of cash and cash equivalents, marketable securities, and the possibility of financing with bilateral credit lines, a medium-term syndicated loan limit and capital market instruments. In the past financial year, the Salzgitter Group was able to maintain its previous financing strategy, and was able at all times to show sufficient liquidity through independent measures without any specific government support for the Group. Bilateral annual credit lines with a double-digit number of credit institutions, further fungible assets and an established position in the capital market are intended to secure our liquidity requirements.

CAPITAL RISK MANAGEMENT

To reduce its capital costs, the Group pursues the objective of maximizing the earnings from its shareholdings by optimizing the relationship between equity and debt. In the process, it is ensured that all of the Group companies can operate under the going concern premise.

In order to maintain or optimize the capital structure, the Group is obliged to adjust the amount of the dividend payments, make repayments of capital to the shareholders, issue new shares or dispose of assets for purposes of debt reduction.

Preservation of Salzgitter AG's independence is the focus of its corporate policy. One prerequisite is the maintenance of a sound balance sheet and financial structure in order to secure its freedom to act at all times with regard to the operational, financial and strategic growth of the Group. Looking at the way in which a very robust equity ratio of 42.5 % (previous year: 46.0 %) has been preserved, we have once again succeeded in meeting this goal. As before, we consider it essential to keep sufficient cash funds available for the Group's financial management to ensure that, in the event of a deterioration in the environment, we will not be dependent on the capital market.

NOTES TO THE INCOME STATEMENT

(1) SALES

In € million	2024	2023
By product groups		
Strip Steel	4,302.4	4,646.9
Section Steel	796.7	827.8
Plate	903.6	1,132.7
Pipes	1,296.7	1,634.3
Filling and packaging machinery	1,577.9	1,594.6
Other	1,134.4	954.2
	10,011.7	10,790.5
Breakdown by region		
Domestic	4,088.6	4,924.9
Other EU	3,021.5	3,030.3
Rest of Europe	500.5	509.4
America	1,074.5	1,058.9
Asia	877.6	792.9
Africa	396.2	417.6
Australia / Oceania	52.8	56.5
	10,011.7	10,790.5

The breakdown of sales represents a breakdown by product category that does not correspond to segment reporting.

Sales revenues comprise time-related revenues amounting to € 9,051.2 million (previous year: € 9,929.2 million) as well as period-related revenues totaling € 960.1 million (previous year: € 861.2 million). Time-related revenues result from the sale of goods. Period-related sales predominantly comprise work in progress for construction contracts for which a contract asset has been recognized. Other services are also classified as period-related.

The amount of sales revenues comprised at the start of the period in net contract liabilities stands at € 486.5 million (previous year: € 352.9 million). Sales revenues from contractual obligations already fulfilled or partially fulfilled in earlier periods come in at € 5.0 million (previous year € 6.5 million).

Fixed contractual obligations not yet completely fulfilled as of the closing date are likely to lead to the realization of the following sales:

In € million	2024	2023
months	130.5	116.0
7 months to 12 months	88.8	133.7
over 12 months	121.7	219.7
	341.0	469.3

As a general rule, the transaction prices of the remaining contractual obligations are determined at the level of the volumes and services contractually agreed with customers as of the closing date for which the customer has an obligation to buy and the Group an obligation to supply. Unfulfilled (or partly unfulfilled) contractual obligations as of the end of the financial year with an original term of no more than one year are not disclosed, as is permitted under IFRS 15,121.

(2) OTHER OPERATING INCOME

Other operating income essentially includes income from the measurement of financial derivatives and foreign currency items in an amount of € 78.4 million (previous year: € 179.7 million) as well as income from exchange rate changes amounting to € 175.6 million (previous year: € 159.3 million). Income from the release of provisions amounting to € 53.6 million (previous year: € 105.8 million) and operating income from sideline operations in an amount of € 20.6 million (previous year: € 58.7 million) of a predominantly one-off nature as well as income from refunds from earlier years in an amount of € 69.5 million (previous year: € 40.3 million) and income from insurance refunds in an amount of € 38.1 million (previous year: € 27.6 million) are also reported in other operating income. Furthermore, this item also contains grants amounting to € 6.9 million (previous year: € 19.4 million) as well as lease income of € 8.0 million (previous year: € 6.9 million). For more detailed explanations of capitalized grants, we refer you to Note 11 → **Property, plant and equipment.**

(3) COST OF MATERIALS

In € million	2024	2023
Cost of raw materials, consumables, supplies and goods purchased	6,470.5	6,751.9
Cost of services purchased	504.6	494.1
Cost of materials	6,975.1	7,246.0

(4) PERSONNEL EXPENSES

In € million	2024	2023
Wages and salaries	1,667.3	1,566.2
Social security, pensions and other benefits	348.6	321.5
of which pension plans and retirement benefits	[145.0]	[134.5]
Personnel expenses	2,015.8	1,887.7

In the financial year, the sum total of all defined-contribution pension expenses in the Salzgitter Group stood at € 119.4 million (previous year: € 114.5 million). The past service cost for defined-benefit commitments in the financial year amounted to € 25.6 million (previous year: € 20.0 million).

Average number of employees (excl. employees in non-active, age-related part-time employment)	2024	2023
Wage labor	12,815	12,751
Salaried employees	10,379	10.226
Group core workforce	23,194	22,977

Of the Group employees, 874 (previous year: 852) are involved in our part of the joint activities. Personnel expenses include € 22.2 million from restructuring measures and are accounted for by the Trading Business Unit.

(5) AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The scheduled amortization and depreciation comprise amortization of intangible assets and depreciation of property, plant and equipment, and are shown in the assets analysis. For a breakdown of scheduled amortization and depreciation and impairment losses, we refer you to the → Segment reporting.

The following impairment losses were required in financial year 2024:

In € million	2024	2023
Intangible assets		
Purchased concessions, brand names, industrial property rights plus licenses and emission rights	5.7	–
Payments on account	9.6	2.4
Property, plant and equipment		
Land, similar rights and buildings, including buildings on land owned by others	57.0	–
Plant equipment and machinery	149.7	–
Other equipment, plant and office equipment	10.2	–
Payments made on account and equipment under construction	52.8	1.1
Investment property	9.7	–
Impairment losses	294.7	3.5

The fair value less selling costs was calculated using the discounted cash flow method based on an interest rate of 8.37 % (previous year 8.47 %) for the Technology Business Unit and 8.55 % (previous year 8.95 %) for the other business units. The calculation is based on the current plans prepared by management for the following three years (Level 3 of the valuation hierarchy). The planning assumptions are adjusted to reflect today's knowledge. This is based on general business and economic data supplemented by our own estimates. Basic assumptions are made especially in the areas of sale and procurement prices as well as sales volumes. The recoverable amount in each case equates to the fair value less selling costs.

Impairment losses totaling € 294.7 million were recognized in the Salzgitter Group.

Of this amount, € 129.6 million was accounted for by the cash-generating unit Mannesmann Precision Tubes Group (MPT Group) and € 110.6 million by Hüttenwerke Krupp Mannesmann GmbH (HKM) in the Steel Processing Business Unit as well as € 17.6 million by the cash-generating unit, the Klöckner DESMA Elastomer Group (KDE Group) in the Technology Business Unit. The impairment losses are due to structural changes in long-term customer demands (MPT Group) and at the KDE Group to the long-term reduction in earnings expectations from the manufacture of injection molding machines for the worldwide elastomer industry. HKM's business model is the exclusive production of primary materials for the three shareholders. For the coming years, it can be assumed that the demand for steel from the shareholders will tend to be lower and that consequently business operations will be refined. The resulting scenarios will lead to a need to recognize impairment losses due to a change in cost structures or liquidity requirements. The recoverable amounts determined were € -70.2 million (MPT Group), € -91,2 million (HKM) and € 19.6 million for the KDE Group.

The companies Salzgitter Mannesmann Stahlhandel GmbH (SMSD) and Salzgitter Mannesmann Stahlhandel Austria GmbH (SMSA) recognized impairments totaling € 26.0 million in the area of rights of use which are also due to structural changes in customer demand. Salzgitter Mannesmann Stahlhandel GmbH (SMSD) contributed the largest share of the impairments with a figure of € 18.3 million.

In addition, impairments of € 1.1 million were accounted for by Salzgitter Digital Solutions GmbH due to no longer usable licenses.

RSE Grundbesitz und Beteiligungs-GmbH reflected the market environment with impairment losses of € 9.7 million on its investment properties.

For a more detailed explanation of the impairment losses in the Europipe Group, please refer to Note 13 → **Investments in companies accounted for using the equity method.**

(6) OTHER OPERATING EXPENSES

This item essentially comprises expenses for external services in an amount of € 391.8 million (previous year: € 391.1 million), expenses from the measurement of financial derivatives and foreign exchange positions amounting to € 34.3 million (previous year: € 213.1 million), losses from exchange rate changes in an amount of € 184.4 million (previous year: 163.2 million) as well as sales expenses in an amount of € 344.2 million (previous year: € 344.9 million) and impairment losses totaling € 20.0 million (previous year: € 20.0 million) for assets held for sale. The other expenses incurred in connection with the restructuring measures are recognized in a total amount of € 10.0 million.

(7) FINANCIAL RESULT

In € million	2024	2023
Interest income and similar income	33.1	44.7
Interest income from compounding and discounting	0.3	0.1
Interest income	33.4	44.8

Interest income fell year on year by € 11.4 million. This decline is essentially due to falling trading volumes on the financial markets.

In € million	2024	2023
Interest expenses and similar expenses	84.9	87.6
Interest expenses from compounding and discounting	8.8	9.8
Interest portion of pension provision	56.8	64.2
Interest expenses	150.6	161.6

Interest expenses fell year on year by € 11 million. This decline is essentially made up of two effects. On the one hand, the interest portion in additions to pension provisions fell by € 7.4 million. On the other hand, interest expenses and similar expenses declined by € 2.7 million.

(8) INCOME TAXES

In € million	2024	2023
Income tax		
current tax expenses / tax income (+/-)	25.0	41.3
deferred tax expenses / tax income (+/-)	26.7	-7.0
	51.7	34.3
of which unrelated to the reporting period	[-16.8]	[-21.5]

The income taxes amounting to € 51.7 million relate to earnings before taxes. The income taxes unrelated to the reporting period comprise deferred and actual taxes for previous years, of which actual income taxes comprise € -14.0 million (previous year: € -2.6 million).

The reduction in actual income taxes to € 25.0 million reflects the decline in consolidated earnings in financial year 2024. All in all, the actual income taxes applicable to foreign companies amount to € 33.9 million (previous year: € 33.1 million). The deferred tax income of € 26.7 million is essentially caused by the reassessment of deferred tax assets on loss carryforwards at the domestic parent company.

Thanks to the use of tax loss carryforwards that had not previously been availed of, the tax expenses were reduced by € 1.6 million (previous year: € 2.1 million).

The following deferred tax assets/liabilities reported in the balance sheet are recognized in respect of the differences between reported book values and attributed tax valuations:

In € million	2024/12/31		2023/12/31	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	5.6	11.7	7.4	10.7
Property, plant and equipment	53.7	77.2	48.2	67.3
Financial assets	1.3	1.3	1.7	1.9
Current assets	89.6	153.1	79.2	171.5
Pension provisions	156.9	–	155.7	–
Other provisions	81.3	3.2	64.5	4.3
Special reserve with equity portion	–	2.9	–	3.1
Liabilities	8.5	21.9	10.8	19.3
Other items	8.6	1.2	5.3	2.0
Total	**405.6**	**272.3**	**372.7**	**280.1**

The deferred tax assets and liabilities shown are recognized in profit or loss or equity depending on the underlying circumstances. Circumstances recognized in equity can be seen in the → Consolidated statement of comprehensive income.

Summary of the capitalized tax savings from loss carryforwards that may be realized in the future:

In € million	2024/12/31	2023/12/31
Corporate income tax	41.0	92.3
Trade tax	35.9	42.0
Capitalized tax savings, 12/31	**76.9**	**134.3**

Development of the capitalized tax savings from loss carryforwards that may be realized in the future:

In € million	2024/12/31	2023/12/31
Capitalized tax savings, 01/01	134.3	128.5
Changes in the consolidated group	–	–0.1
Use of losses carried forward	–1.7	–3.0
Valuation allowances from losses carried forward	–56.9	–
Capitalization of tax savings from losses carried forward	1.3	9.0
Capitalized tax savings, 12/31	**76.9**	**134.3**

As a result of the "minimum taxation" that applies in Germany", the tax loss carryforwards are offset against the ongoing tax result in full up to an amount of € 1 million but only at 70 % for Corporation tax and 60 % for Trade tax thereafter.

In the case of a number of domestic companies, no deferred taxes were activated for trade tax loss carryforwards amounting to € 1,444.5 million (previous year: € 1,161.1 million) or corporation tax loss carryforwards amounting to € 1,858.6 million (previous year: € 1,259.1 million) because, from a current viewpoint, the possibility of their being used can be regarded as unlikely. The tax loss carryforwards can be utilized without time restrictions.

For foreign loss carryforwards without intrinsic value in an amount of € 183.5 million (previous year € 140.8 million) deferred tax assets were likewise not capitalized. Of this amount, € 138.9 million (previous year: € 105.8 million) can be utilized for an unlimited period of time, € 6.8 million (previous year: € 11.8 million) limited to the next five years and € 37.8 million (previous year: € 23.2 million) limited to the next 20 years. For domestic and foreign companies, moreover, no deferred tax assets for deductible temporary differences in the amount of € 88.6 million (previous year: € 47.2 million) were formed.

In the case of Group companies that have generated tax losses in the current or previous financial year, deferred tax assets amounting to € 192.6 million (previous year: € 16.5 million) are reported as of December 31, 2024 because of anticipated future taxable income. No deferred tax liabilities were formed for temporary differences between net assets and the tax base of Group companies of

SZAG amounting to € 29.2 million (previous year € 27.2 million) as it is not expected that the temporary differences will reverse in the near future.

Reconciliation of the anticipated and income tax expenses shown (+) and/or income (–):

In € million	2024/12/31	2023/12/31
Earnings before tax	**–296.2**	**238.4**
Expected income tax expenses (31.6 % / 31.5 %)	–93.6	75.1
Tax share for:		
differences between tax rates	–2.7	–5.7
effects of changes in statutory tax rates	0.2	–0.3
tax credits	0.4	–0.2
tax-free income	–58.3	–14.4
non-deductible tax expenses and other additions	10.5	7.9
Effects of differences and losses		
without capitalization of deferred tax	144.2	3.0
Adjustments in the value of capitalization benefits	69.0	–7.8
utilization of benefits not previously capitalized	–1.6	–2.1
tax expenses and income unrelated to the reporting period	–16.8	–21.5
other deviations	0.5	0.4
	51.7	70.4
Disclosed income tax expenses (+) / income (–)	**51.7**	**34.3**

The income tax expense reported of € 51.7 million differs from the expected income tax income of € 93.6 million by a total of € 145.3 million. This results essentially from temporary differences and tax losses without the recognition of deferred tax assets as well as the reassessment of capitalized benefits. This is offset, in particular, by tax-free income and income relating to other periods.

The Salzgitter Group falls within the scope of the OECD Pillar Two Model Rules. The Pillar Two legislation was passed in Germany, the country in which the Group is headquartered, and it came into force as from 2024/01/01. Under the legislation, the Group must pay an additional tax for each jurisdiction amounting to the difference between the GloBE effective tax rate and the minimum tax rate of 15 %. The Group applies the exemption from recognizing deferred taxes in connection with Pillar Two.

The Salzgitter Group intends to take advantage of the safe harbor rules. With the exception of one subsidiary headquartered in the United Arab Emirates, the Group is subject to the safe harbor rules or an effective tax rate of more than 15 % in all jurisdictions.

In 2024, the effective tax rate in the United Arab Emirates (calculated in accordance with IAS 12.86) is 11.0 %. Taking account of the effective tax rate specified, an income tax provision of € 0.1 million was recognized for the United Arab Emirates in order to reflect Pillar Two legislation.

The company is currently working with a recognized firm of tax consultants which is providing support in the application of the OECD Pillar Two Model Rules.

