sgl carbon

Annual Report 2024

Key Figures 2024

€m	Footnote	2024	2023	Change
Financial performance				
Sales revenue		1,026.4	1,089.1	−5.8%
thereof outside Germany		74%	74%	-
thereof in Germany		26%	26%	-
EBITDApre	1)	162.9	168.4	−3.3%
Operating profit/loss (EBIT)		−14.3	56.6	-
Result before income taxes		−46.9	22.4	-
Consolidated net result (attributable to the shareholders of the parent company)		−80.3	41.0	-
EBITDApre margin	2)	15.9%	15.5%	+0.4% points
Return on capital employed (ROCE $_{\text{EBIT pre}}$)	3)	11.4%	11.3%	+0.1%-points
Earnings per share, basic (in €)		−0.66	0.34	-
Net assets				
Equity attributable to the shareholders of the parent company		554.9	605.3	−8.3%
Total assets		1,336.9	1,472.6	−9.2%
Net financial debt		108.2	115.8	−6.6%
Equity ratio	4)	41.5%	41.1%	+0.4% points
Leverage Ratio	5)	0.7	0.7	0.0%
Headcount	6)	4,394	4,676	−6.0%
Financial position				
Capital expenditure in non-current assets		97.3	87.1	11.7%
Depreciation/amortization expense		58.7	58.9	−0.3%
Working capital		283.2	306.0	−7.5%
Free cash flow	7)	38.7	95.6	−59.5%

1) Before one-off effects/non-recurring items of minus € 118.5 million in 2024 and minus € 52.9 million in 2023
2) EBITDApre to sales revenue
3) EBITpre to average capital employed (total of goodwill, other intangible assets, property, plant and equipment, investment property, investments accounted for At-Equity and working capital)
4) Equity attributable to the shareholders of the parent company to total assets
5) Net debt to EBITDA pre
6) As of Dec. 31, including employees with fixed-term contracts, excluding apprentices
7) Cash flow from operating activities minus cash flow from investing activities

Content

Letter from the CEO

Andreas Klein, Chief Executive Officer

Dear Shareholders,

I have been CEO of SGL Carbon since January 1, 2025 and lead the company together with Thomas Dippold and Dr. Stephan Bühler. I am already deeply familiar with SGL Carbon, its structures, people, and most of its customers and markets. As the head of SGL's largest business unit, Graphite Solutions, I have been operationally responsible for our key business with the semiconductor industry since October 2023. I will continue to hold this role as the Chief Executive Officer, in order to link the Board of Management even more closely to the operational business and to directly absorb impulses from the business.

I am proud of what we have achieved as a team at SGL in the 2024 fiscal year. Like 2023, 2024 was characterized by geopolitical conflict, a weak economy, and generally high inflation and interest rates. Structurally higher energy prices, unmistakably weak growth, and over-regulation in Europe pose a particular challenge to European companies' competitive edge. In addition, some of our sales markets have become increasingly less dynamic. This was particularly true in the automotive and semiconductor industries.

We performed well in this challenging environment, achieving our 2024 targets overall. However, at €1,026.4 million, Group revenue was slightly below the previous year's figure of €1,089.1 million (down 5.8%). Adjusted earnings before interest, taxes, depreciation and amortization (EBITDApre) decreased by 3.3%, i.e. less than the drop in revenue, to €162.9 million. That put it within the provided guidance range.

To explain our business development, I would like to review the fiscal year in more detail for our four business units.

Development of the business units in the 2024 fiscal year

The Graphite Solutions (GS) business unit contributed €539.0 million to Group revenue and €131.0 million to the Group's adjusted EBITDA. In contrast, sales revenue (-4.7%) and adjusted EBITDA (-2.2%) were below the previous year's figures. The largest and highest-margin sales market for GS is the semiconductor industry, which we supply with high-precision graphite components for wafer production. SGL Carbon is one of the few companies in the world that can supply high-purity graphite components for the production of silicon carbide semiconductors. The first half of 2024 continued to meet market expectations: Sales and EBITDA were higher than in the previous year, in line with our growth targets. However, demand for our components flagged significantly in the second half of the year. This was primarily due to lower-than-expected demand for electric vehicles, which are the main application area for silicon carbide semiconductors.

In addition, momentum in other industries slowed due to general economic conditions.

Despite soft demand in the second half of 2024, the Semiconductor market segment remains one of the most important growth areas for SGL Carbon. Without powerful semiconductors, it will not be possible to achieve the energy transition or drive digitization with new forms of AI. We therefore invested around €40 million in the global expansion of production capacity for these sales markets together with our customers and from our own funds in 2024.

The Process Technology (PT) business unit continued to impress in the 2024 financial year with its customer-specific components and systems, posting its best result since it was spun off from the GS business unit in 2021.While PT's sales were €87.2 million and adjusted EBITDA €4.7 million in 2021, it generated sales of €138.3 million and adjusted EBITDA of €33.0 million in 2024.

The business performance of the Carbon Fibers (CF) business unit was again not satisfactory. Continued weak demand from the wind industry and sluggish momentum in potential growth markets such as hydrogen tanks or carbon concrete, combined with increasing global overcapacity, put pressure on volumes and prices for textile and carbon fibers. GS's sales revenue therefore fell by 6.7% to €209.8 million year-on-year. The business unit's adjusted EBITDA was minus €11.0 million (2023: €7.2 million). If the positive contribution from our BSCCB joint venture had not been included, adjusted EBITDA would have been minus €27.0 million.

Due to global overcapacity in textile and carbon fibers, as well as the ongoing price pressure, we do not expect any growth prospects for the Carbon Fibers business unit that meet our expectations, even in the future. Therefore, at the end of February 2024, we've already decided to examine all strategic options for the carbon fiber business.