(9) EARNINGS PER SHARE

The basic earnings per share are determined in accordance with IAS 33 as the ratio of consolidated net income or loss for the financial year to which the shareholders of SZAG are entitled to the weighted average number of no-par bearer shares in circulation during the financial year. A dilution would occur if the earnings per share were reduced by issuing potential shares from option and conversion rights. There were no such rights in the financial year under review.

	Shares issued	Treasury shares	Shares in circulation	Potentially diluting shares
Beginning of financial year	60,097,000	6,009,700	54,087,300	0
Change	–	–	–	0
End of financial year	60,097,000	6,009,700	54,087,300	0
Weighted number of shares	**60,097,000**	**6,009,700**	**54,087,300**	**0**

Earnings per share		2024	2023
Consolidated result	In € million	–347.9	204.1
Minority interest	In € million	4.3	4.0
Amount due to Salzgitter AG shareholders	In € million	–352.2	200.1
Earnings per share – basic	**(in €)**	**–6.51**	**3.70**
Diluted result	In € million	–	–
Earnings per share – diluted	**(in €)**	**–6.51**	**3.70**

NOTES TO THE BALANCE SHEET

NON-CURRENT ASSETS

(10) INTANGIBLE ASSETS

Total research and development costs in the reporting year amounted to € 82.0 million (previous year: € 86.7 million) including € 8.1 million (previous year: € 9.3 million) for external companies. Expenditure on research and development contains no expenditure by equity-accounted companies.

Restraints on the right of ownership or disposal amount to € 45.7 million (previous year: € 41.0 million). These are carbon credits temporarily not required for production and transferred as security for raising funds.

(11) PROPERTY, PLANT AND EQUIPMENT

The restrictions on ownership and disposal of property, plant and equipment are almost unchanged at € 1.3 million (previous year: € 1.2 million) due to borrowing terms and conditions abroad.

Government grants amounting to € 137.7 million (previous year: € 202.7 million) were deducted from the acquisition costs of property, plant and equipment. The conditions to which the public grants were attached were fulfilled as of the balance sheet date. Key constraints included in the assessment are that the steel produced from the SALCOS® project must be made by low-carbon means, that the investment project constitutes replacement investment and that further reviews must be conducted as from financial year 2033. The risk of having to repay the grants due to failure to meet the conditions is regarded as highly unlikely as of the reporting date. Of the government grants totaling € 237.7 million, an amount of € 135.9 million was attributable to the first expansion stage of the SALCOS® project.

"Advance payments and assets under construction" include prepayments amounting to € 11.1 million (previous year: € 15.1 million).

Borrowing costs of € 13.2 million (previous year: € 6.9 million) were recognized on standard market terms as part of the first expansion stage of SALCOS®. The range of the financing cost rate applied is between 3.56% and 4,87%.

(12) INVESTMENT PROPERTY

Investment property comprises undeveloped and developed land that is held to generate rental income or for the purpose of long-term value appreciation and not for production or administration purposes.

In the reporting period, rental income amounted to € 6.6 million (previous year € 5.1 million). Direct operating expenses totaled € 2.3 million (previous year € 2.6 million) and were basically incurred for properties that generated rental earnings in the reporting year.

As of December 31, 2024, the fair value of the investment properties stood at € 76.4 million (previous year: € 88.5 million). Fair value is calculated using the discounted cash flow method and comparisons with current market values of comparable properties. Input factors used to measure the fair values include anticipated rental income, possible vacancy costs and maintenance costs. The fair values of the investment properties are determined at regular intervals by independent experts. The valuation is based on an alternative utilization of potential, the highest and best use method, in accordance with IFRS 13, and must be classified in Level 3 of the fair value hierarchy

(13) FINANCIAL ASSETS

In € million	2024/12/31	2023/12/31
Financial investments	24.5	26.8
Other loans	1.7	2.1
Other financial assets	0.1	0.1
Financial assets	26.2	29.0

(14) INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

	Aurubis AG, Hamburg		EUROPIPE Group		Other		Total	
In € million	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance 01/01	1,385.0	1,400.3	103.3	95.7	17.2	69.2	1,505.5	1,565.3
Result of current financial year	183.9	40.0	0.3	53.6	0.2	-1.1	184.4	92.5
Proportionate gain / loss	183.9	40.0	0.3	38.6	0.2	-1.1		
Adjustments with effect on the income under the "at-equity method"	–	–	–	15.0	–	–		
Dividends	-18.9	-24.3	-15.0	-30.0	-0.6	-0.6	-34.5	-54.9
Changes in shares	–	–	–	–		-50.3	–	-50.3
Other changes in equity	0.2	-31.1	-0.6	-16.0	–	–	-0.3	-47.1
Proportional other income	0.2	-31.1	-0.6	-16.0	–	–		
Book value, 12/31	1,550.2	1,385.0	88.0	103.3	16.8	17.2	1,655.0	1,505.5

The adjustments recognized in income as part of the equity method at the EUROPIPE Group (Steel Processing BU) in the previous year include income of € 15.0 million from the reversal of the unscheduled writedown recognized in 2021 of the US large-diameter pipe division of the EUROPIPE Group as part of its sale by the parent company EUROPIPE GmbH, Mülheim an der Ruhr.

The fair value of the holding in Aurubis AG is based on the share price as of December 31, 2024 and amounts to € 1,034.5 million (previous year: € 1,001.5 million). A pre-tax interest rate of 12.20 % and an after-tax interest rate of 9.08 % were used for discounting. Information from publicly available sources as well as statements made by Aurubis AG, in particular on the long-term strategic development of the company in North America, were taken into account in determining this. The North American market is to be developed through the construction of multi-metal recycling plants. significant investments have already been made. Accordingly, the assumptions for sales, EBITDA and earnings development were modeled for a multi-year planning horizon, taking other factors into account, before the steady state and terminal value are determined. The future values determined in this way and their development were compared with historical values and expected developments. In particular, the forecast increase in demand for copper as a result of increasing electromobility and the increasing electrification of numerous areas of life and production resulted in the equity approach being intrinsically valuable. If the assumptions were to change negatively without compensating effects, there would be a significant need for impairment due to a lower fair value.

Please refer to our comments on the scope of consolidation at → Consolidated group.

The investments in companies accounted for using the equity method are as follows (100 % figures):

	Aurubis AG, Hamburg		EUROPIPE Group	
In € million	2024	2023	2024	2023
Non-current assets	3,213.0	2,596.0	76.1	93.8
Current assets	5,208.0	4,559.0	219.1	331.6
Non-current liabilities	1,133.0	1,020.0	86.0	104.3
Current liabilities	2,449.0	1,850.0	33.2	114.5
Sales	17,457.0	16,863.7	290.7	849.6
Profit / loss	614.4	142.1	0.6	77.2
Other comprehensive income	–0.3	–99.7	–1.1	–32.1
Total comprehensive income	615.1	42.5	–0.5	45.1
Dividends received	18.9	24.3	15.0	30.0
Net assets	4,839.0	4,285.0	176.0	206.5
pro rata net assets	1,494.8	1,323.6	88.0	103.3
Addition from purchase of own shares resp. disposals of investments accounted for using the equity method	–4.4	–4.4	–	–
Impairments / reversal of impairment	–	–	–	–
Consolidation effects	59.8	65.8	–	–
Purchase of own shares of investments accounted for using the equity method	–	–	–	–
Investment book value	1,550.2	1,385.0	88.0	103.3

	Wohnbaugesellschaft mbH	
In € million	2024	2023
Non-current assets	132.1	131.2
Current assets	19.4	18.7
Non-current liabilities	70.8	68.5
Current liabilities	15.4	16.3
Sales	33,6	31.9
Profit / loss	1.9	1.3
Dividends received	0.6	0.6
Net assets	65.3	65.1
pro rata net assets	16.4	16.3
Consolidation effects	–0.4	–
Investment book value	15.9	16.2

Further summarizing financial information for joint ventures:

	EUROPIPE Group	
In € million	2024	2023
Cash and cash equivalents	106.6	104.6
Current financial liabilities	14.0	12.8
Non-current financial liabilities	8.6	9.7
Depreciation and amortization	6.4	9.0
interest income	5.8	3.4
Interest expenses	3.8	6.5
Income tax expense (-) / - income (+)	–4.9	–1.2

Non-reclassifiable gains and losses from companies accounted for by the equity method are essentially composed of valuations of pensions and financial investments.

(15) DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES

If it is likely that tax benefits will be realized, they must be capitalized. Netting is possible only if the deferred tax assets and liabilities have matching maturities and relate to the same tax authority. After offsetting, the deferred tax assets and liabilities for the financial year 2024 are as follows:

In € million	2024/12/31	2023/12/31
Deferred income tax assets	364.9	325.3
Realization within 12 months	20.2	16.4
Realization after more than 12 months	344.7	308.9
Deferred income tax liabilities	154.8	98.4
Realization within 12 months	152.0	97.0
Realization after more than 12 months	2.7	1.4
Balance of deferred tax assets and deferred tax liabilities	210.1	226.9

CURRENT ASSETS

(16) INVENTORIES

In € million	2024/12/31	2023/12/31
Raw materials, consumables and supplies	863.1	1,016.8
Unfinished products	850.6	742.6
Unfinished goods or services	17.9	18.7
Finished goods	502.4	518.9
Goods	489.7	542.7
Payments on account	17.3	27.6
Inventories	2,740.9	2,867.2

In the reporting period there were write-ups amounting to € 6.5 million (previous year € 2.8 million) due to a rise in net realizable values. Inventory impairments of € 177.6 million (previous year: € 70.1 million) were recognized as expenses and result essentially from declining price levels on the sales market. In addition, the impairment losses also include an amount of € 34.8 million resulting from measures in connection with an adjustment to the product portfolio. The book value of the inventories reported at fair value less selling costs amounted to € 808.2 million (previous year € 743.5 million). Inventories fell overall in the current year due to declining volumes and falling prices.

(17) TRADE RECEIVABLES

Trade receivables subject to restrictions on ownership or disposal amount to € 3.0 million (previous year € 145.4 million). In the previous year, these were accounted for by the forfeiting and factoring of receivables. For further details, please refer to Note 28 → **Non-current financial liabilities**.

(18) CONTRACT ASSETS

Net contract assets increased in the reporting period from € 372.0 million to € 382.1 million. The increase relates mainly to technical machinery and equipment in the Technology Business Unit due to the expansion of its business activities. As of January 1, 2023, the balance of contract assets amounted to € 318.3 million.

(19) OTHER RECEIVABLES AND OTHER ASSETS

The item "Other receivables and other assets" contains numerous minor transactions on the part of the consolidated companies.

Other receivables are subject to restrictions on ownership or disposal amounting to € 0.1 million (previous year € 3.0 million).

Derivative financial instruments with positive market values are reported under the item "Other receivables and other assets". Further information on the derivatives accounted for in the Salzgitter Group can be found in under → **Financial instruments**.

(20) INCOME TAX ASSETS AND INCOME TAX LIABILITIES

The existing income tax assets as of December 31, 2024 amounting to € 54.6million (previous year: € 41.2 million) largely concern capital gains tax demands from domestic Group companies. These are offset by long-term income tax liabilities of € 19.2 million (previous year: € 19.1 million) and short-term income tax liabilities of € 4.4 million (previous year: € 26.0 million).

Refund claims are set off against tax liabilities if there is an enforceable right to set off the reported amounts against each other and the intention is to settle on a net basis. The prerequisite for this is that the tax refund claim and the tax liability both relate to the same tax authority and that the tax authority allows their offsetting

(21) CASH AND CASH EQUIVALENTS

In € million	2024/12/31	2023/12/31
Cash at banks	1,001.8	789.4
Term deposits	0.0	150.0
Checks, cash in hand	0.4	0.3
Cash and cash equivalents	**1,002.2**	**939.7**

The securities shown in the previous year under time deposits had a total term of one to three months.

EQUITY

(22) SUBSCRIBED CAPITAL

SHARE CAPITAL, TREASURY SHARES, AUTHORIZED AND CONTINGENT CAPITAL

The subscribed capital (share capital) remains unchanged at € 161,615,273.31. After setting off the notional value of treasury shares (€ 16,161,527.33), the subscribed capital amounts to € 145,453,745.98 equating to a total of 54,087,300 no-par value shares. The pro-rata amount of share capital accounted for by each individual bearer share is € 2,69 per share. The shares issued are fully paid in.

As of the reporting date, Salzgitter AG continued to hold 6.009.700 treasury shares. As before, they account for € 16.161.527,33 (= 10,00 %) of the share capital.

All of these shares were acquired on the basis of Section 71 (1) item 8, German Stock Corporation Act, based on authorization given by the Annual General Meeting of Shareholders (2,487,355 shares from May 26, 2004, 462,970 shares from June 8, 2006, 2,809,312 shares from May 21, 2008, 35,600 shares from 27 May, 2009, and 214,463 shares from June 8, 2010), to be able to use them in particular for future acquisitions, to fulfill option or convertible rights from options or convertible bonds or to issue them to employees of the company or an affiliate of the company.

The Executive Board is authorized to increase the share capital with the approval of the Supervisory Board by up to a nominal amount of € 80,807,636.65, in the period up to June 1, 2027, by issuing up to 30,048,499 new no par value bearer shares against payment in cash or kind (Authorized Capital 2022). On certain conditions, this capital may be increased only by up to a total of € 32,323,054.66, (20% of the share capital) through the issuance of up to 12,019,400 new no par value bearer shares with shareholders' subscription rights excluded. The 20 % ceiling is reduced by the pro-rata amount of the share capital relating to option or conversion rights, or option or conversion obligations from warrant-linked bonds, convertible bonds, profit-sharing rights and/or participating bonds and/or combinations of these instruments issued since June 2, 2022, to the exclusion of subscription rights. By the reporting date no shares had been issued from the Authorized Capital since June 2, 2022.

Moreover, upon approval by the Supervisory Board, the Executive Board may issue bonds in a total nominal amount of up to € 1 billion on or before June 1, 2027, and grant the holders of the respective bonds conversion rights to shares of the company in a total amount of up to 30,048,499 units (Contingent Capital 2022). Shareholders' subscription rights to bonds linked to option or conversion rights to shares may be excluded on certain conditions. Such bonds excluding shareholder subscription rights may only be issued if shares making up a proportion of 20 % of the capital stock, excluding subscription rights, from the Authorized Capital have not been issued since June 2, 2022. By the reporting date no shares had been issued from the Authorized Capital since June 2, 2022.

The Executive Board is authorized to purchase the company's own shares equivalent to a proportion of the capital stock of up to 10 % in the period on or before July 7, 2025, and to use these shares for all purposes permitted under the law.

(23) CAPITAL RESERVE

Of the capital reserve of € 257.0 million (previous year: € 257.0 million), a sum of € 115.2 million is accounted for by a premium contributed at the time of the capital increase on October 1, 1970 and a further € 7.9 million by two premiums contributed from the exercise of bonds with warrants from 2004 and 2005.

As part of the divestiture agreement, certain assets were sold to Salzgitter AG by Preussag AG for € 0.51 each. These assets were reported at the time of acquisition at their fair values (€ 49.2 million) and the differences posted to the capital reserve.

The value of the equity component of the convertible bond issued on Tuesday, October 6, 2009 and in the meantime replaced, in a total nominal amount of € 296,450,000 stands at € 54.4 million.

The value of the equity component of the convertible bond issued on Friday, June 5, 2015 and in the meantime replaced, in a total nominal amount of € 167,900,000 stands at € 18.3 million. The transaction costs reported as a deduction from equity amount to € 0.2 million.

Other contributions paid by shareholders from 1995 amount to € 12.0 million.

(24) UNAPPROPRIATED RETAINED EARNINGS

Under the German Commercial Code (HGB), dividend payments to shareholders in Salzgitter AG depend on the year-end result reported by Salzgitter AG. The unappropriated retained earnings are shown at the same level in both the consolidated financial statements of the Salzgitter Group and in the financial statements of Salzgitter AG. The reconciliation of the consolidated net profit for the year to Salzgitter AG's unappropriated retained earnings is shown in the income statement.