A complete divestment of the Carbon Fibers business unit was carefully investigated, however, in the meantime it is no longer considered feasible. Therefore, in mid-February we decided and announced a restructuring of the loss-making Carbon Fibers business unit. This decision was not easy for us. We will significantly reduce Carbon Fibers business operations and focus on a profitable core. Individual solutions are being developed for all Carbon Fibers sites, including the closure of unprofitable sites. Since the restructuring plan is still being finalized, we are currently not able to provide specific information on individual site closures or the exact timing of the restructuring. However, the aim is to start implementation quickly in order to contain the operating losses and the associated impact on the SGL Carbon Group in the short term.

We currently expect one-time cash charges related to the restructuring in the range of €50 million over the next two years.

The BSCCB joint venture is not affected by the restructuring of our carbon fiber business. Due to the positive growth prospects in the sports and premium vehicle segment, the 50:50 owners Brembo S.P.A. and SGL Carbon decided to expand production capacity. The new production hall at our Meitingen site was completed in 2024. Now, by 2027, production capacity at the BSCCB sites in Meitingen, Germany, and Stezzano, Italy, will be expanded by approximately 70%.

Our Composite Solutions (CS) business unit recorded a 19.0% decline in sales to €124.6 million in the 2024 fiscal year, mainly due to the early termination of a supply contract with a major automotive customer. Lower capacity utilization and sluggish sales resulted in a corresponding decrease in adjusted EBITDA from 18.0% to €18.2 million.

Outlook

In the future, SGL Carbon will continue to focus on the development and production of innovative and highly specialized materials and products made of graphite and composite materials. We believe that the long-term growth trends in our key market segments, the semiconductor and automotive industries, remain intact.

However, we expect demand in our major sales markets to recover very slowly in the 2025 fiscal year. In the coming months, SGL Carbon's strategic focus will be on consolidating our existing operating business and safeguarding our profitability, in addition to restructuring the Carbon Fibers business unit. This includes not only the generation of new sales opportunities but also strict cost management and a review of all product areas for future performance and profitability.

The outlook for the 2025 fiscal year remains unchanged and includes all four SGL Carbon business units, since we are still at the beginning of the restructuring phase of our Carbon Fibers business unit. Based on the aforementioned expected developments and assuming unchanged conditions, we anticipate a slight year-on-year decline in sales and an adjusted EBITDA in the range of €130 to 150 million.

SGL Carbon's group sales guidance for 2025 excluding the expected sales of Carbon Fibers (CF) would be approximately €200 million lower. In contrast, the adjusted EBITDA for the remaining businesses excluding the operational adjusted EBITDA of CF would be between €155 – 175 million.

Our goal is still to position SGL Carbon for a successful and profitable future. We want to provide our customers with the best possible solutions with our innovative materials and products and thus always be a preferred partner. We focus on market segments with long-term growth opportunities, such as digitization, climate-friendly transportation and renewable energies. This provides sound prospects for our employees and generates attractive shareholder value.

On behalf of the old and new Board of Management, I would like to express my sincere thanks to all our employees, whose commitment and work make SGL Carbon's success possible.

I feel confident that we can build on this foundation as we successfully navigate today's difficult economic and political environment. I would also like to thank the Supervisory Board and the employee representatives for their constructive dialogue. Last, but not least, I would like to thank you dear shareholders, for your support and your trust in SGL Carbon.

Sincerely,

Andreas Klein
Chief Executive Officer

Supervisory Board Report

Prof. Dr. Frank Richter, Chairman of the Supervisory Board

Dear Shareholders,

Fiscal 2024 was a challenging year for SGL Carbon. The ongoing war in Ukraine, the conflict in the Middle East, and rising geopolitical tensions are creating greater uncertainty and affecting the global economy as well as our raw material and sales markets. Some green technology markets have been sluggish and have not developed the expected momentum.

In this environment, SGL Carbon performed well and met its overall targets. SGL Carbon's adjusted EBITDA of €162.9 million fell within with the forecast given at the beginning of 2024.

While the first half of the year got off to a very successful start, the second half started to show signs of weakening business development due to lackluster demand in some of our sales markets. This particularly affected the Semiconductor market segment, not to mention the ongoing difficult situation in the wind industry. Lower than expected sales of electric vehicles, which primarily require silicon carbide-based power semiconductors, also curtailed demand for SGL Carbon's specialty graphite products.

In contrast, other SGL business units, such as Process Technology, were able to decouple from the general economic trend due to major projects implemented in 2024 and achieved their best-ever results.

The Supervisory Board closely monitored the financial development as well as the company's strategic direction. In addition to stabilizing financial performance, the focus in 2024 was on expanding business in attractive growth markets and looking for strategic options for the Carbon Fibers business unit. Due to the situation in the carbon fiber market, with global overcapacity and enormous price pressure, we decided together with the Board of Management on February 18, 2025 to restructure Carbon Fibers to focus on a profitable core. This was a difficult but necessary step to limit further negative effects on SGL Carbon as a whole.

In the opinion of the Supervisory Board, the long-term growth trends towards digitization and sustainability remain unbroken in SGL's other sales markets. The Supervisory Board therefore favors a long-term focus on sales markets that support these developments.

Another important issue for the Supervisory Board in 2024 was the appointment of a new CEO and the composition of the Board of Management. After an exhaustive selection process with potential internal and external candidates, we are convinced to have found in Andreas Klein a new CEO with both operational and strategic experience from within our own ranks. Thomas Dippold will continue to provide the company with the stability of an experienced CFO for another five years. Dr. Stephan Bühler, SGL Carbon's longstanding general counsel, will use his transaction experience to focus on strategic options for the carbon fiber business.

The Supervisory Board would like to take this opportunity to thank Dr. Torsten Derr for his work and commitment to SGL Carbon over the years and wishes him all the best in his new endeavors.

Cooperation between the Board of Management and the Supervisory Board

In the reporting year, the Supervisory Board duly performed the duties incumbent upon it under the law, the Articles of Incorporation and the Rules of Procedure. Dr. Derr, as CEO of SGL Carbon SE and Mr. Dippold, as CFO, were in close contact with the Supervisory Board.