Salzgitter AG (SZAG) is reporting a net profit of € 12.1 million for the 2024 financial year. The Executive Board and Supervisory Board are proposing to the Annual General Meeting to use the net profit (€ 12.1 million) to distribute a dividend of € 0.20 per share (in relation to the share capital of € 161.6 million divided into 60,097,000 shares) and to carry the remaining amount forward to new account. If the company holds treasury shares on the day of the Annual General Meeting of Shareholders, the proposed appropriation of profit will be adjusted accordingly since treasury shares are not eligible for dividend. Based on the Salzgitter stock's closing XETRA price of € 15.84 on December 31, 2024, the dividend yield amounts to 1.3 % (previous year: 1.6 %).

A dividend of € 0.45 per share was paid in the financial year resulting in a total amount of € 24.3 million.

(25) FURTHER DETAILS OF SHAREHOLDERS' EQUITY

DETAILS OF THE EXISTENCE OF A PARTICIPATING INTEREST / VOTING RIGHTS DISCLOSURES IN ACCORDANCE WITH SECTION 160 (1) ITEM 8 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

As of the 2024 reporting date, there are participating interests in Salzgitter AG that have been reported in accordance with Section 33 (1) of the German Securities Trading Act (WpHG) (Section 21 (1) of the old version) and published in accordance with Section 40 (1) of the German Securities Trading Act (WpHG) (Section 26 (1) of the old version).

Hannoversche Beteiligungsgesellschaft mbH, Hanover, Germany, informed us on April 2, 2002 that on April 1, 2002 it held 25.5 % of the voting rights in Salzgitter AG.

In addition, the **State of Lower Saxony**, represented by the Ministry of Finance for Lower Saxony, Hanover, has informed us that it is entitled to this 25.5 % of the voting rights in Salzgitter AG. According to the Ministry, these entire voting rights are to be attributed to the State of Lower Saxony in accordance with Section 22 (1) sentence 1 item 1 of the old version of the German Securities Trading Act.

It is noted here that due to the changes in the total number of shares in Salzgitter AG that have now been completed, the aforementioned number of voting rights currently corresponds to a voting share of 26.48 %.

Salzgitter AG, Salzgitter, Germany announced on July 8, 2010 with respect to its treasury shares in accordance with Section 26 (1) sentence 2 of the old version of the Germany Securities Trading Act (WpHG) in conjunction with Section 21 (1) sentence 1 of the old version of the German Securities Trading Act (WpHG) that its holding of treasury shares had reached the 10% threshold on July 6, 2010. Its share of voting rights with respect to treasury shares is 10.000 %. Salzgitter AG currently holds 6,009,700 treasury shares. This equates to a share of voting rights of 10.000 %.

Günter Papenburg, Hanover, informed us on May 09, 2022 in accordance with Section 33 (1) of the German Securities Trading Act (WpHG) that his share of voting rights in Salzgitter AG, Salzgitter, Germany, had exceeded the 25 % threshold of voting rights on May 06, 2022 and stood at 25.05 % on that day (equating to 15,054,700 voting rights). Of these 25.05 % of the voting rights (equating to 15,054,700 voting rights) are attributable to GP Günter Papenburg AG, Hanover, in accordance with Section 34 of the German Securities Trading Act.

NON-CURRENT LIABILITIES

(26) PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In Germany there are collective and individual commitments in the form of direct commitments made by the employer. The great majority of the employees in the Salzgitter Group's German-based companies receive retirement pensions that are essentially based on a collective Group agreement concluded in December 2006 ("Salzgitter pension"). Within the scope of the pension commitment guaranteed in this agreement, the employer pays an annual fixed percentage contribution into the employee's individual pension account. The amount of the resultant pension component depends on the age of the employee entitled to pension payments in the respective contribution year. When payment becomes due, the employee or their surviving dependents is/are entitled to a monthly pension – with no lump-sum option. The pension commitments granted before the collective Group agreement came into effect generally provided for pension payments dependent on the income situation upon the employee's departure from the company and/or initial receipt of pension payments (final-salary pension commitments). These entitlements were replaced within the scope of the collective Group agreement and transferred to the Salzgitter pension by means of transition arrangements. Furthermore, employees can convert part of their gross salary into pension benefits (deferred compensation). The amounts accumulated as part of the deferred compensation commitment will be invested in fund units. When payment becomes due, the employee will receive the income generated by the fund shares, but no less than their deferred contributions and – for entitlements acquired until 2021 – in addition, guaranteed minimum interest (so-called securities-based commitment).

In the case of the majority of managing directors and selected executives of the Salzgitter Group companies, there are individual pension commitments based on the pension tables drawn up by the Essener Verband. In accordance with these pension arrangements, employees with expectant rights are allocated to a particular benefits category in line with their position in the company. The respective benefits category's maximum entitlement has generally been reached after 25 years and is earned in stages. When payment becomes due, the employee or their surviving dependents is/are entitled to a monthly pension with no lump-sum option.

As a general rule, managing directors and senior executives who were not given any pension commitment under the Essener Verband pension tables, have pension entitlements in accordance with the SZplus commitment introduced in 2023. According to this commitment, the employer will make a contractually agreed base pension contribution which at the maximum will be doubled by the employer if the beneficiary converts a corresponding amount of their own gross salary (matching model). The pension contributions will be invested in fund units and when payment becomes due, paid out in a one-time lump sum – plus any positive fund income generated – (securities-based commitment).

As part of the process of concluding new contracts for members of the Executive Board in financial year 2019, the previous performance-related commitments made to Board members Becker and Kieckbusch with effect from December 31, 2018 were frozen and replaced by "defined contribution" commitments with effect from January 1, 2019. Defined contribution pension commitments of this nature were also granted to the CEO, Mr. Groebler, and Executive Board members Dietze and Potrafki. These pension commitments provide for fixed annual pension contributions which are invested in fund units. When payment becomes due, the Board member will receive the fund income but not less than the contributions plus guaranteed minimum interest (so-called securities-based commitment). Payment will be made as a one-off capital payment or, if applicable, in 10-year installments.

The pension payments made to the recipients on the basis of the collective agreements are revised every three years in accordance with Section 16, German Occupational Pensions Act (BetrAVG) and, in the event of an adjustment being necessary, adjusted to the trend in consumer prices. In the individual commitments area, the pension commitment is determined annually by the Essener Verband and accepted by the company in unchanged form. An asset-liability matching procedure has been waived due to the insignificance of the plan assets. The likely cash outflows are measured within the scope of the rolling corporate plans and included in the Group's cash flow planning.

Pension commitments exist only to an immaterial extent in the Salzgitter Group's foreign companies, and where they do exist, they are covered to a minor extent by plan assets (mainly insurance policies).

In addition, one company in the Salzgitter Group has a reimbursement claim against the public authorities in connection with its pension obligations. The present value of this claim is recognized under "Other receivables and other assets".

Overview of the treatment of pensions and similar obligations in the consolidated financial statements:

Balance sheet		
In € million	2024/12/31	2023/12/31
Provisions for pensions and similar obligations		
Net pension provision	1,638.4	1,667.8
Other receivables and other assets		
Reimbursement right	6.2	7.0

Profit & Loss		
In € million	2024	2023
Personnel expenses		
Service cost (incl. part of deconsolidated MSTG)	25.6	20.0
Finance expenses		
Net interest expense (incl. part of deconsolidated MSTG)	56.8	64.3

Other comprehensive income		
In € million	2024	2023
Remeasurement of pensions		
Remeasurements from pension provision	6.2	-135.4
Remeasurements from reimbursement right	–	–
	6.2	-135.4

The net pension commitment as of December 31, 2024 is calculated as follows:

In € million	Defined benefit obligation	Plan assets	Net pension provision
As of 01/01/2024	1,764.5	96.7	1,667.8
Service cost			
Current service cost	25.8	3.0	22.8
Past service cost	–	–	–
	25.8	3.0	22.8
(Net) Interest expense / income	58.2	2.0	56.2
Remeasurements			
Experience gains (-) / losses (+)	-5.9	–	-5.9
Gain (-) / loss (+) from change in demographic assumptions	0.0	–	0.0
Gain (-) / loss (+) from change in financial assumptions	6.7	–	6.7
Return on plan assets excluding amounts included in interest income	–	7.0	-7.0
	0.8	7.0	-6.2
Benefits paid	-106.7	-6.3	-100.4
Contributions			
Employers	–	1.0	-1.0
Employees	–	–	–
	–	1.0	-1.0
Currency translation differences	-0.7	-0.2	-0.5
Transfers to other accounts	-0.3	0.1	-0.4
Transfers to other accounts	–	–	–
As of 12/31/2024	1,741.7	103.3	1,638.4

As of December 31, 2024 plan assets are essentially made up of investment funds (€ 71.1 million) and other equity instruments (€ 2.0 million), whose present values were determined on an active market on the closing date. Plan assets also consist of insurance contracts (€ 30.2 million), the present values of which were not determined on an active market.

The net pension commitment as of December 31, 2023 was calculated as follows:

In € million	Defined benefit obligation	Plan assets	Net pension provision
As of 01/01/2023	1,681.5	62.6	1,618.8
Service cost			
Current service cost	23.1	2.9	20.2
Past service cost	–0.2	–	–0.2
	22.9	2.9	20.0
(Net) Interest expense / income	64.8	0.5	64.3
Remeasurements			
Experience gains (–) / losses (+)	–4.0	–	–4.0
Gain (–) / loss (+) from change in demographic assumptions	–0.2	–	–0.2
Gain (–) / loss (+) from change in financial assumptions	130.5	–	130.5
Return on plan assets excluding amounts included in interest income	–	–9.0	9.0
	126.4	–9.0	135.4
Benefits paid	–108.0	–2.6	–105.4
Contributions			
Employers	–	0.8	–0.8
Employees	–	–	–
	–	0.8	–0.8
Currency translation differences	0.1	0.1	0.0
Transfers to other accounts	0.0	0.0	–0.0
Transfers to other accounts	–23.1	41.3	–64.4
As of 12/31/2023	1,764.5	96.7	1,667.8

The net present value of the obligation can be allocated as follows:

In € million	2024/12/31	2023/12/31
Actual net present value of the defined benefit obligation (Germany)	1,728.6	1,751.2
of which aspirant	660.0	656.4
of which recipient	1,068.5	1,094.8
Actual net present value of the defined benefit obligation (abroad)	13.2	13.3
	1,741.7	1,764.5

The sensitivity of the defined benefit obligation is as follows:

In € million				2024/12/31
	Reference	Degree of sensitivity	+ Unit	- Unit
Discount rate	3.50 %	0.25 % points	-52.0	+55.1
Salary trend	2.75 %	0.5 % points	+1.9	-1.8
Pension trend	2.25 %	0.25 % points	+39.4	-39.9
Mortality	Heubeck 2018G	1 year	+84.3	-84.8

In € million				2023/12/31
	Reference	Degree of sensitivity	+ Unit	- Unit
Discount rate	3.50 %	0.25 % points	-53.5	+56.7
Salary trend	2.75 %	0.5 % points	+2.2	-2.1
Pension trend	2.25 %	0.25 % points	+40.8	-39.4
Mortality	Heubeck 2018G	1 year	+86.8	-87.2

The sensitivity of this value is ascertained analogously to the calculation of the present value of the obligation shown in the balance sheet. In each of these process steps, one assumption is changed while the other assumptions remain the same. Possible dependencies between the assumptions are not taken into account.

The following pension payments will probably have to be made over the next 20 years:

In € million	
2025	101.7
2026	101.7
2027	98.9
2028	96.3
2029	97.5
2030-2034	459.6
2035-2044	816.1

The duration of the obligation's net present value according to Macaulay as of December 31, 2024 is 13.34 years.

(27) OTHER PROVISIONS

The development of other short-term and other long-term provisions is shown in the following table:

In € million	2024/01/01	Currency differences	Addition / disposal from changes in cons. group	Transfer	Transfer	Used	Reversal	Allocation	Compound interest	2024/12/31	of which long-term
Other taxes	4.9	0.0	0.0	0.0	0.0	-0.2	-0.1	1.1	0.0	5.7	4.2
Personnel	139.1	-0.4	0.0	0.1	-1.0	-57.5	-5.5	104.4	5.5	184.8	86.3
of which anniversary provisions	[44.6]	[-0.0]	[-]	[-]	[-]	[-4.0]	[-0.1]	[5.7]	[1.7]	[47.8]	[42.5]
of which for the social compensation / age-related part-time employment / demographics fund	[66.4]	[-0.1]	[-]	[0.1]	[0.3]	[-41.9]	[-2.5]	[64.6]	[3.5]	[90.5]	[36.2]
Operating risks	105.9	0.0	0.0	0.0	0.0	-7.3	-6.8	5.5	2.3	99.6	91.6
Other risks	193.1	-3.1	0.0	0.0	0.0	-59.5	-47.0	120.1	0.4	203.8	19.4
thereof risks from calculated orders	[68.5]	[-0.1]	[-]	[-]	[-]	[-16.8]	[-28.0]	[68.1]	[-]	[91.7]	[0.3]
of which risks from pending transactions	[15.2]	[-0.4]	[-]	[-]	[-]	[-8.9]	[-3.1]	[16.3]	[0.0]	[19.2]	[0.9]
Total	443.0	-3.5	0.0	0.1	-1.0	-124.6	-59.4	231.0	8.2	493.9	201.5

The anniversary provisions shown under personnel provisions have a duration of ten years.

With regard to explanations of the share-based remuneration under IFRS 2, please refer to the explanations provided in Note 42 → **Disclosures on the Remuneration of the Executive Board, Supervisory Board and other Members of the Key Management Personnel**.

Provisions for typical operational risks are formed; in particular for landfill obligations, and have a duration of eight years. The provisions for other risks comprise provisions for risks from invoiced orders, litigation risks, warranties and risks from pending transactions.

On account of volatile underlying conditions in the previous year which took an unexpected turn in the current year, provisions were released in an amount of € 59.4 million.

The restructuring expenses in the year under review total € 47.6 million which result from additions to provisions, particularly in the Trading and Steel Production business units. The release of restructuring provisions in amount of € 1.1 million relates to obligations to be released on the reporting date for which there was no longer any likelihood that they would be required.

(28) NON-CURRENT FINANCIAL LIABILITIES

In € million	2024/12/31	2023/12/31
Liabilities to banks	314.2	236.3
Lease liabilities	148.2	120.9
Liabilities from financing	–	0.0
Other borrowings	3.0	3.0
Financial liabilities	465.4	360.2

The increase in liabilities to banks mainly results from taking out loans to further fund the 1st phase of the SALCOS® project. A senior unsecured ECA-backed finance package comprising € 500 million was realized in the past financial year. A total of € 142.0 million was drawn from this loan. The rise in liabilities from lease agreements is essentially due to the acquisition of modern means of transport for rail freight.

Non-current liabilities to banks include the following variable interest rate portions:

Currency	Book value	Interest	End of term
Euro	3.2	3-month Euribor	2026/09/30
Euro	5.5	6-month Euribor	2026/05/31
Euro	1.0	6-month Euribor	2029/05/31

The Group closely observed the market and the results of various industry working groups managing the transition to the new reference interest rates. This includes announcements from the responsible regulatory authorities. The latter have clarified that immediately after June 30, 2023, the 3-month USD Libor will either no longer be published or will no longer be representative.

The method for calculating Euribor changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority issued approval for the Euribor in accordance with the European Union Benchmarks Regulation. This allows market participants to continue using the Euribor for both for existing and new contracts, and the Group assumes that the Euribor will remain as a reference interest rate for the foreseeable future. Liabilities to banks in an amount of € 7.5 million (previous year: € 13.4 million) are secured through mortgages.

CURRENT LIABILITIES

(29) FINANCIAL LIABILITIES

In € million	2024/12/31	2023/12/31
Other borrowings	901.1	501.2
Liabilities to banks	281.3	274.2
Liabilities from factoring	79.0	145.4
Lease liabilities	28.7	19.8
Current financial liabilities	1,290.1	940.6

"Other financial liabilities" result essentially from taking out loans as part of financing transactions with banks and listed international industrial companies from the energy sector. CO_2 certificates temporarily not required for production, were transferred here as security.

There are no covenants in the Group for key contracts such as the ECA-backed Green Loan finance or the syndicated loan.

Companies in Germany and abroad have made external financing arrangements outside of the Group. The resulting liabilities from factoring are secured by trade receivables. The default risk and the late payment risk regarding the sold receivables continue to be borne by the companies. The receivables will continue to be disclosed in full in the companies' balance sheets. The funds received are reported as liabilities. Due to their short terms, the book value of the receivables and liabilities corresponds to their fair value. The receivables will be assigned to the bank. The bank has the right to transfer the receivables assigned to it to third parties, but without the reciprocal rights and obligations being infringed. As a result of a new agreement, by comparison with the previous year, they are no longer accounted for under liabilities from factoring due to the first-time assignment of the default risk and late payment risk to the factor. The corresponding receivables are derecognized accordingly.

(30) CONTRACT LIABILITIES

Net contract liabilities delined in the reporting period from € 447.3 million to € 409.6 million. The decline relates mainly to technical machinery and equipment in the Technology Business Unit. As of January 1, 2023, the balance of contract liabilities amounted to € 412.3 million.

(31) OTHER LIABILITIES

In € million	2024/12/31	2023/12/31
Liabilities to employees	92.2	121.1
Tax liabilities	47.8	57.9
Liabilities from derivatives	10.8	14.5
Liabilities from social security contributions	11.5	11.5
Customer credit balances	16.4	17.2
Other liabilities	66.9	67.6
Other liabilities (current)	**245.5**	**289.9**

The item "Other liabilities" contains numerous minor transactions on the part of the consolidated companies. Total other liabilities of € 245.5 million include other financial liabilities in an amount of € 63.9 million (previous year: € 69.8 million). For further details of categories of financial instruments, please refer to Note 34 → **Financial instruments**.

(32) CONTINGENCIES

Contingent liabilities are existing collateral commitments for third-party liabilities which are not expected to be utilized, however. Valued on the closing date, these commitments amount to € 6.9 million (previous year: (€ 5.5 million).

Taking account of individual risk assessments as well as the actual contractual obligations as of the balance-sheet date, the contingencies comprise sureties and guarantees in an amount of € 0.1 million (previous year: € 0.0 million). Based on past experience, the probability of their being utilized can be regarded as low.

Contingent liabilities also comprise the Group's own liabilities where the probability of occurrence involving a possible outflow of resources is less than 50 % but not entirely unlikely.

In connection with the sanctions imposed by the Federal Competition Authority in earlier years due to the suspicion of antitrust collusion on premiums and surcharges in the Plate Business Unit, individual customers approached us with claims for compensation. We regard these out-of-court demands as largely unjustified or unenforceable, and we are confident that we will be able to successfully reject them or in individual cases (for example due to the cost of litigation or to secure a customer relationship), settle them at a relatively low level. Our experience to date with out-of-court settlements has confirmed this opinion. In December 2024, an action was also brought against several plate suppliers for damages due to anti-trust conduct. We immediately gave notice that we would be defending the lawsuit. The statement of claim and evidence to back up the claim are currently being analyzed and evaluated by external experts. At present, we cannot wholly rule out the possibility of claims arising from this action. We are exercising our legal rights in refraining from further comments as they might have serious adverse consequences for the Group in the current proceedings.

Neither Salzgitter AG nor any of its Group companies is involved in any further ongoing or imminent court or arbitration proceedings that might have a substantial effect on its financial position.

(33) OTHER FINANCIAL OBLIGATIONS

In € million	2024/12/31		
	up to 1 year	1 to 5 years	over 5 years
Purchase commitments for investments (essentially property, plant and equipment)	725.6	444.4	–
Obligations from rental and leasing agreements	50.0	94.6	2.4
Other financial obligations	1,053.6	1,921.7	1,321.4
Total	1,829.2	2,460.7	1,323.8

In € million	2023/12/31		
	up to 1 year	1 to 5 years	over 5 years
Purchase commitments for investments (essentially property, plant and equipment)	634.8	800.7	–
Obligations from rental and leasing agreements	10.9	19.1	15.2
Other financial obligations	1,046.5	850.9	966.7
Total	1,692.3	1,670.6	981.9

The obligations arising from rental, tenancy and lease agreements include those non-capitalized lease agreements that continue to be recognized in profit and loss as part of the application relief. In addition, this item also reflects future leases which the Salzgitter Group has already entered into whose date of provision falls after the closing date, however. The obligations total € 12.2 million (previous year: € 40.7 million). The decline results essentially from leases already taken into account in the previous year which were only reported in the balance sheet in this financial year.

Other financial obligations relate to obligations arising from long-term power purchase agreements and at the same time, they are responsible for the rise. They also cover purchasing commitments for the procurement of input materials.

Order commitments for investments largely result from measures in connection with the SALCOS® project.

For future SALCOS® steel production from 2026, the Salzgitter Group has concluded long-term Power Purchase Agreements (PPAs) with different energy producers in order to guarantee the long-term supply of electricity from renewable sources such as wind and solar energy.

The energy producers will supply us with electricity from wind and solar farms defined in individual contracts. These contracts have a term of between 7 and 15 years and they include fixed prices for the various durations of the contracts. These fixed prices are reflected in our rolling three-year earnings plan, currently running up to and including 2027, as well as in our long-term SALCOS® profitability scenarios. Taking account of the wind and solar output to be expected, the volume to be produced by these systems as from March 2028 is to be 1.7 TWh / a of which around 66 % is accounted for by wind energy and 34 % by solar energy. The volume to be procured from these PPAs has been agreed taking account of an annual electricity requirement forecast. The purchase contracts cover most of the likely maximum electricity demand in each case. The market is kept under continuous observation and the extent to which it makes financial sense to conclude further PPAs is the subject of further examination.

(34) FINANCIAL INSTRUMENTS

In the case of highly likely procurement transactions and for foreign currency transactions, definable risk components forming part of cash flow hedges can be designated as underlying transactions for treatment as hedge accounting. The Salzgitter Group avails itself of this option. Hedging transactions, underlying transactions and the management of risks are described in the course of this section.

Investments for the generation of dividend income are held in a separate portfolio within financial assets. These equity investments represent investments that the Group is holding for the long term. The Salzgitter Group has designated these investments in equity instruments as “at fair value in equity”. The accumulated reserve from changes in fair value in connection with these investments is never reclassified to profit and loss.

Hedging transactions not forming part of hedge accounting are classified as “at fair value through profit and loss” as the payment flows from these transactions do not consist exclusively of interest payments and principal repayments.

CATEGORIES AND FAIR VALUES OF FINANCIAL INSTRUMENTS

As of the balance sheet date of December 31, 2024, the reconciliation of the balance sheet items to the various categories of financial instruments was as follows:

2024 in € million				Valuation according to IFRS 9			Valuation according to IFRS 15 and IFRS 16	
	Book value as of 2024/12/31	Out of scope of IFRS 7	In scope of IFRS 7	At amortized costs	At fair value (OCI)	At Fair Value (P&L)	At amortized costs	Fair value
Assets								
Financial assets	26.2	–	26.2	1.7	24.5	–	–	26.2
Other non-current receivables and assets	19.6	12.7	6.9	5.3	1.6	–	–	6.9
Long-term and short-term trade receivables	1,060.3	–	1,060.3	1,060.3	–	–	–	1,060.3
Contract assets	382.1	–	382.1	–	–	–	382.1	382.1
Other current receivables and assets	245.4	161.7	83.7	42.6	10.8	29.6	0.7	83.7
Cash and cash equivalents	1,002.2	–	1,002.2	1,002.2	–	–	–	1,002.2
Assets financial instruments			2,561.5	2,112.1	36.9	29.6	382.8	
Equity and liabilities								
Non-current financial liabilities	465.4	–	465.4	317.2	–	–	148.2	460.4
Other current liabilities	4.6	4.4	0.3	0.0	0.3	–	–	0.3
Current financial liabilities	1,290.1	–	1,290.1	1,261.4	–	–	28.7	1,292.6
Trade payables	1,290.6	–	1,290.6	1,290.6	–	–	–	1,290.6
Other non-current liabilities	245.5	181.6	63.9	53.1	8.6	2.1	–	63.9
Equity and liabilities financial instruments			3,110.2	2,922.3	8.9	2.1	176.9	

As of the balance sheet date of December 31, 2023, the reconciliation of the balance sheet items to the various categories of financial instruments was as follows:

2023 in € million				Valuation according to IFRS 9			Valuation according to IFRS 15 and IFRS 16	
	Book value as of 2023/12/31	Out of scope of IFRS 7	In scope of IFRS 7	At amortized costs	At fair value (OCI)	At Fair Value (P&L)	At amortized costs	Fair value
Assets								
Financial assets	29.0	–	29.0	2.2	26.8	–	–	29.0
Other non-current receivables and assets	28.9	18.5	10.4	–	10.4	–	–	10.4
Long-term and short-term trade receivables	1,224.1	–	1,224.1	1,224.1	–	–	–	1,224.1
Contract assets	372.0	–	372.0	–	–	–	372.0	372.0
Other current receivables and assets	231.4	136.5	94.9	56.7	28.4	9.8	–	94.9
Securities	0.0	–	0.0	0.0	–	0.0	–	0.0
Cash and cash equivalents	939.7	–	939.7	939.7	–	–	–	939.7
Assets financial instruments			**2,670.1**	**2,222.7**	**65.6**	**9.8**	**372.0**	
Equity and liabilities								
Non-current financial liabilities	360.2	–	360.2	239.3	–	–	120.9	353.8
Other current liabilities	4.1	3.9	0.1	0.1	0.0	–	–	0.1
Current financial liabilities	940.6	–	940.6	920.8	–	–	19.8	943.9
Trade payables	1,247.6	–	1,247.6	1,247.6	–	–	–	1,247.6
Other non-current liabilities	289.9	220.0	69.8	55.3	4.3	10.3	–	69.8
Equity and liabilities financial instruments			**2,618.3**	**2,463.1**	**4.3**	**10.3**	**140.7**	

DETERMINATION OF FAIR VALUES OF FINANCIAL INSTRUMENTS

Trade receivables and cash and cash equivalents have short residual terms for the most part, and as a result their book values correspond to their fair values as of the reporting date. With regard to the fair value of derivatives, please refer to "Financial assets – recognition and measurement" in the section on → **Accounting and Valuation Principles**. The book value of the derivative financial instruments corresponds to their market value.

Trade payables and other liabilities regularly have short residual terms, and as a result their reported values correspond to their fair values.

The calculation of the fair value disclosures for financial assets and debts not measured at fair value within the scope of IFRS 7 is generally carried out by discounting future cash flows. This is performed by using a term-dependent interest rate that reflects the risk-free rate and the counterparty risk or Salzgitter Group's counterparty default risk deduced on the basis of a peer group. The calculation parameters are based on data from directly and indirectly observable input factors. The fair value disclosures in the Fair Value column in the prior table are therefore to be assigned overall to Level 2. Further information on the fair value hierarchy and the categorization of financial instruments in hedge accounting can be found in the explanations of the fair value hierarchy below.

When calculating the fair value of an asset or a liability, the Group uses observable market data as far as possible. Based on the input factors used in the calculation techniques, the fair values are assigned to different levels in the fair value hierarchy.

Level 1: listed prices on active markets for identical assets and liabilities.

Level 2: Valuation parameters that are not concerned with the listed prices taken into account in Level 1, but can be observed either directly or indirectly (from the derivation of prices) for the asset or liability in question.

Level 3: Valuation parameters for assets or liabilities not based on observable market data

If the input factors used for calculating the fair value cannot be assigned to one single level, they are assigned collectively to the level of the input factor of decisive significance for the measurement process.

Market values were determined on the basis of conditions that prevailed on the reporting date; they correspond to the values at which the relevant financial instruments were traded or listed. The current value of the derivatives to be reported derives from the valuation of the hedged foreign currency amount or commodity price, with the difference between the rate applying when the forward contract was entered into and the forward rate on the reporting date; this amount is discounted to the balance sheet date in accordance with the residual term.

Fair value calculation:

2024 in € million			Fair value				
	At fair value without effect on the income financial investments	At fair value without effect on the income hedge accounting	At Fair Value (P&L)	Total	thereof level 1	thereof level 2	thereof level 3
Assets							
Financial assets	24.5	–	–	24.5	–	–	24.5
Other non-current receivables and assets	–	1.6	–	1.6	–	1.6	–
Other current receivables and assets	–	10.8	29.6	40.5	–	40.5	–
Assets fair value	24.5	12.4	29.6				
Equity and liabilities							
Other current liabilities	–	0.3	–	0.3	–	0.3	–
Other non-current liabilities	–	8.6	2.1	10.8	–	10.8	–
Liabilities fair value	–	8.9	2.1				

Financial investments measured at their fair value with no effect on income represent exclusively long-term holdings in companies over which the Salzgitter Group is unable to exert any significant influence. The measurement chosen through other comprehensive income with no subsequent reclassification to the income statement is regarded as appropriate as there is no intention to achieve short-term profits with these investments.

The subsequent measurement of the equity instruments held with no effect on income decreased their carrying amounts by € 2.2 million (previous year: decrease of € 0.9 million). The carrying amounts of all financial investments as of the closing date of December 31, 2024, as well as the carrying amounts of the previous year are disclosed in the notes to items in the balance sheet.

No financial investments in equity instruments were sold in the 2024 financial year. No cumulative gains or losses were transferred within equity in this context.

The market value of these equity instruments was determined on the basis of parameters for which there are no observable market data. The equity instruments assigned to Level 3 and measured at fair value with no effect on profit or loss with a carrying amount of € 24.5 million (previous year: € 26.8 million) constitute investments measured on the basis of the best information available on the closing date.

The main unobservable input factors for measuring the fair value of financial investments assigned to Level 3 of the measurement hierarchy consist of dividend payments and the imputed cost of capital. The fair value is determined on the basis of these input factors using a discounted cash flow method. If the cost of capital changes by +/- 1 %, the fair value would fall by € 1.6 million (previous year: € 1.7 million) or increase by € 2.0 million (previous year: € 2.0 million). Financial instruments measured at fair value and recognized in profit or loss essentially contain derivatives for currency hedging outside the scope of hedge accounting.

The assessment as to whether in the case of financial assets and liabilities recognized at fair value, there has been a transfer between fair value hierarchy levels is made at the end of each reporting period. No reclassifications were made in the past reporting period.

2023 in € million			Fair value				
	At fair value without effect on the income financial investments	At fair value without effect on the income hedge accounting	At Fair Value (P&L)	Total	thereof level 1	thereof level 2	thereof level 3
Assets							
Financial assets	26.8	–	–	26.8	–	–	26.8
Other non-current receivables and assets	–	10.4	–	10.4	–	10.4	–
Other current receivables and assets	–	28.4	9.8	38.2	–	38.2	–
Securities	–	–	0.0	0.0	0.0	–	–
Assets fair value	**26.8**	**38.8**	**9.8**				
Equity and liabilities							
Other current liabilities	–	0.0	–	0.0	–	0.0	–
Other non-current liabilities	–	4.3	10.3	14.5	–	14.5	–
Liabilities fair value	**–**	**4.3**	**10.3**				

NET RESULTS OF CATEGORIES OF FINANCIAL INSTRUMENTS

The net results of the categories are as follows:

In € million	2024	2023
Financial instruments measured without effect on income	44.1	–33.4
Financial assets at cost	23.8	51.2
Equity instruments measured at fair value without effect on income	1.3	1.3
Financial liabilities measured at amortized cost	–77.8	–85.9
Total	–8.6	–66.9

The net result of the category "Financial assets and liabilities measured at fair value with effect on income" includes essentially the effects of measuring forward currency transactions as of the closing date.

Besides impairments and the effects of changes in exchange rates, the category "Financial assets measured at amortized cost" also includes interest income amounting to € 33.1 million (previous year: € 44.7 million). The category "Equity instruments measured at fair value with no effect on profit or loss" includes primarily investment income. The dividends from these financial investments recognized in the financial year result exclusively from equity instruments still held by the Salzgitter Group on the closing date. The dividend income is recognized in the Group's income from shareholdings.