In the reporting year, the Supervisory Board supported the Board of Management in an advisory capacity in six full plenary sessions and in meetings of the various committees while carefully and continuously monitoring the conduct of business. In doing so, the Supervisory Board was always able to convince itself of the legality, practicality, and propriety of the activities of the Board of Management. The Board of Management informed the Supervisory Board regularly, promptly, and comprehensively in writing and verbally about the situation of the company and the material business events and projects. When law and the Articles of Incorporation stipulated that decisions had to be made by the Supervisory Board regarding individual transactions and projects of the Board of Management, the Supervisory Board passed a resolution after being involved at an early stage.

The Board of Management held talks with representatives of shareholders and employees in the run-up to the Supervisory Board meetings. The chairs of the committees also spoke to their colleagues on the Supervisory Board and members of the Board of Management in preparation for the committee meetings. During the Supervisory Board meetings, the Board of Management provided comprehensive and timely information — both verbally and through documents — on the items on the agenda. Deviations in the course of business from budgets and targets were explained in detail. The reasons for the deviations and the corresponding measures were discussed intensively. The members of the Supervisory Board and the committees had sufficient opportunity to critically examine the submitted documents and draft resolutions in the Supervisory Board and its committees. In addition, the Board of Management reported regularly on material business transactions, key financial figures during the year, and how SGL Carbon was perceived in the financial markets.

As the chairman of the Supervisory Board, I maintained regular and close dialog with Dr. Derr as the chairman of the Board of Management and with Mr. Dippold as CFO regarding strategy, business development, planning, risks and risk management, compliance, sustainability, and specific company-related issues. The chairman of the Audit Committee also maintained close and regular exchanges of information with the Board of Management between committee meetings.

Topics covered in the plenary sessions of the Supervisory Board

The company's economic situation and the outlook for the fiscal year were discussed at the Supervisory Board’s in-person meetings in March, May, July, September, and December. The regular topics of these meetings included the performance of operational and financial key figures, opportunities and risks as well as risk management including compliance risks. Regular and intensive discussions also focused on strategic positioning, sustainability issues, and the growth projects of the business units. Meetings were generally held in person. An additional virtual meeting was held in November to discuss, among other things, the termination agreement for Dr. Derr and the appointment of the new Board of Management members Mr. Klein and Dr. Bühler.

At its March meeting in the year under review, the Supervisory Board first learned of Dr. Derr’s intention not to renew his Board of Management employment contract when it expired. The Supervisory Board focused on discussing the final version of the annual financial statements and the consolidated financial statements for 2023 with the auditor and approved the Annual Report. Next, the Board of Management reported on the key events that shaped the annual result for 2023 and the expected challenges for the 2024 fiscal year. The Board of Management’s report covered the weak performance of the Carbon Fibers (CF) business unit as well as its causes and countermeasures along with the encouraging development of liquidity, partly due to advance payments received from customers for capacity expansions in the Graphite Solutions (GS) business unit. The Board of Management also reported on ongoing strategic projects, particularly in the Carbon Fibers business unit and the battery business in Poland.
In addition, the Supervisory Board adopted the Board of Management’s target achievement for 2023; details can be found in the remuneration report. Finally, the items for resolution for the Annual General Meeting scheduled for May 23, 2024, were approved.

In the meeting following the virtual Annual General Meeting in May, the Board of Management provided the Supervisory Board with an overview of current strategic projects and presented the results of the first quarter of the fiscal year. Business was driven by customer prepayments and good results from the Graphite Solutions business unit in the semiconductor market segment. There were no positive developments in the carbon fibers business, so SGL Carbon's earnings continued to be impacted by the ongoing weakness in demand.

The Supervisory Board also discussed the succession plan for the outgoing CEO (Dr. Derr) and a possible contract renewal for Mr. Dippold. No decisions were made regarding these matters.

At the July Supervisory Board meeting, the Board of Management provided an update on the business position, especially regarding the situation in the wind market, which showed no signs of a quick recovery and thus continued to weigh on the earnings of the Carbon Fibers business unit and, by extension, the earnings of the Group as a whole. Despite the developments and projections, the Board of Management assumed that it would be able to remain within the communicated forecast. At this meeting, the Supervisory Board thoroughly discussed the situation in the silicon carbide semiconductor market, which is one of the main growth drivers for the entire Group. To that end, the Supervisory Board asked Mr. Klein, as the head of the Graphite Solutions business unit, to present a detailed report at the meeting. The strategic options for the battery business were also reported on and intensively discussed. The meeting also included a presentation on the company's strategy for its central corporate functions. The discussions also covered the possible composition of the Board of Management after Dr. Derr's departure at the end of the year.

At the September meeting, the Supervisory Board scrutinized business development and the report on the first half of the year, focusing on the still-unsatisfactory situation in the Carbon Fibers business unit. The Board of Management reported on the positive business development in the Graphite Solutions and Process Technology (PT) business units and on the continued weakness in earnings and profits in the carbon fiber business. The Board of Management pointed out signs of a business slowdown in the second half of the year and provided a status report on the search for strategic options for the carbon fiber business. I gave the Supervisory Board a status report on the search for Dr. Derr's successor and on the latest deliberations regarding the renewal of Mr. Dippold's contract. A decision was made to increase Mr. Dippold's base salary as of October 1, 2024.

In November, the Supervisory Board held an extraordinary virtual meeting at which Mr. Klein was appointed Chief Executive Officer of the company for a term of three years, effective January 1, 2025. In addition, the Supervisory Board appointed Dr. Bühler to the Board of Management for two years, also effective January 1, 2025, and extended Mr. Dippold's Board of Management mandate by five years. In addition to appointing the new members of the Board of Management, the contract terms for all three future members of the Board of Management were discussed and agreed on the basis of the existing remuneration system. In connection with the change of CEO, the Supervisory Board also approved the termination of Dr. Derr's employment contract as of December 31, 2024.