Interest expenses amounting to € 84.9 million (previous year: € 87.6 million) are allocated to the "Financial liabilities measured at amortized cost" category. This category also includes effects from currency translation.

For financial instruments not measured at fair value through profit and loss, the expenses incurred in financial and monetary transactions amounted to € 11.2 million (previous year: € 8.8 million); these were immediately recognized with effect on income.

FINANCIAL RISK MANAGEMENT OF FINANCIAL INSTRUMENTS – DEFAULT RISK

The concentration of risk with regard to trade receivables is assessed as low as the customers are based in different countries, belong to different sectors of industry and operate in largely independent markets. There are no customers from whom there are trade receivables amounting to more than 10 % of the total trade receivables. The individual companies in the Group have loan insurance to cover most of the risk of bad debt.

The Salzgitter Group has three types of assets subject to the model of expected losses. Besides trade receivables, these are contract assets and debt instruments measured at amortized cost. Cash and cash equivalents are also subject to impairment rules under IFRS 9 but the impairment expense identified was inconsequential.

The Salzgitter Group assigns receivables, trade receivables and contract assets to three categories that reflect the risk of default as well as the way in which any impairment loss is determined for each category. These credit ratings are aligned with the ratings of external agencies such as Standard and Poor's, Moody's and Fitch.

The Salzgitter Group applies the simplified approach for all trade receivables and contract assets in accordance with IFRS 9 in order to measure the expected credit losses.

To calculate the expected credit losses, trade receivables and contract assets are aggregated on the basis of common credit risk characteristics. Contract assets relate to as yet uninvoiced, ongoing work and essentially exhibit the same credit risk characteristics as trade receivables for the same types of contract. The Salzgitter Group therefore applies the same loss ratios as for trade receivables when measuring the expected losses from contract assets.

The Salzgitter Group takes account of the probability of default at the time of assets' initial recognition as well as of any significant increase in the default risk during the reporting period. To judge whether the default risk has increased significantly, the default risk with respect to the closing date is compared with the default risk at the time of initial recognition. Besides external credit ratings, weight is given to internal credit ratings and significant changes to the expected profitability and payment behavior of the debtor.

Financial assets are written off if, after due consideration, they are deemed irrecoverable, for instance if a debtor refuses to agree a repayment plan. If loans or receivables have been written off, the company will continue to enforce its claim in order to recover the amounts due. A financial instrument is derecognized if, after due consideration, a financial asset can no longer be assumed to be partially or wholly recoverable, for example, upon the conclusion of insolvency proceedings or following judicial rulings. For these reasons, trade receivables in an amount of € 4.0 million (previous year: € 16.9 million) were derecognized in the financial year.

As of the reporting date, the default risk compared with the previous year was as follows:

In € million	2024/12/31		2023/12/31	
	Maximum default risk	Hedged default risk	Maximum default risk	Hedged default risk
Long-term and short-term trade receivables	1,060.3	590.2	1224.1	575.5
Other receivables	47.9	0.9	56.7	0.9
Financial assets	1.7	0.8	2.2	0.8
Total	1,110.0	591.9	1,283.0	577.2

There are also default risks amounting to the positive market values of derivatives equating to the assets reported for which the default risk is not secured.

For all other financial instruments not listed in the overview, the default risk essentially corresponds to the carrying amount.

Trade receivables in an amount of € 553.3 million (previous year: € 506.0 million) are secured against default by means of credit insurance.

The rating system for assets accounted for in accordance with the general approach is as follows:

In € million			2024/12/31
General approach	Level 1	Level 2	Level 3
High credit rating	49.6	–	–
Fair credit rating	–	–	–
Increased risk	–	–	–
Total	49.6	–	–

In € million			2023/12/31
General approach	Level 1	Level 2	Level 3
High credit rating	56.7	–	–
Fair credit rating	1.6	–	–
Increased risk	0.6	–	–
Total	58.9	–	–

FY 2024 in € million	Impairment general approach level 1		
	Gross book value	Credit risk	Net book value
Opening balance 01/01	63.9	–4.9	59.0
Disposal	–6.0	–	–6.0
Allocation	–	–1.5	–1.5
Reversal	–	0.1	0.1
Currency differences	–0.2	–0.2	–0.4
Deconsolidation	–1.5	–0.0	–1.5
As per 12/31	56.2	–6.6	49.6

FY 2023 in € million	Impairment general approach level 1		
	Gross book value	Credit risk	Net book value
Opening balance 01/01	125.7	–9.3	116.4
Disposal	–73.3	–	–73.3
Allocation	–	0.8	0.8
Reversal	–	3.0	3.0
Currency differences	–1.0	0.2	–0.8
Deconsolidation	12.4	0.4	12.8
As per 12/31	63.9	–4.9	59.0

The rating system for assets accounted for in accordance with the simplified approach, is as follows:

2024/12/31 in € million		
Simplified	Trade receivables gross	Contract assets gross
High credit rating	732.7	376.7
Fair credit rating	300.0	6.2
Increased risk	95.0	–
Total	1,127.7	382.9

2023/12/31 in € million		
Simplified	Trade receivables gross	Contract assets gross
High credit rating	825.5	330.2
Fair credit rating	372.6	39.1
Increased risk	100.7	3.8
Total	1,298.8	373.1

The figures shown for the various rating categories are gross carrying amounts before taking account of the credit default risk. The gross carrying amount for all trade receivables as of December 31, 2024 amounts to € 1,127.7 million (previous year: € 1,298.8 million). Of the entire risk provision for trade receivables amounting to € 71.3 million (previous year: € 74.7 million), € 67.6 million (previous year: € 70.2 million) was accounted for by the "Increased risk" category. The remaining sum for the risk provision for trade receivables amounting to € 3.7 million (previous year: € 3.7 million) results primarily from the risk provision for trade receivables in the "Fair credit rating" category.

As of December 31, 2024, the gross carrying amount of all contract assets amounts to € 382.9 million (previous year: € 373.1 million). Overall, there is a risk provision for contract assets amounting to € 0.8 million (previous year: € 1.1 million) resulting essentially from the risk provision for contract assets in the "High credit rating" category.

FY 2004 in € million	Impairment trade receivables	Impairment contract assets
As of 01/01	–74.7	–1.1
Addition	–55.0	–1.2
Utilization	4.1	–
Reversal	54.7	1.3
Transfer to other accounts	–0.2	0.2
Currency differences	–0.6	–
Deconsolidation	0.3	–
As per 12/31	–71.3	–0.8

FY 2023 in € million	Impairment trade receivables	Impairment contract assets
As of 01/01	–102.2	–0.6
Addition	–86.9	–2.0
Utilization	16.9	–
Reversal	96.4	1.4
Transfer to other accounts	0.0	0.1
Currency differences	0.6	–
Deconsolidation	0.4	–
As per 12/31	–74.7	–1.1

FINANCIAL RISK MANAGEMENT OF FINANCIAL INSTRUMENTS – LIQUIDITY RISK

Salzgitter AG, as the management holding, monitors the liquidity situation within the Group by operating a central cash and interest management system for all the companies that are financially integrated into the Group. This system defines internal credit lines for the subsidiaries. If subsidiaries have their own credit lines, they are responsible for minimizing the associated risk themselves and for reporting on potential risks in the context of the Group management and controlling structures. Risks may also arise from the necessary capital and liquidity measures taken on behalf of the subsidiaries and holdings if their business should develop unsatisfactorily in the longer term. We do not, however, anticipate any burdens from this area of risk that could constitute a going concern risk. The risk concentration is countered by a rolling liquidity plan. In view of the cash and credit lines available, we do not perceive any danger to our Group as a going concern at this time.

The liquidity structure of all the financial liabilities is as follows:

2024/12/31 in € million	up to 1 year	1 to 5 years	over 5 years
Trade payables	1,290.6	–	–
Financial liabilities (without leasing liabilities)	1,266.2	315.0	10.0
Lease liabilities	34.8	94.2	82.9
Other liabilities (without derivatives)	84.8	0.0	–

2023/12/31 in € million	up to 1 year	1 to 5 years	over 5 years
Trade payables	1,247.6	–	–
Financial liabilities (without leasing liabilities)	931.6	216.2	34.9
Lease liabilities	24.6	71.0	76.1
Other liabilities (without derivatives)	82.3	0.1	–

As a general rule, all amounts constitute contractually undiscounted cash flows.

As of December 31, 2024, derivative financial liabilities with a term of under one year lead to disbursements of € 464.9 million (previous year: € 888.6 million), while those with a term of between one and five years lead to payouts totaling € 0.3 million (previous year: € 0.0 million). The disbursements from derivative financial liabilities for which payments on a gross basis were agreed are counterbalanced by in-payments. If these in-payments are taken into account, the payouts are substantially lower.

KHS Group companies whose business activity is the construction of filling and packaging systems conclude reverse factoring agreements with financial institutions. In addition to other factors, payment terms are a key component of the agreements with suppliers. The long-term plant construction business requires payment terms of up to 180 days. Reverse factoring gives suppliers the opportunity to refinance independently of the agreed payment terms. Trade payables as at December 31, 2024 include € 51.4 million (previous year: € 52.1 million) in connection with reverse factoring agreements. Of this amount, € 0.6 million (previous year: € 0.7 million) is due within 90 days and a further € 50.8 million (previous year: € 51.4 million) is due within up to 180 days. As at December 31, 2024, the financial institutions had paid out € 42.7 million (previous year: € 45.8 million) to suppliers. The credit rating of the respective factor is continuously reconciled with the ratings of external agencies such as Standard and Poor's, Moody's and Fitch.

FINANCIAL RISK MANAGEMENT OF FINANCIAL INSTRUMENTS – MARKET PRICE RISK

The business model for areas of the Salzgitter Group's business that are heavily focused on steel is exposed to volatility in the price of raw materials and in sales prices. Selected raw material hedging transactions entered into to manage raw material price risks and margin risks are accounted for using hedge accounting. Starting with the variability of raw material purchase prices in procurement contracts, the relationship between the price of raw materials and the price of steel, the time lapse between when raw material prices are set and the price of steel in the market as well as the anomalies of the business model (throughput times, minimum stocks, batch sizes within production, etc.), all of these factors form part of the process of identifying risks. As a result of the circumstances outlined, there is a risk that the actual margin obtained may differ from the margin originally budgeted. Key management indicators including associated limits are used to manage these raw material price risks and associated margin risks in the Salzgitter Group. Taking account of these key performance indicators, a risk committee is responsible throughout the Group for initiating and selecting appropriate measures to manage risk positions and defines a hedging ratio.

To control the margin risks, the Salzgitter Group also deploys derivative financial instruments to a limited extent to hedge the sales prices of hot-rolled strip products.

The various measurement parameters pertaining to the underlying transaction and the hedging transaction are compared in order to determine the economic hedging relationships. As the measurement parameters of the underlying transaction and the hedging transaction are the same (nominal volume, price index and maturity), an economic hedge can be assumed. The following reasons may lead to the hedge becoming ineffective: a change in the payment schedule, an increase or decrease in the nominal volume or the price or a significant change in the credit risk of one or both of the two contractual partners. The ineffectiveness of a hedging transaction is measured on the basis of the cumulative dollar offset method for each quarter, in other words, the cumulative cash flow changes of the underlying transaction are compared with the cumulative cash flow changes of the hedging transaction. Both the underlying transaction (hypothetical derivative) and the hedging transaction are measured using forward market rates and by applying the forward-to-forward method.

In the case of highly likely procurement transactions, definable risk components forming part of cash flow hedges can be designated as underlying transactions under IFRS 9. This facility is used in the Salzgitter Group to reduce the ineffectiveness of hedging relationships through commodity procurement transactions for iron ore and coking coal. For example, this eliminates the risk component of ship diesel in the effectiveness calculation.

Iron ore is hedged on the basis of the IODEX. Coking coal is hedged on the basis of the Platts / TSI Index. The sales price for hot rolled wide strip is hedged on the basis of the North European HRC index, EXW Ruhr. The underlying risk of commodity futures transactions is almost identical to that of the hedged risk components. The Salzgitter Group has therefore defined a hedging ratio of one to one for the hedging relationships.

The Salzgitter Group applied financial year hedge accounting in accordance with IFRS 9 for commodity futures (hot rolled wide strip, iron ore and coking coal swaps) and, to a minor extent, forward exchange contracts. In the process, it hedged the risks of changes in prices or exchange rates using cash flow hedges. The respective market values were as follows:

Positive market value in € million	2024/12/31	2023/12/31
Forward exchange contracts – cash flow hedges	4.4	0.1
Commodity futures – cash flow hedges	8.0	38.7
Total	12.4	38.8

Negative market values in € million	2024/12/31	2023/12/31
Forward exchange contracts – cash flow hedges	0.0	4.3
Commodity futures – cash flow hedges	8.8	0.0
Total	8.8	4.3

The commodity future transactions will affect income in the financial years 2025, 2026 and 2027. Thanks to high effectiveness, the changes in value of the forward currency transactions are matched by almost identical underlying transactions. By comparison with the previous year, positive commodity future transactions increased by € 4.3 million (previous year: decrease of € 1.9 million) and negative ones decreased by € 4.3 million (previous year: decrease of € 0.7 million). Thanks to high effectiveness, the changes in value of commodity future transactions are matched by almost identical underlying transactions. By comparison with the previous year, positive forward currency transactions reduced by € 30.7 million (previous year: increase of € 1.9 million) and negative ones increased by € 8.8 million (previous year: decrease of € 1.5 million).

For materiality reasons, movements in the cash flow hedge reserve for forward currency transactions are not shown separately, and the figures in the following table therefore include forward currency transactions to a limited extent as well as commodity futures. The cash flow hedge reserve that was posted to equity with no effect on income (after taxes) developed as follows:

In € million	2024	2023
As of 01/01	23.1	21.5
Write-up without effect on income	50.3	72.1
Write-down without effect on income	–88.3	–36.5
Basis adjustment	6.0	–30.7
Deferred taxes basis adjustment	–1.9	9.7
Realization	0.8	–2.4
Other deferred taxes	13.8	–10.6
As of 12/31	3.9	23.1

The volume of hedging transactions accounted for in hedge accounting as of the relevant closing date was as follows:

2024	up to 1 year	over 1 year	Nominal volume	Average hedging rate
Hedging currency exchange risk in million USD - purchase	142.6	–	142.6	1.08
Hedging currency exchange risk in million GBP - sale	30.1	–	30.1	0.83
Hedging currency exchange risk in million CAD - sale	4.7	–	4.7	1.49
Hedging price change risk of iron ore in m t	0.9	0.4	1.2	91.52
Hedging price change risk of coking coal in m t	0.3	–	0.3	234.92
Hedging price change risk hot rolled coils in m t	0.0	–	0.0	750.00

2023	up to 1 year	over 1 year	Total nominal volume	Average hedging rate
Hedging currency exchange risk in million USD - sale	206.9	–	206.9	1.10
Hedging currency exchange risk in million GBP	17.7	–	17.7	0.87
Hedging currency exchange risk in million CAD	12.7	–	12.7	1.46
Hedging price change risk of iron ore in m t	0.6	0.4	1.0	86.71
Hedging price change risk of coking coal in m t	0.0	–	0.0	289.73
Hedging price change risk hot rolled coils in m t	0.0	0.0	0.0	857.5

The effectiveness of all hedging arrangements is examined as of every reporting date. In the process, the cumulative changes in the value of the underlying transaction are compared with the cumulative changes in the value of the hedging transaction. In the financial year, ineffectivities totaling € 0.1 million (previous year: € 0.1 million) arose from cash flow hedges. The ineffectivities were recognized in other operating income and other operating expenses.

In the financial year, an amount of € -6.0 million (previous year: € 30.7 million) from expired forward exchange contracts was offset against the acquisition costs of non-financial assets (basis adjustment). In addition, reserves for price hedging for sales transactions amounting to € 2.8 million (previous year: € 3.5 million) were reclassified from OCI to Sales revenues for underlying transactions now recognized in profit or loss. Reserves for currency hedging in the amount of € –3.6 million (previous year: € –1.1 million) were reclassified from OCI to other operating expenses for underlying transactions now recognized in profit or loss.

In the case of foreign currency receivables, rate hedging cover is provided by entering into forward exchange contracts with various banks. The claims reported in hedge accounting are recognized at the agreed rate. Hedging relationships were established both for firm obligations and for anticipated future transactions.

The Salzgitter Group is exposed to further price risks from the measurement of equity instruments held for the long term. Movements in the reserve for changes in the value of financial instruments in the category "Equity instruments measured at fair value with no effect on income" are as follows after tax:

In € million	2024	2023
As of 01/01	14.8	15.5
Write-up without effect on income	0.4	0.9
Write-down without effect on income	–2.6	– 1.8
Deferred tax	0.5	0.2
As of 12/31	13.0	14.8

The carrying amount of equity instruments measured at fair value with no effect on the income statement in the amount of € 24.5 million (previous year: € 26.8 million) is shown in the reconciliation matrix for financial instruments in financial assets.

The equity instruments in the Salzgitter Group measured at fair value in other comprehensive income essentially contain the following unlisted companies:

In € million	2024/12/31	2023/12/31	2024	2023
		Fair value		dividends
Arsol Aromatics GmbH & Co. KG	11.3	11.3	1.0	1.0
Ferrum Packaging AG	4.4	6.0	–	–
PEAG Holding GmbH	2.4	3.2	–	–
Niedersächsische Gesellschaft zur Endlagerung von Sonderabfall mbH	1.5	1.4	0.3	0.2
Other	4.8	4.9	0.0	0.1
Total	24.5	26.8	1.3	1.3

SENSITIVITY ANALYSIS FOR FOREIGN EXCHANGE, INTEREST RATE AND MARKET PRICE RISKS

The Salzgitter Group is exposed to a variety of financial risks. These, as defined by the sensitivity analysis prescribed under IFRS 7, are interest rate risks, currency risks and other price risks. For the interest rate risks, the sensitivity analysis assumes a change of 100 base points in the market interest rate. With regard to the currency risks, a fluctuation of 10 % in the Group companies' respective functional currencies against the foreign currencies is assumed. The other price risks arise for the Salzgitter Group from changes in commodity prices or stock market indices. In this case, the impact of a 20 % change in the respective quoted prices is taken into account. The sensitivities are ascertained by banks or by means of internal calculations using acknowledged methods (for example, Black-Scholes, Heath-Jarrow-Morton). The portfolio of financial instruments as of the balance sheet date is representative of the financial year as a whole.

2024/12/31	Recognized in profit and loss	Affecting equity	Total	Recognized in profit and loss	Affecting equity	Total
Degree of sensitivity	+10 %	+10 %	+10 %	-10 %	-10 %	-10 %
USD	-24.5	-30.0	-54.5	20.1	37.9	58.0
GBP	1.2	3.3	4.5	-1.5	-4.0	-5.5
Other currencies	6.0	-0.7	5.3	-7.0	0.9	-6.1
Currency sensitivities	-17.3	-27.4	-44.7	11.6	34.8	46.4
Degree of sensitivity	+100 bp	+100 bp	+100 bp	-100 bp	-100 bp	-100 bp
Interest rate sensitivities	–	–	–	–	–	–
Degree of sensitivity	+20 %	+20 %	+20 %	-20 %	-20 %	-20 %
Coking coal	–	10.3	10.3	–	-10.3	-10.3
Iron ore	–	33.7	33.7	–	-33.7	-33.7
Others	–	1.9	1.9	–	-1.9	-1.9
Other price sensitivities	–	45.9	45.9	–	-45.9	-45.9

2023/12/31	Recognized in profit and loss	Affecting equity	Total	Recognized in profit and loss	Affecting equity	Total
Degree of sensitivity	+10 %	+10 %	+10 %	-10 %	-10 %	-10 %
USD	-48.7	-18.5	-67.2	52.0	24.0	76.0
GBP	2.2	1.8	4.0	-2.7	-2.2	-4.9
Other currencies	2.7	0.8	3.5	-3.3	-0.9	-4.2
Currency sensitivities	-43.8	-15.9	-59.7	46.0	20.9	66.9
Degree of sensitivity	+100 bp	+100 bp	+100 bp	-100 bp	-100 bp	-100 bp
Interest rate sensitivities	–	–	–	–	–	–
Degree of sensitivity	+20 %	+20 %	+20 %	-20 %	-20 %	-20 %
Coking coal	–	2.6	2.6	–	-2.6	-2.6
Iron ore	–	26.6	26.6	–	-26.6	-26.6
Others	–	0.1	0.1	–	-0.1	-0.1
Other price sensitivities	–	29.3	29.3	–	-29.3	-29.3

OFFSETTING FINANCIAL INSTRUMENTS

Salzgitter AG generally only concludes financial futures transactions with banks with which it already has a business relationship. Financial futures transactions are only concluded on the basis of a standardized contract for financial futures transactions. This agreement contains a conditional netting agreement according to which – in the event of insolvency – the party that owes the higher amount pays the difference.

Derivatives with respectively positive or negative market values are not netted with each other in the balance sheet. The "not offset amount" column contains the amounts of the derivatives accounted for which do not satisfy the criteria for netting under IAS 32.42.

2024/12/31 in € million	Gross book value	Offsetting amount	Net book value	Not offset amount	Total net book value
Positive market values derivates	42.0	–	42.0	9.9	32.2
Negative market values derivates	11.0	–	11.0	10.1	0.9

2023/12/31 in € million	Gross book value	Offsetting amount	Net book value	Not offset amount	Total net book value
Positive market values derivates	48.6	–	48.6	4.4	44.2
Negative market values derivates	14.5	–	14.5	4.4	10.2

(35) NOTES TO THE CASH FLOW STATEMENT

In accordance with IAS 7, the cash flow statement depicts the development in cash flows, broken down into inflows and outflows of funds from current operating, investment and financing activities. Cash flows from reverse factoring are assigned to operating cash flows. The cash flow statement is derived from the consolidated financial statements of Salzgitter AG using the indirect method.

The cash and cash equivalents used consist of cash in hand, checks and cash at banks and term deposits (term of under three months).

In the cash inflow from operating activities, the income and expenses from fixed asset disposals have been eliminated. Interest income amounts to € 27.7 million (previous year: € 34.5 million). Dividend income received during the financial year 2024 amounted to € 35.8 million (previous year: € 56.2 million).

Government grants for the SALCOS® project are reported in the cash flow from investing activities corresponding to the subsidized investment payments for property, plant and equipment which are also reported here.

Changes in financial liabilities were as follows:

In € million	As of 2024/01/01	Cash inflow total	of which: Cash inflow from financing cash flow	Cash outflow total	of which: Cash outflow from financing cash flow	Currency differences	Other changes	As of 12/31/2024	of which non-current
loan payables and other financial liabilities	1,300.8	1,603.0	1,475.5	−1,215.8	−1,019.6	0.3	67.2	1,755.5	465.4
Liabilities to banks	510.5	336.2	323.0	−252.9	−237.6	0.2	1.8	595.5	314.2
Other financial liabilities	504.0	1,152.4	1,152.4	−752.5	−752.5	–	0.1	903.9	3.0
Liabilities from factoring	145.4	114.3	–	−180.8	–	–	–	79.0	–
Liabilities from financing	0.3	0.0	–	−0.1	–	0.0	−0.0	0.2	–
Lease liabilities	140.7	–	–	−29.5	−29.5	0.1	65.3	176.9	148.2
	1,300.8	1,603.0	1,475.5	−1,215.8	−1,019.6	0.3	67.2	1,755.5	465.4

In € million	As of 2023/01/01	Cash inflow total	of which: Cash inflow from financing cash flow	Cash outflow total	of which: Cash outflow from financing cash flow	Currency differences	Other changes	As of 12/31/2023	of which non-current
loan payables and other financial liabilities	1,698.3	633.8	528.7	−1,052.5	−879.2	−0.4	21.8	1,300.8	360.2
Liabilities to banks	600.7	37.6	28.7	−127.1	−59.1	−0.4	−0.4	510.5	236.3
Other financial liabilities	798.8	500.0	500.0	−794.5	−794.5	–	−0.4	504.0	3.0
Liabilities from factoring	154.9	95.7	–	−105.2	–	–	–	145.4	–
Liabilities from financing	0.3	0.4	–	−0.2	–	0.0	−0.3	0.3	0.0
Lease liabilities	143.6	–	–	−25.6	−25.6	0.0	22.8	140.7	120.9
	1,698.3	633.8	528.7	−1,052.5	−879.2	−0.4	21.8	1,300.8	360.2

(36) NOTES TO THE SEGMENT REPORTING

The segmentation of the Salzgitter Group into four business units accords with the Group's internal controlling and reporting functions. The main decision-maker is the Executive Board.

In the segment report, the business activities of the Salzgitter Group are assigned to the Steel Production, Steel Processing, Trading, and Technology business units in accordance with the Group structure segregated by different products or services.

The Steel Production Business Unit manufactures high-quality branded steel and special steels. The main products are hot rolled wide strip and steel sheet, sections, tailored blanks as well as scrap trading.

Companies in the Steel Processing Business Unit produce a broad spectrum of high-grade plate products. The main products are also line pipes, HFI-welded tubes and precision tubes.

The Trading Business Unit operates a tightly-knit European sales network, as well as trading companies and agencies worldwide that ensure that the Salzgitter Group's products and services are marketed efficiently.

The Technology Business Unit operates mainly in the filling and packing technology segment, as well as in special machinery engineering for shoe manufacturing and elastomer production.

Companies in the Industrial Participations category mainly comprise service providers working for the Group and comply with the summary in accordance with IFRS 8.16. Some of the companies among the service units also offer their services to third-party customers. On this basis, the companies conceive and implement a broad spectrum of attractive service offerings. These encompass raw materials supplies, IT services, facility management, logistics, automotive engineering and research and development. Included in the consolidations are Salzgitter AG as the management holding company, the intermediate holding companies Salzgitter Mannesmann GmbH, Salzgitter-Klöckner- Werke GmbH, and Salzgitter Finance B.V. as well as Aurubis AG.

The accounting principles are the same as described for the Group in its Accounting and Valuation principles. The segment reporting does not take account of intragroup leases in accordance with IAS 16 or intragroup provisions pursuant to IAS 37. The same applies to open derivatives within the Group pursuant to IFRS 9.

The effects of eliminating intercompany results for overarching group relationships are included in the supplier's segment. The profit and loss statements for individual business units therefore include the effects of eliminating intercompany results across all business units.

There are no relationships with individual customers whose sales represent a significant proportion of the Group's total sales. For an overview of sales by region, please see our presentation in the Section "Notes to the Income Statement", Note 1 → Sales. Non-current assets are allocated to countries by their respective location, and country allocations are disclosed for intangible assets, tangible assets and property investments.

In € million	2024	2023
Domestic	2,813.0	2,501.9
Other EU	47.0	71.9
Rest of Europe	1.7	1.7
America	28.7	72.3
Asia	19.0	20.3
Africa	3.7	2.8
Australia / Oceania	1.5	1.6
	2,914.7	2,672.5

The reconciliation of total segment sales and segment results to, respectively, consolidated sales and the consolidated earnings before tax is disclosed in the following overviews:

In € million	2024	2023
Total sales of the segments	11,966.5	12,856.8
Industrial Participations	492.7	473.9
Consolidation	–2,447.6	–2,540.2
Sales	**10,011.7**	**10,790.5**

In € million	2024	2023
Total results of the segments for the period	–440.0	288.1
Industrial Participations	–1.8	10.4
Consolidation	145.6	–60.2
Earnings before tax	**–296.2**	**238.4**

(37) NOTES ON LEASES

LESSEE ACCOUNTING

The following tables show the separately displayed rights of use in assets at historical cost as well as the cumulative amortization accounted for in fixed assets as part of a lease agreement:

In € million	2024/12/31	2023/12/31
Land, similar rights and buildings, including buildings on land owned by others	158.1	142.1
Plant equipment and machinery	82.1	54.7
Other equipment, plant and office equipment	39.7	27.1
Acquisition costs of rights of use	**279.9**	**223.9**

In € million	2024/12/31	2023/12/31
Land, similar rights and buildings, including buildings on land owned by others	74.8	42.8
Plant equipment and machinery	42.8	32.8
Other equipment, plant and office equipment	19.9	13.5
Amortization of rights of use	**137.5**	**89.2**

Additions from recognized rights of use are divided between the following asset classes:

In € million	2024/12/31	2023/12/31
Buildings	–	–
Land, similar rights and buildings, including buildings on land owned by others	24.2	20.1
Plant equipment and machinery	28.6	3.5
Other equipment, plant and office equipment	16.8	10.9
Additions of rights of use	**69.6**	**34.6**

Scheduled amortization of rights of use is shown as follows:

In € million	2024	2023
Land, similar rights and buildings, including buildings on land owned by others	38.9	12.8
Plant equipment and machinery	10.4	9.3
Other equipment, plant and office equipment	9.7	7.2
Amortization of rights of use	**59.1**	**29.3**

The Salzgitter Group rents assets, in particular, in the form of factories and production space as well as office space which are recognized in the asset class Land, similar rights and buildings, including buildings on land owned by others. Technical machinery and equipment essentially contains rented locomotives and goods wagons while Other equipment, plant and office equipment is made up mainly of the vehicle fleet. The vehicle fleet mainly comprises hired forklift trucks and vehicles.

The following tables show the allocation of lease liabilities in the balance sheet and give an overview of their contractual maturities. The liabilities from lease agreements reported under non-current financial liabilities are shown in the following tables:

In € million	Residual term 1 to 5 years	Residual term > 5 years	2024/12/31
Lease liabilities (undiscounted)	94.2	82.9	177.1
Finance costs	15.9	13.0	28.9
Liabilities from lease agreements	**78.3**	**69.9**	**148.2**

In € million	Residual term 1 to 5 years	Residual term > 5 years	2023/12/31
Lease liabilities (undiscounted)	71.0	76.1	147.1
Finance costs	12.8	13.4	26.2
Liabilities from lease agreements	**58.2**	**62.7**	**120.9**

The liabilities from lease agreements reported under current financial liabilities are shown in the following table:

In € million	2024/12/31	2023/12/31
Lease liabilities (undiscounted)	34.8	24.6
Finance costs	6.1	4.8
Liabilities from lease agreements	**28.7**	**19.8**

This is reflected in profit and loss as follows:

In € million	2024	2023
Cost of materials / other operating expenses		
Expenses for leases in which the underlying asset is of low value	3.8	2.3
Expenses for short-term leases	9.0	8.0
Expenses for variable lease payments	0.2	0.2
Financial result		
Interest from lease liabilities	5.7	4.3

Total cash outflows for leases amount to € 35.6 million in the financial year (previous year € 30.2 million). The interest expenses from lease liabilities are included. The Group has lease agreements particularly in the area of real estate and land which contain options to extend and terminate, and it is forecasting potential future lease payments of € 1.7 million (previous year € 11.1 million) after the date on which such options can be exercised which are not included in the term of the lease. The decline is due in particular to the exercise of options.

LESSOR ACCOUNTING

For one operating lease, the Salzgitter Group, as the lessor, reports the leased object as an asset at amortized cost in Property, plant and equipment. The historical costs of acquisition and production as well as the cumulative depreciation can be taken from the following overviews:

In € million	2024/12/31	2023/12/31
Land, similar rights and buildings, including buildings on land owned by others	8.3	8.1
Plant equipment and machinery	0.8	0.8
Other equipment, plant and office equipment	0.1	–
Acquisition and production costs	9.2	8.9

In € million	2024/12/31	2023/12/31
Land, similar rights and buildings, including buildings on land owned by others	5.6	5.2
Plant equipment and machinery	0.8	0.8
Other equipment, plant and office equipment	0.0	–
Depreciation / amortization	6.4	6.0

Under operating leases, the Group as the lessor essentially leases out real estate that is used commercially. The future minimum rental earnings from these contracts are:

Future lease income in € million	2024/12/31	2023/12/31
up to 1 year	5.7	6.0
1 to 5 years	9.2	9.4
over 5 years	11.2	12.2
Total	26.1	27.6

The income statement contains lease income from the current year amounting to € 3,0 million (previous year: € 3,0 million).