Business development in 2024 was discussed at the final meeting of the fiscal year in December. As in previous months, the presentations and discussions focused on the status of the assessment of options for the Carbon Fibers business unit. As the Board of Management reported, the key financial ratios and, in particular, equity fell within the expected ranges and reached a very good level. The Board of Management presented the new five-year plan at this meeting and confirmed that the forecast for the 2024 fiscal year, as communicated to the capital markets, would be achieved at the lower end of the forecast range. The financial plan and budget for 2025 were presented along with the Board of Management's plans for the coming years. The meeting also covered the status of the preparation of the CSRD report.
The updated declaration of conformity was adopted, and the company's corporate governance principles were confirmed. The Supervisory Board also approved the financial targets in addition to the personal targets for the Board of Management for 2025 and for the long-term incentive plan. The blackout periods for 2025 were approved as well. I also reported to the Supervisory Board on the Nomination Committee meeting that covered the extension of Mr. Denoke's mandate and the successor to Mr. Eichler, who is retiring. Resolutions with proposals for the next Annual General Meeting were passed with regard to Mr. Denoke and the succession process for Mr. Eichler.

Activities of the committees

The committee chairs reported extensively on the work of the respective committees at the Supervisory Board meetings.

The Audit Committee met in March, September, and December in the year under review. The auditor also attended all meetings that were held in person. In addition, the financial statements were discussed in three telephone conferences with the Audit Committee prior to publication of the quarterly figures and the figures for the first six months of the year.

Business development and the Group's risk position were discussed at all meetings of the Audit Committee.

The main topic at the March meeting was the discussion of SGL Carbon SE's annual financial statements and consolidated financial statements as of December 31, 2023, as well as the auditor's reports on them. In addition, the Audit Committee dealt with the non-financial Group statement ("CSR report"), including the status of implementation of the new sustainability reporting requirements under the Corporate Sustainability Reporting Directive (CSRD), as well as the risk management system, the internal control system, significant compliance issues, and the non-audit services provided by the auditor. The Audit Committee also recommended to the Supervisory Board that KPMG be engaged as the auditors in the 2024 fiscal year and, as a precautionary measure depending on the transposition of the CSRD into national law, also as the auditors for sustainability reporting.

One topic of the September meeting was the status of the implementation of the CSRD sustainability reporting. KPMG explained the planned audit process on that basis. The meeting also reviewed the audit of the financial statements for the past fiscal year based on defined criteria for measuring audit quality. KPMG described the status of planning for the audit of the annual and consolidated financial statements for 2024 as well.

At its December meeting, the Audit Committee discussed the audit of the financial statements and the audit of the sustainability reporting for the 2024 fiscal year. An overview of the non-audit services provided in 2023/2024 and planned for 2025 was also provided to ensure compliance with the fee cap and the independence of the auditor. The Internal Audit department reported on the results of audits, the implementation status of measures, and the audit plan for 2025. From a compliance perspective, relationships with major shareholders and Supervisory Board members were also reported, and the Related Party Management Policy was explained. A status on material transactions with related parties (beyond material major shareholders) was provided.

The Personnel Committee scrutinized personnel issues in a total of six meetings. The January and November meetings were virtual. The rest of the meetings were held in person. In addition to its meetings, the Personnel Committee held numerous discussions and votes, particularly in October and November, in connection with the new composition of the Board of Management.

In the January meeting, the Board of Management members' preliminary target achievement was discussed, including in particular the fulfillment of personal goals. The March meeting of the Committee dealt with the Board of Management members' final target achievement with regard to their variable compensation, and a proposal was resolved for the full Supervisory Board with regard to goal attainment and the discretionary factor. The July meeting was dominated by the search for Dr. Derr's successor. The Committee was updated on the progress of the search by the retained executive search consultant. The Committee also discussed the extension of Mr. Dippold's mandate. At its September meeting, the Committee decided to propose to the full Board that Mr. Dippold's remuneration be increased since he has served on the Board for four years without receiving any adjustments in pay. This was also done in anticipation of a decision on the mandate extension before the end of the year. In addition, in my role as chairman of the Committee, I reported on the situation with respect to Dr. Derr's succession. It was decided that an internal appointment should be carefully considered in addition to the external candidates who had already been identified. At the virtual meeting held in early November, the Supervisory Board discussed the new appointments to the Board of Management and decided to continue discussions with Mr. Klein and Dr. Bühler. At the December meeting, the financial (for the variable short- and long-term salary components) and personal targets for the Board of Management for the 2025 fiscal year were discussed. This included, but was not limited to, the selection of appropriate key financial figures for the 2025 variable salary components.

The Nominating Committee met once in person in December in the year under review. The meeting covered the succession for the two Supervisory Board mandates of Mr. Denoke and Mr. Eichler, which will expire at the next Annual General Meeting (May 2025). In my capacity as chairman of the Committee, I reported that Mr. Denoke is eligible for another term and has agreed to serve for another term if elected at the Annual General Meeting. Since Mr. Eichler is retiring after his third term, the Committee discussed possible candidates. The Committee would like two previously identified individuals to be interviewed by members of the Committee in early 2025 so that a concrete proposal can be adopted in time for the March 2025 Supervisory Board meeting.

Annual Financial Statements and Consolidated Financial Statements 2024

Both in the Audit Committee and in the plenary meeting in March 2025, the Supervisory Board verified that the accounting, the separate financial statements of SGL Carbon SE prepared pursuant to the German Commercial Code (Handelsgesetzbuch, HGB) and the consolidated financial statements as of December 31, 2024, prepared pursuant to the stipulations of the International Financial Reporting Standards (IFRS) (as applicable within the European Union) as well as the management report of SGL Carbon SE and the Group were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, and provided with an unqualified audit opinion. The Supervisory Board had previously assured itself of the independence of the auditor and the persons acting on behalf of it, and commissioned the audit pursuant to the resolution of the Annual General Meeting on May 23, 2024. The audit reports on the consolidated financial statements and the annual financial statements were sent to us in good time. The Audit Committee dealt at length with these documents, as did the full Supervisory Board. The auditors attended the meetings of both the Audit Committee and the Supervisory Board, in which they provided advice on the annual and consolidated financial statements, reported on the audit and made themselves available for additional questions and information. Following presentation of the final results by the Audit Committee and our own review, there were no objections. The Supervisory Board approved the financial statements prepared by the Board of Management and thereby adopted the annual financial statements. Since SGL Carbon SE’s 2024 fiscal year ended with an accumulated loss, no proposal by the Board of Management on the appropriation of profit had to be reviewed.