As the lessor, the Salzgitter Group leased out a building as well as a crane installed in it which were recognized for the first time in the financial year under review.

In € million	Residual term 1 to 5 years	Residual term > 5 years	2024/12/31
Lease receivables (undiscounted)	0.4	0.4	**0.9**
Unrealized finance income	0.1	0.0	**0.2**
Lease receivables	0.3	0.4	**0.7**

(38) RELATED PARTY DISCLOSURES

In addition to business relationships with companies that are consolidated fully in the consolidated financial statements, relationships also exist with associated companies and shareholdings that must be designated as related companies in accordance with IAS 24. The category for other related companies essentially comprises the majority shareholdings of the State of Lower Saxony and GP Papenburg AG, Hanover.

The following delivery and service relationships exist between companies in the consolidated group and companies related to the Salzgitter Group:

In € million	Sale of goods and services		Purchase of goods and services	
	2024	2023	2024	2023
Non consolidated group companies	27.1	21.7	14.4	5.3
Joint ventures	90.7	219.1	83.8	13.2
Companies account for using the equity method	0.2	0.2	10.9	9.0
Other related parties	5.1	4.7	117.3	65.7

The sale of goods and services largely consists of the delivery of input materials for manufacturing large-diameter pipes.

Outstanding balances from deliveries and services arising from the purchase or sale of goods and services between companies in the consolidated group and companies related to the Salzgitter Group were as follows:

In € million	Receivables		Liabilities	
	2024/12/31	2023/12/31	2024/12/31	2023/12/31
Non consolidated group companies	3.2	12.3	2.0	2.6
Joint ventures	3.3	15.1	1.7	0.8
Companies account for using the equity method	0.0	0.0	0.3	0.4
Other related parties	6.6	10.3	12.3	99.1

There are no contingent liabilities towards non-consolidated, affiliated companies.

The joint ventures produce large-diameter pipes for third parties as part of project business. Group companies' receivables from these joint ventures include receivables from the sale of input material.

Besides the liabilities towards other related parties, there are payment obligations from outstanding orders amounting to € 56.3 million (previous year: € 97.7 million).

(39) FEES FOR THE AUDITOR OF THE CONSOLIDATED FINANCIAL STATEMENTS THAT WERE REPORTED AS EXPENSES IN THE FINANCIAL YEAR IN ACCORDANCE WITH SECTION 314 (9) OF THE GERMAN COMMERCIAL CODE (HGB)

In € million	2024	2023
Audit services	3.9	3.3
Other certification or assessment services	0.5	0.2
Other services	0.0	0.1

Expenses relating to other auditors were incurred in an amount of € 0.1 million (previous year: below € 0.1 million) for the auditing of the annual financial statements of consolidated German-based companies.

Payments for the audit of financial statements comprise above all fees for the audit of the consolidated financial statements as well as the legally required audits of Salzgitter AG and the subsidiaries included in the consolidated financial statements. Other assurance services were provided for Salzgitter AG and the companies it controls for the non-financial report, EMIR audits, remuneration report and for audits in connection with Section 16 of Allgemeines Eisenbahngesetz (German General Railway Act).

(40) SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

There were no significant events occurring after the reporting date.

(41) WAIVER OF DISCLOSURE AND PREPARATION OF A MANAGEMENT REPORT PURSUANT TO SECTION 264 (3) OF THE GERMAN COMMERCIAL CODE (HGB) OR SECTION 264B HGB

The following fully consolidated domestic subsidiaries have fulfilled the conditions required under Section 264 para.3 or Section 264b of the German Commercial Code (HGB) and are therefore exempted from disclosure of their financial statements and from the obligation to prepare a management report.

- Salzgitter Mannesmann GmbH, Salzgitter[1,2]
- Salzgitter Klöckner-Werke GmbH, Salzgitter[1,2]
- Salzgitter Flachstahl GmbH, Salzgitter
- Salzgitter Europlatinen GmbH, Salzgitter[1]
- Hövelmann & Lueg Vermögensverwaltung GmbH, Schwerte
- Salzgitter Mannesmann Stahlservice GmbH, Karlsruhe[1]
- Peiner Träger GmbH, Peine
- DEUMU Deutsche Erz- und Metall-Union GmbH, Peine[1,2]
- BSH Braunschweiger Schrotthandel GmbH, Braunschweig[1]
- Ilsenburger Grobblech GmbH, Ilsenburg
- Salzgitter Mannesmann Grobblech GmbH, Mülheim
- Mannesmann Precision Tubes GmbH, Mülheim[1,2]
- Mannesmannröhren-Werk GmbH, Zeithain[1]
- Mannesmann Line Pipe GmbH, Siegen[1]
- Mannesmann Grossrohr GmbH, Salzgitter[1]
- Salzgitter Mannesmann Handel GmbH, Düsseldorf[1,2]
- Salzgitter Mannesmann International GmbH, Düsseldorf[1,2]
- Salzgitter Mannesmann Stahlhandel GmbH, Düsseldorf[1,2]
- Stahl-Center Baunatal GmbH, Baunatal[1]
- Universal Eisen und Stahl GmbH, Neuss[1,2]
- KHS GmbH, Dortmund[2]
- LFP Logistics for Filling and Packaging GmbH, Dortmund[1]
- DESMA Schuhmaschinen GmbH, Achim[1,2]
- Klöckner DESMA Elastomertechnik GmbH, Fridingen[1,2]
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- Salzgitter Digital Solutions GmbH, Salzgitter[1]
- TELCAT MULTICOM GmbH, Salzgitter[1,2]
- Glückauf Immobilien GmbH, Peine[1]
- Salzgitter Mannesmann Forschung GmbH, Salzgitter[1]
- Salzgitter Business Service GmbH, Salzgitter[1]
- Salzgitter Hydroforming GmbH & Co. KG, Crimmitschau[1,2]
- Salzgitter Hydroforming Verwaltungs GmbH, Crimmitschau[1]
- Salzgitter Automotive Engineering Beteiligungsgesellschaft mbH, Osnabrück[1,2]
- Salzgitter Automotive Engineering GmbH & Co. KG, Osnabrück[1]
- Verkehrsbetriebe Peine-Salzgitter GmbH, Salzgitter[1,2]

[1] Use was made of the option under Section 264 (3) and 264b to waive the preparation of Notes.
[2] Use was made of the option under Section 291 to waive the preparation of consolidated financial statements and a group management report.

Furthermore, VPS Infrastruktur Salzgitter GmbH, Salzgitter, has, in accordance with Section 264 para. 3 HGB, made use of its right to waive the preparation of a management report.

(42) DISCLOSURES ON THE REMUNERATION OF THE EXECUTIVE BOARD, THE SUPERVISORY BOARD AND OTHER MEMBERS OF THE KEY MANAGEMENT PERSONNEL

Key management personnel pursuant to IAS 24 comprises the members of Group's Executive Board and the members of the Supervisory Board. In addition to the active members of the Executive Board, the Group Management Board comprises the heads of the Salzgitter Group's four business units. In the tables below, they are referred to as "other members of key management personnel".

Remuneration from the Salzgitter Group:

In € million	Short-term employee benefits (salary and other compensation)		Post employment benefits (pension obligation)		Share-based payments		Other long-term employee benefits	
	2024	2023	2024	2023	2024	2023	2024	2023
Current members of the Executive Board	4.1	3.2	0.9	0.9	0.1	1.2	-0.1	0.9
Members of the Supervisory Board	1.7	1.7	–	–	–	–	–	–
Other members of the key management personnel	2.4	2.9	0.2	0.2	–	–	–	–

Presentation of the remuneration packages is based on the expenses recognized in the consolidated financial statements.

In addition to the amounts disclosed, the employee representatives on the Supervisory Board who are employees of the Salzgitter Group received their salaries within the scope of their employment contracts. Their amount constituted remuneration that is appropriate for their functions and tasks in the Group.

Obligations of the Salzgitter Group:

In € million	Short-term employee benefits (salary and other compensation)		Post employment benefits (pension obligation)		Share-based payments		Other long-term employee benefits	
	2024/12/31	2023/12/31	2024/12/31	2023/12/31	2024/12/31	2023/12/31	2024/12/31	2023/12/31
Former members of the Executive Board	0.5	0.7	57.0	54.8	0.2	0.8	–	0.4
Current members of the Executive Board	1.9	1.0	17.8	16.8	1.9	2.2	0.8	1.6
Members of the Supervisory Board	–	–	–	–	–	–	–	–
Other members of the key management personnel	0.9	1.4	4.3	3.9	–	–	–	–

The obligations arising from short-term benefits include both likely one-year and multi-year variable annual remuneration due for payment in the following year.

Former members of the Executive Board and their surviving dependents received pensions totaling € 3.6 million (previous year: € 3.8 million) in the financial year under review.

All entitlements in existence as of Tuesday, December 31, 2024 resulting from share-based remuneration programs are reported as remuneration with cash settlement.

As of the closing date, a long-term incentive program has been put in place for members of the Executive Board based on virtual shares. Each member of the Board is assigned an individual target for each financial year which is converted into a number of virtual shares at the end of the financial year depending on whether the target has been met (deferred shares).

The degree to which the target has been met is determined at the end of the first financial year and converted into virtual shares. 70 % of the degree of attainment is given by the EBT figure generated by the Salzgitter Group. The payment factor is determined by comparing the figure with the EBT figure from the previous year. If EBT has remained the same, the payment amount is 100 %. If an increase of 50 % is achieved, the payment factor is 150 % (maximum value). If EBT falls by 50 %, the payment factor is 50 % (minimum value). Linear interpolation is applied between the minimum and maximum figures. If the minimum payment factor is not reached, the payment factor is 0 %. If EBT is negative for a second successive year of if EBT in the previous year and in the current financial year is less than € 1 million in each case, the Supervisory Board can use its discretion in defining target attainment.

The remaining 30 % of the total degree of target attainment is determined based on the Board member's individual performance in the financial year. In setting the criteria for individual performance, the Supervisory Board can take a series of aspects into account, e.g. the strategic development of the company, special projects, occupational safety or employee growth. The Supervisory Board will use its discretion in assessing individual performance at the end of the financial year on the basis of the criteria previously defined. The Supervisory Board can set a linear degree of achievement between 0 % and 150 %.

The share deferral scheme is subject to a three-year lockup. The lockup begins at the end of the financial year for which the annual bonus is granted. The number of shares at the start of the lockup is calculated by dividing the starting figure by the initial share price. The initial share price is deemed to be the arithmetical average of the Xetra closing price for the Salzgitter stock at the Frankfurt Stock Exchange over the last 30 days of trading before the lockup begins.

The entitlement to cash settlement of the virtual shares determined arises after the three-year lockup has ended. At this time, the virtual shares will be multiplied by an average share price at the end of the lockup plus notional dividend payments accruing to the virtual shares during the lockup. The average share price is determined on the basis of the arithmetical average of the Xetra closing price for the Salzgitter stock at the Frankfurt Stock Exchange over the last 30 days of trading before the lockup ends. The resulting payment is limited to 150 % of the starting value.

If a Board member's employment relationship is terminated in the course of a financial year by way of summary dismissal by the company for good cause as defined by Section 626 (1) of the German Civil Code (BGB) or terminated prematurely at the instigation of the Board member without the company having given any good cause for such premature termination as defined by Section 626 (1) BGB and without there being any change of control as defined by the Executive Board member's contract of employment, all entitlements from running share deferral schemes for which the lockup period has not yet expired at the time when notice is served, will lapse without replacement or compensation.

If a member of the Board leaves the company in compliance with their contract, running tranches of virtual shares whose lockup period has not yet expired will be settled and paid at the end of the lockup period.

The valuation made on December 31, 2024 was based on the following parameters, using an appropriate option price model:

	Tranche 2024	Tranche 2023	Tranche 2022
Number of virtual shares	45,927.568	9,152.046	55,700.904
Interest rate	2.02 %	2.02 %	2.17 %
Volatility	47.12 %	41.35 %	42.24 %
Term	12/31/2027	12/31/2026	12/31/2025
Share price as of balance sheet date	€ 15.84	€ 15.84	€ 15.84

The fair value on the reporting date for Tranche 2024 is € 0.2 million, for Tranche 2023 € 0.1 million, for Tranche 2022 € 0.9 million and for Tranche 2021 € 1.0 million.

The lockup period for Tranche 2021 ended at the end of the 2024 financial year. The number of virtual shares is 49,917.010. The payment amount is carried as a liability at its settlement amount.

In the 2024 financial year, personnel expenses of € 0.0 million (previous year: € 1.3 million) were recognized in profit or loss due to share-based remuneration with cash settlement. As of December 31, 2024, the carrying amount of the Salzgitter Group's obligations from share-based remuneration amounts to € 2.1 million (previous year: € 3.0 million). Of this amount, € 1.0 million is carried as a liability.

Detailed, supplementary information about the remuneration of the individual members of the Executive Board and the Supervisory Board is disclosed in the ↗ Remuneration report of Salzgitter AG.

Salzgitter, March 14, 2025

The Executive Board

Groebler Dietze Potrafki

FURTHER INFORMATION

ASSURANCE FROM THE LEGAL REPRESENTATIVES

We give our assurance that, to the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the course of business, including the business result and the position of the Group, is portrayed in such a way in the Group Management Report that a true and accurate picture is conveyed and that the significant opportunities and risks of the Group's future development are fairly described.

Salzgitter, March 14, 2025

The Executive Board

Groebler Dietze Potrafki

AUDIT OPINIONS

Independent auditor's report

To Salzgitter Aktiengesellschaft

Report on the audit of the consolidated financial statements and of the combined management report

Opinions

We have audited the consolidated financial statements of Salzgitter Aktiengesellschaft, Salzgitter, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2024 to 31 December 2024, and the consolidated balance sheet as at 31 December 2024, consolidated statement of cash flows, consolidated statement of changes in equity for the fiscal year from 1 January 2024 to 31 December 2024 and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report, which was combined with the Company's management report, for the fiscal year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the parts of the combined management report specified in the appendix and the company information stated therein that is provided within and outside of the annual report and is referenced in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the fiscal year from 1 January 2024 to 31 December 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the parts of the combined management report listed in the appendix.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

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 fiscal year from 1 January 2024 to 31 December 2024. 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.

Below, we describe what we consider to be the key audit matters:

1) Fair valuation of intangible assets and property, plant and equipment

Reasons why the matter was determined to be a key audit matter

Significant intangible assets and property, plant and equipment are tested for impairment by the executive directors in order to identify any need to recognize impairment losses. The result of this valuation is highly dependent on the executive directors' estimate of future cash flows of the cash-generating units to which the assets are allocated and the respective discount rates used.

The derivation of future cash inflows and outflows is based on the Group's three-year plan prepared by the executive directors, which is adjusted at the level of the cash-generating units based on assumptions about long-term growth rates, in order to reflect a steady state ("perpetual annuity"). For the Salzgitter Flachstahl cash-generating unit, the executive directors model a further planning period until 2037 that follows on from the three-year plan in order to reflect the effects of the transformation to low-carbon steel production and then transition to the steady state after the transformation has taken place. The occurrence of significant assumptions in connection with the realization of low-carbon steel production is subject to elevated uncertainties.

In view of the challenges assessed by the executive directors with regard to a structural change in the production processes aimed at reducing CO_2 emissions and in view of the judgment exercised in valuation and the underlying complexity of the methodological requirements, the fair valuation of intangible assets and property, plant and equipment was a key audit matter.

Auditor's response

During our audit procedures, among other things, we assessed the methods used to carry out the impairment tests including an examination of the suitability of the procedure for performing an impairment test in accordance with IAS 36 and for providing objective indications of impairment. As part of our audit procedures, we particularly assessed the methods and calculations of the valuation model used to determine the recoverable amount.

We reconciled the future cash inflows and outflows used for valuation with the current plans of the cash-generating units based on the Group's three-year plan prepared by the executive directors. In doing so, we also analyzed the design of the planning process used for deriving the three-year plan.