At its meeting in March 2025, the Supervisory Board also scrutinized the Report of the Supervisory Board, the Corporate Governance Declaration and the Corporate Governance and Compliance Report, the Remuneration Report and the disclosures pursuant to Sections 289a and 315a HGB. We refer to the corresponding disclosures in the Annual Report. The Supervisory Board and the Board of Management compiled the Remuneration Report and reviewed the other reports for completeness. To the extent that the reports were within their scope of competence, they also determined the accuracy of their content.

KPMG issued an unqualified limited assurance audit opinion for the separate non-financial Group Report (sustainability statement). This means that, based on the audit procedures performed and the audit evidence obtained, no items came to light that would lead to the conclusion that the separate non-financial Group Report is in all material aspects not in compliance with Sections 315b, 315c in conjunction with 289c to 289e HGB and in accordance with ESRS.

In addition, based on its own examination, the report of the Audit Committee regarding its preparatory assessment and the audit opinion of KPMG, the Supervisory Board did not identify any reason to take issue with the correctness and appropriateness of the separate non-financial Group Report.

Meetings attended by

In the year under review, Supervisory Board members attended the meetings of the Supervisory Board and of committees of which they are members as follows:

	Plenary sessions of the SB (number of sessions / participation)	Committees of the SB (number of sessions / participation)	Summary (number of sessions / participation)
Georg Denoke	6 / 6	4 / 4	10 / 10
Edwin Eichler	6 / 6	1 / 1	7 / 7
Ingeborg Neumann	6 / 6	10 / 10	16 / 16
Prof. Dr. Frank Richter	6 / 6	7 / 7	13 / 13
Kathrin Bamberger	6 / 6	-	6 / 6
Markus Stettberger	6 / 6	6 / 6	12 / 12
Dieter Züllighofen	6 / 5	3 / 2	9 / 7
Axel Hemleb	6 / 6	3 / 3	9 / 9

Corporate Governance and Declaration of Conformity

At its meeting on December 3, 2024, the Supervisory Board scrutinized corporate governance issues and approved the Declaration of Compliance pursuant to Section 161 German Stock Corporation Act [Aktiengesetz, AktG]. In accordance with the German Corporate Governance Code, the declaration of conformity has been made permanently available on the company's website and is reproduced in the Corporate Governance Declaration in this Annual Report. You will also find further information on the Company's corporate governance there.

In the reporting period, no conflicts of interest were reported by Supervisory Board members that would have been necessary to disclose immediately to the Supervisory Board.

As the analysis of the last efficiency review showed at the end of 2023, cooperation within the Supervisory Board and the Committees was very positive. In this efficiency review, the work of the Supervisory Board and its Committees was analyzed using an extensive questionnaire on an anonymous basis, and the results were discussed in detail by the Supervisory Board. The next efficiency review is scheduled for 2025.

A training session was held in November 2024 for the Supervisory Board. All members attended. The focus was on significant new legal developments relevant to the Supervisory Board's work and the company's activities.

Personnel and functional changes in the Board of Management and the Supervisory Board

There were no personnel changes in the company's Board of Management or in the Supervisory Board during the reporting period. However, as of January 1, 2025, the Board of Management will have a new composition with Mr. Klein as the Chief Executive Officer and Dr. Bühler and Mr. Dippold as additional Board members.

Thanks from the Supervisory Board

The Supervisory Board would like to thank the Board of Management, the employees and the employee representatives of all Group companies for their work, without which it would not have been possible to meet the challenges in the corporate development of SGL Carbon in the 2024 fiscal year. I look forward to accompanying the further development of our company with my colleagues on the Supervisory Board.

Wiesbaden, Germany, on March 18, 2025

The Supervisory Board

Prof. Dr. Frank Richter
Chairman of the Supervisory Board

Non-financial Group Statement

General Disclosures (ESRS 2)

Basis of preparation (BP-1 and BP-2)

The separate non-financial group report of SGL Carbon SE (hereinafter referred to as the "Sustainability Statement") presents the corporate governance and performance of the company and its subsidiaries with regard to material sustainability topics, including detailed performance indicators (sustainability metrics). This Sustainability Statement for fiscal year 2024 (January 1, 2024 - December 31, 2024) constitutes the non-financial group statement of SGL Carbon pursuant to Sections 315b and 315c of the German Commercial Code (HGB) and was prepared in accordance with the European Sustainability Reporting Standards (ESRS, Delegated Regulation (EU) 2023/2772).

In this Sustainability Statement, we have not reported on the following eleven data points in accordance with the ESRS due to a lack of available data and/or what we consider to be inaccurate estimation methods. Our goal is to continuously improve the accuracy of the reported metrics and key figures.

Omitted data point(s)	ESRS
Number of cases of work-related ill health and associated days lost (2 data points)	Own workforce S1-14 para. 88d and e
Annual total remuneration ratio	Own workforce S1-16 para. 97b
Expected durability of the products in relation to the industry average	Ressource use & circular economy E4-5 para. 36a
CO_2 Scope 3 targets	Climate change E1-4 para. 34a and b
Scope 3 CO_2 reduction in absolute terms and intensity as a percentage of the base year (2 data points)	Climate change E1-4 para. 34a and b
Scope 3 CO_2 emissions of selected categories (cat. 10 and 11) (2 data points)	Climate change E1-6 51 AR 46
Biogenic CO_2 emissions related to scope 2 and 3 (two data points)	Climate change E1-6 AR 45e and AR 46j

The Sustainability Statement is not included in the Group Management Report (ESRS 1.110 and 112), but rather in a separate chapter of SGL Carbon's 2024 annual report.

The initial application of ESRS reflects the significance of these standards within the European sustainability reporting requirements. Furthermore, this statement contains all information required by Article 8 of the EU Taxonomy Regulation ((EU) No. 2020/852).

The following table shows a list of the material matters in accordance with §289c para. 2 in conjunction with §315c of the German Commercial Code (HGB) to the material ESRS topics identified by SGL Carbon in the context of the double materiality analysis.

Matters pursuant to section 289c HGB	Report sections ESRS topics	
Description of the business model	General disclosures	
Environmental matters	Climate change	material
	Recource use and circular economy	material
Employee matters	Own workforce	material
Social matters	Social matters (affected communities) are reported voluntarily in accordance with ESRS 1.114.	
Respect for human rights	Own workforce	material
	Corporate Governance	material
Combating corruption and bribery	Corporate Governance	material

According to our double materiality analysis, social matters are not a material concern for SGL Carbon. Due to the requirement resulting from Section 289c in conjunction with Section 315c of the German Commercial Code (HGB), the concept underlying this concern is addressed in this Sustainability Statement. No control-relevant key figures were available, i.e., most significant non-financial performance indicators within the meaning of Section 289c para. 3 in conjunction with Section 315c HGB.

This consolidated Sustainability Statement covers all fully consolidated entities of SGL Carbon SE, aligning with the scope of the company's consolidated financial statements for fiscal year 2024. You can find the complete list of these entities in the Notes to the 2024 Consolidated Financial Statements (ESRS 1.123). SGL Carbon SE has no controlled group companies excluded from the scope of consolidation of the consolidated financial statements on materiality grounds.

No fully consolidated company of SGL Carbon is exempt from sustainability reporting. In addition, none of the fully consolidated companies exercises operational control over any company or assets outside the scope of consolidation. Strategies and policies generally apply to all included companies. The objectives and parameters presented in the Sustainability Statement also apply Group-wide. Only four sales offices (SGL CARBON Korea Ltd., SGL CARBON ASIA-PACIFIC SDN BHD, SGL Graphite Solutions Taiwan Ltd. and SGL CARBON Ltd. (Alcester, UK)) did not report consumption data according to ESRS E1 and E5 due to the immateriality of their consumption data for the entire SGL Carbon Group.

The purpose of sustainability reporting is to provide stakeholders and interested members of the public with a balanced view of relevant sustainability matters, commitments, practices, and results for fiscal year 2024. Consequently, this Sustainability Statement fully incorporates not only identified material sustainability–related impacts, risks, and opportunities from our own business processes but also those from our upstream and downstream value chains.

The greenhouse gas emissions data presented in this report refers to SGL Carbon and its fully consolidated subsidiaries, except for the three aforementioned sales companies. Greenhouse gas emissions from our upstream and partially downstream value chains are also included in the analysis. All other parameters presented in chapters E1, E5, S1, and G1 relate to our own business processes.

No use was made of the option to omit certain information relating to intellectual property and know-how.

The time horizons used in this Sustainability Statement correspond to those defined in the ESRS.

When using data on the upstream and/or downstream value chain, which are provided using indirect sources or approximate values, they are described in the disclosures to which they relate. This also applies to their basis, their degree of accuracy, and the possible measures to improve the accuracy of the data in the future.

Where quantitative data and key figures subject to a high degree of measurement inaccuracy are used, this is indicated in the information to which they refer. This also includes the assumptions and assessments that the creator has based these on. Furthermore, the sources for measurement uncertainties are indicated.

The following key figures are based on estimates and earnings uncertainties that SGL Carbon considers to be associated with the greatest uncertainty of determination and/or measurement accuracy. For a detailed description of the determination methods, please refer to the respective topic chapters.

ESRS	Key performance indicator	Determination approach
E1-6	Determination of Scope 3 Category 12	The emissions are based on internal expert estimates for determining volumes and regional OECD data on waste treatment.
E5-5	Resource outflows	Parts of the outflow volumes. Data gaps were closed by means of internal expert estimates.
S1-13	Training hours	No complete recording of training hours at all locations. SGL assumes that locations without recording have comparable training hours.
S1-16	Gender Pay Gap	Assumption of equal distribution worldwide based on data from Germany and the US.

The metrics are part of the Sustainability Statement, which as a whole is subject to the separate limited assurance engagement by the auditor. Beyond that, the metrics have not been validated by an external third party.

In individual cases, rounding may result in discrepancies between the values in this report and the totals given, and percentages may not add up exactly to the values shown.

This is the first Sustainability Statement by SGL Carbon to be prepared in accordance with the ESRS standards. Consequently, the company is not disclosing any changes in the preparation or presentation of the Sustainability Statement or any errors from previous periods. In the previous year, the Sustainability Report was prepared in accordance with the Global Reporting Initiative (GRI). The change in reporting standards was made due to the increasing importance of the ESRS standards and their expected future mandatory application in the context of the implementation of the Corporate Sustainability Reporting Directive (CSRD) in Germany.

The information presented below has been incorporated by reference into this Sustainability Statement to avoid duplication within the 2024 Annual Report.

Integration of information by reference according to ESRS 1.119

Section	ESRS standard	Reference document
Integration of sustainability-related performance in incentive schemes	ESRS 2 GOV-3	Further details on the compensation of the Executive Board can be found in the 2024 compensation report.
Strategy and material impacts, risks and opportunities	ESRS 2 SBM-1	Description of the products and services in the Group's Business Model as part of the Group Management Report 2024
Strategy and material impacts, risks and opportunities	ESRS 2 SBM-1	Description of the market segments incl. sales split in the Group's Business Model as part of the Group Management Report 2024
Own workforce	S1 - ESRS 2 SBM 3	Group's Business Model as part of the Group Management Report 2024

Related information and links with financial statements in accordance with ESRS 1.123

Section	ESRS standard	Reference document
Basis for preparation	ESRS 2 BP-1	Description of the scope of consolidation as part of the consolidated financial statements 2024

Additional information (unassured)