With the assistance of our internal valuation specialists, we also analyzed the plans by comparing them with the results and cash inflows and outflows actually achieved in the past. Furthermore, we compared the executive directors' assumptions about the need to change the production processes for the purpose of reducing CO_2 emissions in connection with the increasing demands of society and the impact of emissions trading on the individual cash-generating units affected by the EU emissions trading system with industry-specific market expectations, especially with regard to the expected price development of emission certificates. We obtained an understanding of and assessed the significant assumptions underlying the plans for business development and growth by discussing them with those responsible for planning at the individual cash-generating units and the executive directors of Salzgitter Aktiengesellschaft and including general and industry-specific market expectations, along with changes in the political framework, in the analysis of the plans. In so doing, we also evaluated the sensitivity analyses prepared by the Group with a view to significant inputs such as commodity and energy prices.

Based on our understanding that even small changes in the discount rate used can at times have significant effects on value, we assessed the derivation of the respective discount rates used, with the assistance of our internal valuation specialists, by scrutinizing the peer companies selected to determine the beta factors and comparing the market data used with external evidence.

With the aid of our own sensitivity analyses, we estimated impairment risks arising when significant valuation assumptions change, such as changes in the discount rate and EBITDA margin (particularly in the perpetual annuity).

Our procedures did not lead to any reservations relating to the assessment of the fair valuation of intangible assets and property, plant and equipment.

Reference to related disclosures

The Company's disclosures on intangible assets and property, plant and equipment are presented in the "Accounting and Valuation Principles" section, particularly in the "Impairment of intangible assets, property, plant and equipment, shares in equity-accounted companies and investment property" subsection, which presents, among other things, the significant assumptions related to the realization of low-carbon steel production. Further information is included in notes 5, 10, and 11 of the notes to the consolidated financial statements.

We also refer to the executive directors' presentation in the Opportunities and Risk Report of the short and long-term monitoring of significant factors and the associated opportunities and risks in the "Opportunities and Risk Report, Guidance" section, subsection "Strategic Risks" of the "Specific Risks" section of the combined management report.

2) Fair valuation of shares in the affiliate Aurubis AG, Hamburg

Reasons why the matter was determined to be a key audit matter

In light of the fact that the market price of the shares in Aurubis AG, Hamburg, presented under "Investments in companies accounted for using the equity method" was lower than the carrying amount per share as of the reporting date, the executive directors tested the shares for impairment as of the reporting date by determining their value in use.

The result of this valuation is highly dependent on the Salzgitter Aktiengesellschaft executive directors' estimate of future cash flows and the respective discount rates used. The derivation of future cash inflows and outflows is based on the estimates of Salzgitter AG's executive directors regarding future sales revenue and margin developments, which are adjusted based on assumptions about, for example, long-term growth rates, in order to reflect a steady state ("perpetual annuity").

In light of the judgment exercised in valuation and the underlying complexity of the methodological requirements, the fair valuation of the shares in the associate Aurubis AG, Hamburg, was a key audit matter.

Auditor's response

During our audit procedures, among other things, we assessed the methods used to carry out the impairment tests including an examination of the suitability of the procedure for performing an impairment test in accordance with IAS 36 and for providing objective indications of impairment. As part of our audit procedures, we particularly assessed the methods and calculations of the valuation model used to determine the value in use. In doing so, with the assistance of our internal valuation specialists, we assessed the proper implementation of the valuation method, reperformed the Company's valuation using our own calculations and analyzed deviations.

Additionally, with the assistance of our internal valuation specialists, we analyzed the estimates of the executive directors relating to margins in the modeled period and in the perpetual annuity by comparing them with the results actually achieved in the past and the current development of business figures. We obtained an understanding of and assessed the significant assumptions on business development and growth by comparing them, among other things, with publicly available information including existing analyst assessments and market studies, discussing them with the executive directors and including general and industry-specific market expectations in the analysis of the plans.

Based on our understanding that even small changes in the discount rate used can at times have significant effects on value, we assessed the derivation of the discount rate used, with the assistance of our internal valuation specialists, by scrutinizing the peer companies selected to determine the beta factors and comparing the market data used with external evidence.

With the aid of our own sensitivity analyses, we estimated impairment risks arising when significant valuation assumptions change, such as changes in the discount rate and EBITDA margin in the perpetual annuity.

Our procedures did not lead to any reservations relating to the assessment of the fair valuation of the shares in Aurubis AG, Hamburg, presented under "Investments accounted for using the equity method."

Reference to related disclosures

The Company's disclosures on investments accounted for using the equity method are presented in the "Accounting and Valuation Principles" section and in note 14 of the notes to the consolidated financial statements.

3) Accounting effects of investments in non-current assets and from the arrangement of long-term power purchase agreements as part of the SALCOS project

Reasons why the matter was determined to be a key audit matter

In the current fiscal year, Salzgitter Flachstahl GmbH, Salzgitter, as a wholly owned subsidiary of Salzgitter Aktiengesellschaft, Salzgitter, invested significant amounts in non-current assets (advance payments and assets under construction) as part of the multi-year SALCOS investment project. Borrowing costs are capitalized from the start of construction.

The new investments are also intended to be used to replace old plants. In this context, the executive directors must also continuously assess the effects on the existing old plants, including the remaining useful lives.

These investments are to be financed by borrowing, customer financing (partnering agreements) and, to a large extent, grants from the Federal Ministry for Economic Affairs and Climate Action. In fiscal year 2023, Salzgitter Flachstahl GmbH received a grant notification for which, among other things, the accounting effects of the terms and conditions had to be assessed by the executive directors.

Furthermore, long-term power purchase agreements were concluded in connection with the investment project to ensure the future supply of electricity generated from renewable sources. The executive directors had to assess whether the agreements were extensions to the consolidated group or leasing contracts. They also had to judge whether there were embedded derivatives and, if so, whether they should be recognized separately. It was also necessary to assess whether potential losses due to fixed contracted prices should be recognized in the balance sheet.

Due to the executive directors' judgmental estimates in relation to the power purchase agreements and the potential material effects in terms of amount, we consider the accounting effects of investments in non-current assets and from the arrangement of long-term power purchase agreements as part of the SALCOS project to be a key audit matter.

Auditor's response

We obtained an understanding of the non-current asset accounting process implemented by Salzgitter Flachstahl GmbH, Salzgitter, and tested the operating effectiveness of the controls implemented in this process. We also performed substantive audit procedures on the capitalized advance payments and assets under construction on a sample basis. We used invoices, contracts and payment receipts to check the presentation and amount of assets under construction. Based on our understanding of the investment project, we assessed the executive directors' estimates of the remaining useful lives of the property, plant and equipment currently in use with regard to the timing of the replacement investments.

In order to assess the borrowing costs to be capitalized, we analyzed whether the assets acquired meet the criteria for a qualifying asset within the meaning of IAS 23 and whether a considerable period of time is required to get the assets ready for their intended use. We checked the calculation of the amount to be capitalized and reconciled the underlying financing agreements to the calculation of the borrowing rate used.

With the assistance of specialists, we gained an understanding of the accounting effects based on the executive directors' assessment of the grant notification and its terms and conditions. We assessed whether the government grants meet the relevant criteria of IAS 20. In this context, we checked in particular the deduction of government grants from the acquisition and production costs recognized for assets under construction. As part of our substantive audit procedures, we examined the accounting treatment of the grants received on a sample basis. In doing so, we also reconciled incoming payments of the grants received with bank statements. The contracts for the partnering agreements were analyzed to determine whether a contract exists in accordance with IFRS 15 and, in particular, whether there are separate performance obligations. We compared the income from partnering agreements received with the contracts and reconciled the incoming payments to bank statements on a sample basis.

With the involvement of internal specialists, we evaluated the executive directors' estimates regarding the accounting treatment of the concluded power purchase agreements with regard to the provisions of IFRS 9, IFRS 10, IFRS 11, IFRS 16 and IAS 37. In doing so, we also analyzed whether the electricity purchase volumes for own consumption over the term of the contract were included in the Company's planning calculations.

We checked whether the disclosures on the above accounting and valuation topics in the notes to the consolidated financial statements are complete.

We also assessed the related reporting in the combined management report.

Our procedures did not lead to any reservations relating to the assessment of the accounting effects of the investments in non-current assets and from the arrangement of long-term power purchase agreements as part of the SALCOS project.

Reference to related disclosures

We refer to the disclosures in the notes to the consolidated financial statements in the "Accounting and Valuation Principles" section under the "Estimates and assumptions," "Provisions for operational and other risks," "Impact of climate change" and "Property, plant and equipment" subsections for information on the accounting policies applied to investments in non-current assets and from the arrangement of long-term power purchase agreements as part of the SALCOS project. Please also refer to the disclosures in the "Notes to the balance sheet" section under "(11) Property, plant and equipment" and "(33) Other financial obligations."

We also refer to the presentation of the investment project in the combined management report in the "Business activities and Group structure" section under the "Steel production business unit" subsection and the "Goals and Strategy" section under the "Strategic direction and goals" and "Circular economy" subsections. Please also refer to the disclosures in the "Opportunities and Risk Report, Guidance" section under the "Specific Risks" and "Overall Statement on the Risk Position of the Group" subsections.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the Declaration of Corporate Governance. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report listed in the appendix.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the combined management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

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 whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error,

- design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement 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 of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report 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 and of such arrangements and measures.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. 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 be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the 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 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.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the combined management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in Salzgitter_Aktiengesellschaft_KA-ZLB_ESEF-2024-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from 1 January 2024 to 31 December 2024 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 29 May 2024. We were engaged by the Supervisory Board on 18 November 2024. We have been the group auditor of Salzgitter Aktiengesellschaft without interruption since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format – including the versions to be published in the *Unternehmensregister* [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr. Christian Janze.

Appendix to the auditor's report:

1. Parts of the combined management report whose content is unaudited

We have not audited the content of the following parts of the combined management report:

- The statement on corporate governance included in the "Declaration of Corporate Governance" section of the combined management report.

Furthermore, we have not audited the content of the following disclosures extraneous to management reports. Disclosures extraneous to management reports are such disclosures that are not required pursuant to Secs. 315, 315a HGB or Secs. 315b to 315d HGB or German Accounting Standard (GAS) 20.

- The "Key Features of the Internal Control System" section.

2. Further other information

The other information comprises the following part of the annual report, of which we obtained a version of prior to issuing this auditor's report:

- Non-financial report on the Group.

The other information also comprises other components of the annual report, of which we obtained a copy prior to issuing this auditor's report, in particular the sections:

- Report of the Supervisory Board
- The Salzgitter Group in Figures
- The Salzgitter Share
- Letter of the Executive Board and
- Assurance from the Legal Representatives

but not the consolidated financial statements, not the combined management report disclosures whose content is audited and not our auditor's report thereon.

3. Company information outside of the annual report referenced in the combined management report

The combined management report, which was combined with the Company's management report, contains cross-references to websites of the Group. We have not audited the content of the information accessible through the cross-references.

Hanover, 18 March 2025

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Hantke	Dr. Janze
[German Public Auditor]	[German Public Auditor]

Independent auditor's limited assurance report on a separate group non-financial report

To Salzgitter Aktiengesellschaft, Salzgitter

Assurance conclusion

We have performed a limited assurance engagement on the separate group non-financial report of Salzgitter Aktiengesellschaft, Salzgitter prepared to comply with Secs. 315b and 315c HGB ["Handelsgesetzbuch": German Commercial Code], including the disclosures contained in this group non-financial report to comply with the requirements of Art. 8 of Regulation (EU) 2020/852 (hereinafter the "group non-financial reporting"), for the fiscal year from 1 January 2024 to 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying group non-financial reporting for the fiscal year from 1 January 2024 to 31 December 2024 is not prepared, in all material respects, in accordance with Secs. 315b and 315c HGB, the requirements of Art. 8 of Regulation (EU) 2020/852 and the elaborative criteria presented by the Company's executive directors.

Basis for the conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent 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 a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "Responsibilities of the auditor for the assurance work on the group non-financial reporting" section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our firm applies IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter – principles for the preparation of the group non-financial reporting

Without modifying our assurance conclusion, we refer to the description in the group non-financial reporting of the principles applied in preparing the group non-financial reporting, according to which the Company applied European Sustainability Reporting Standards (ESRS) to the extent specified in section „DISCLOSURE REQUIREMENT BP-1 – GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS" of the group non-financial reporting.

Responsibilities of the executive directors and the supervisory board for the non-financial reporting

The executive directors are responsible for the preparation of the group non-financial reporting in accordance with the relevant German legal and European requirements and with the elaborative criteria presented by the Company's executive directors, and for designing, implementing and maintaining such internal control as the executive directors consider necessary to enable the preparation of group non-financial reporting, in accordance with these requirements, that is free from material misstatement, whether due to fraud (i.e., fraudulent group non-financial reporting) or error.

These responsibilities of the executive directors include the implementation and maintenance of the materiality assessment process, the selection and application of appropriate methods to prepare the group non-financial reporting as well as making assumptions and estimates about and determining forward-looking information on certain sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the group non-financial reporting.

Inherent limitations in preparing the group non-financial reporting

The relevant German legal and European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no comprehensive authoritative interpretations have been published to date. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of any measurement or evaluation of sustainability matters made on the basis of these interpretations is uncertain.

These inherent limitations also apply to the assurance work on the group non-financial reporting.

Responsibilities of the auditor for the assurance work on the group non-financial reporting

Our objectives are to express a limited assurance conclusion based on our assurance engagement about whether any matters have come to our attention that cause us to believe that the group non-financial reporting is not prepared, in all material respects, in accordance with the relevant German legal and European requirements and the elaborative criteria presented by the Company's executive directors, and to issue an assurance report that includes our conclusion on the group non-financial reporting.

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

- Obtain an understanding of the process to prepare the group non-financial reporting, including the materiality assessment process carried out by the Company to identify the information to be reported in the group non-financial reporting.

- Identify disclosures that are likely to be materially misstated due to fraud or error, design and perform procedures to address such disclosures and obtain limited assurance to support our conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the forward-looking information, including the reasonableness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the work performed by the auditor

A limited assurance engagement involves performing procedures to obtain evidence about the sustainability information. The nature, timing and extent of the procedures selected depend on our professional judgment.

In conducting our limited assurance engagement, we:

- Obtained an understanding of the structure of the sustainability organization and the involvement of stakeholders;

- Obtained an understanding of the process applied for preparing the group non-financial reporting, including the materiality assessment process carried out by the company to identify the information to be reported, as well as the internal controls related to this process;

- Assessed the overall suitability of the criteria presented by the executive directors in the group non-financial reporting;

- Inquired executive directors and relevant employees involved in the data collection and consolidation process, as well as the preparation of the group non-financial reporting, to assess the reporting system, data collection and preparation methods, and internal controls relevant to the audit of the information in the group non-financial reporting;
- Evaluated the reasonableness of the estimates made by the executive directors and related explanations;
- Performed analytical review procedures for selected information in the group non-financial reporting;
- Conducted on-site visits at a selected location of the Salzgitter Group;
- Matched selected information with the corresponding information in the consolidated financial statements and group management report;
- Assessed the process for identifying taxonomy-eligible and taxonomy-compliant economic activities and the corresponding information in the group non-financial reporting;
- Assessed the presentation of the information in the group non-financial reporting.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the assurance report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2024, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement (ey-idw-aab-en-2024.pdf).

In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the assurance report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 18 March 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Dr. Eisele	Süppel
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

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This annual report was prepared with the support of the firesys editorial system.

Some of the statements made in this report have the character of forecasts or can be interpreted as such. They have been made to the best of our knowledge and belief, and by the nature of things, they apply on the condition that no unforeseeable deterioration in the economy or the specific market situation for companies in the business segments occurs, and that the basis for planning and forecasting proves, as expected, to be accurate in terms of its scope and timeframe. Notwithstanding existing statutory requirements, particularly in terms of the regulations governing capital markets, the company accepts no obligation to continually update forward-looking statements which are based solely on the circumstances on the day of publication.

For computational reasons, rounding differences amounting to ± one unit (€, %, etc.) may occur in the tables.

In the interest of better readability, the form chosen in this Annual Report applies equally to all genders (male / female / non-specific). All formulations apply equally to all genders

The annual report of Salzgitter AG is also available in an English translation. In the event of discrepancies, the German version takes precedence over the English version.

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