Section	ESRS standard	Reference document
The role of the administrative, management and supervisory bodies	ESRS 2 GOV-1	Information as well as responsibilities and competencies of the members of the supervisory board in the corporate statement / corporate governance rep
Procedure for assessing materiality	ESRS 2 IRO 1 and 2 (double materiality assessment)	Source regarding the involvement of external stakeholders: Intergovernmental Panel of Climate Change (IPPC WGI Interactive Atlas)
Information related to ESRS 2	E1	Source of climate scenarios used: Intergovernmental Panel on Climate Change (IPCC), Shared Socioeconomic Pathways (SSPs)
Targets related to climate change mitigation and adaptation	E1-4	Sources for determining climate-related risks: Intergovernmental Panel on Climate Change (IPCC WGI Interactive Atlas)

Governance (GOV-1 to 5)

Administrative, management and supervisory bodies (GOV-1 and GOV-2)

SGL Carbon SE, as a listed European company, follows a two-tier governance system. This means that the company’s management and oversight functions are clearly separated. As of December 31, 2024, the Board of Management consisted of two independent members, and the Supervisory Board comprised eight members: four representing the shareholders and four representing the employees. The share of women on the Supervisory Board as of December 31, 2024, is 25%; the target is to achieve a rate of at least 30%. The share of male Supervisory Board members is 75%, resulting in a female-to-male ratio of 1:3. Other diversity criteria were only considered to the extent necessary for fulfilling the Supervisory Board’s duties, such as qualification and experience.

The Chairman of the Supervisory Board also represents the company’s largest shareholder. As a result, 87.5% of the board’s members are considered independent under the German Corporate Governance Code. Further information about the roles and responsibilities of both the Board of Management and the Supervisory Board can be found in the Corporate Governance Report (unassured) within this annual report.

With regard to the composition of the Board of Management, the Supervisory Board has established a specific requirements profile that emphasizes expertise and experience in environmental and climate issues, as well as social and governance matters. The Supervisory Board has adopted targets for its composition and drafted a skill set profile for the body as a whole. In accordance with the targets, it has set for itself, the Supervisory Board is to have a composition that ensures that its membership as a whole possesses the knowledge, skills and professional experience required to properly perform the duties of the Supervisory Board, including in connection with SGL Carbon's material impacts, risks and opportunities regarding sustainability matters.

All members of the Supervisory Board must be able to properly perform their duties. To properly perform the duties in the context of the company's accounting, at least two members of the Supervisory Board should have special knowledge and experience in the areas of accounting and auditing, including sustainability reporting (as financial experts); this is currently the case with Ms. Neumann and Mr. Denoke, as demonstrated by their training and education as well as their professional experience. As a qualified auditor and former partner of an audit firm, Ms. Neumann possesses the required knowledge and experience in auditing and accounting. As the Managing Director of a medium-sized enterprise, she also has sufficient experience regarding various sustainability and compliance matters as well as sustainability reporting. Mr. Denoke, as a long-standing CFO of a large listed company, has the necessary knowledge and experience in the application of accounting principles and internal control and risk management systems, along with knowledge and experience in the field of auditing and compliance. In addition, at least one member of the Supervisory Board must have considerable professional experience and industrial expertise in the SGL Carbon Group's sectors or key customer industries as well as the associated sustainability requirements of these stakeholder groups. Furthermore, each of the following areas should have at least one member who has extensive professional experience in the specified area: corporate management and corporate strategy, compliance and risk management, innovation expertise (including digitization), executive development and human resources. Moreover, the Supervisory Board should possess expertise in sustainability matters significant to the company, which is covered through the experience and professional background of all shareholder representatives.

The Audit Committee of the Supervisory Board oversees the preliminary audit of SGL Carbon SE's annual financial statements and the consolidated financial statements of SGL Carbon, including its sustainability reporting. The names of Supervisory Board members and committee compositions can be found in the company's Corporate Governance Report (unassured) and on the company's website. Within the Audit Committee, Ms. Ingeborg Neumann is the designated sustainability expert. The Audit Committee is also responsible for monitoring the risk management system, which integrates non-financial risks and opportunities. In addition to the Audit Committee, the full Supervisory Board regularly receives reports on current and potential impacts, risks and opportunities during its meetings. For further information, we refer to the Risk and Opportunities Report as part of the 2024 Group Management Report. A detailed description of the responsibilities and duties of Supervisory Board members and their competencies can be found in the Corporate Governance Report (unassured) of this Annual Report. In addition, the Board of Management of SGL Carbon is committed to the sustainability-related recommendations of the German Corporate Governance Code (DCGK).

The highest operational decision-making body of SGL Carbon is the Board of Management of SGL Carbon SE. The topics of climate and environmental protection, as well as human resources and compliance, are anchored at the highest operational decision-making level within the portfolio responsibility of CEO Dr. Torsten Derr (CEO during the reporting period). CFO Thomas Dippold is closely involved in environmental, sustainability and governance (ESG) matters through his responsibility for risk management and reporting. Both of them are supported in this area by an ESG Steering Committee made up of the heads of our four business units, the Corporate Sustainability Team and various experts in ESG-relevant areas.

The Board of Management meets with the ESG Steering Committee three times per fiscal year and receives updates from the Corporate Sustainability Team and subject matter experts on current ESG topics, progress toward targets and the development of material sustainability matters. The reporting also includes material impacts, risks and opportunities identified in the materiality analysis, the implementation of due diligence in sustainability and the results and effectiveness of adopted strategies, actions, targets and parameters. The composition of the ESG Steering Committee represents all relevant ESG topic areas, ensuring that the Board of Management is regularly informed about all material ESG topics. The ESG Steering Committee also monitors the achievement of targets, sets new targets and defines actions for target achievement where necessary. In addition to the double materiality analysis, the focus in the reporting year was particularly on the requirements for preparing the Sustainability Statement originally in accordance with the CSRD. Moreover, additional regular discussions and meetings take place between subject matter experts and the Board of Management on human resources, energy management, occupational safety and compliance, where specific sustainability topics are addressed. Targets and actions for these sustainability matters are determined in the corresponding committees and councils, such as the health and safety (HSE) Council, the Compliance Committee or Energy Management, and reported to the Steering Committee.

The Supervisory Board also receives regular updates, at least once a year, from the respective department heads on material sustainability matters and associated impacts, risks and opportunities, and monitors strategy, actions and target achievement. During all its meetings in the reporting year, the Audit Committee, which is responsible for sustainability matters, was briefed by department representatives on the development of material ESG topics and reported on these topics to the full Supervisory Board.

A description of the expertise of the Board of Management and the Supervisory Board can be found in SGL Carbon's Corporate Governance Report (unassured). Regarding SGL Carbon's sustainability matters, the board members are informed about new developments by the respective internal subject matter experts, enabling them to update and expand their expertise. In addition, external experts such as consultants and auditors support board members in executing their mandate through training and information. A key focus of training conducted in 2024 was the implementation of the Corporate Sustainability Reporting Directive (CSRD).

As part of the risk management system, non-financial risks and opportunities are also a material component of reporting to the Board of Management and Supervisory Board. Appropriate actions are accordingly discussed and established to minimize risks and optimize opportunities.

As part of the double materiality analysis and risk management system, measures for reduction and minimization are defined for identified impacts and risks. The same applies to promoting opportunities. These actions may include internal policies and controls, as well as strategic corporate decisions and are presented to the committees where their effectiveness is discussed. As an example, we cite our strategy, actions and targets for climate change mitigation. The transition plan for Scope 1 and 2 CO_2 emissions of SGL Carbon was presented to both committees and their approval was obtained. Both committees are also informed about the status of actions and target achievement and their approval is obtained for necessary adjustments when required. Actions approved in the past two years include, for example, the installation of solar systems in parts of our plants or the implementation of a biomass facility to replace a natural gas-operated facility at our site in Lavradio (Portugal).

The approach and results of the double materiality analysis and stakeholder survey were also presented to both the Board of Management and Supervisory Board as part of their reporting. In this context, all material impacts, risks and opportunities were discussed. These can be found in the following section IRO-1 and 2 of this Sustainability Statement. In addition, both committees were informed at least once a year about material developments in our sustainability metrics such as CO_2, waste, water, female representation, Lost Time Injury Frequency Rate (metric for accident rate with lost time) and compliance and personnel matters. Progress on target achievement was also part of the reporting.

Integration of sustainability-related performance in incentive schemes (GOV-3)

Sustainability-related incentive schemes for the Board of Management are embedded in the short-term variable remuneration component (SGL Carbon Bonus Plan, STI). Incentives are set for the sustainable development of the Company via individual targets for the members of the Board of Management, with the Supervisory Board selecting at least one of the objectives from the topic areas of environment, social affairs/employees or governance/compliance.

The remuneration of the Supervisory Board does not include sustainability-related performance in incentive schemes. In accordance with the recommendation in the German Corporate Governance Code, the Supervisory Board receives fixed remuneration.

As individual targets for both Board of Management members for fiscal year 2024, in addition to achieving an accident rate (LTA = Lost Time Injury Frequency Rate) of <2.2, the further development of the ESG governance structure and the establishment of processes and structures for preparing the external ESG report and advancing sustainability reporting were established. Climate-related considerations as targets were not included in the remuneration of the Board of Management or the Supervisory Board in 2024.

Achieving an accident rate of <2.2 was also established as a target for all other executives in management levels MG 2-5 for the short-term variable remuneration component (STI) and corresponds to 10% of variable remuneration.

For the Board of Management's short-term variable remuneration (SGL Carbon Bonus Plan, STI), target achievement of individual goals is considered through a discretionary performance factor. This performance factor is designed as a multiplier of the STI remuneration amount resulting from the financial targets; the multiplier is set by the Supervisory Board depending on target achievement in a range between 0.7 and 1.3, meaning the share of the discretionary factor amounts to +/- 30% of the variable remuneration that would otherwise result. In this context, the Supervisory Board sets at least three targets within the discretionary factor, of which at least one target must result in sustainability parameters from the areas of environment, social affairs/employees or governance/compliance. The payout amount of the variable remuneration of the Board of Management is capped at 200% of the target bonus. According to the Board of Management remuneration system, the short-term variable remuneration should constitute a share between 18 and 26% of the target total remuneration of the Board of Management. Further information about Board of Management remuneration can be found in the 2024 Remuneration Report (audited).

The system of remuneration for members of the Board of Management is determined by the Supervisory Board and submitted to the Annual General Meeting for approval. The existing remuneration system was presented to the Annual General Meeting on May 9, 2023, and approved by a majority of 98.34%. The system for remuneration of Supervisory Board members is determined by the Annual General Meeting. The existing remuneration system was presented to the Annual General Meeting on May 9, 2023, and approved by a majority of 99.90%. The remuneration systems are regularly reviewed and must be submitted to the Annual General Meeting for approval in accordance with statutory requirements whenever there are material changes, but at least every four years. Further details can be found in the 2024 Remuneration Report (audited) on our website.

Statement on due diligence (GOV-4)

As an energy-intensive, internationally operating manufacturing company and employer in many regions with a global supplier network, SGL Carbon acknowledges its responsibility and due diligence obligations for the environment and climate, safety, health and well-being of its own employees, respect for human rights and responsible supply chains, and it has embedded these in its corporate strategy. We communicate our efforts and progress in continuously improving our sustainability performance through internal and external communication channels. We report on our sustainability development in internal committees, our intranet and social media channels and on our webpage. We prepare an annual Sustainability Statement and summarize our measurable metrics in our ESG factsheet. We also participate in various active and passive ratings, and so making our sustainability performance comparable. The following table provides an overview of the core elements of our due diligence and their presentation in this Sustainability Statement.

Core elements of due diligence	Sections in the Sustainability Statement
Integration of due diligence into governance, strategy and business model	ESRS 2 GOV-2; ESRS GOV-3; ESRS SBM-3 and the topical chapters E1 and E5, as well as S1 and G1
Engagement of affected stakeholders in all important due diligence steps	ESRS 2 GOV-2; ESRS 2 SBM-2; ESRS 2 IRO-1 and in the topical chapters E1 and E5, as well as S1 and G1 (ESRS MDR-P)
Identification and assessment of adverse impacts	ESRS 2 GOV-2; ESRS 2 IRO-1; ESRS 2 SBM-3
Actions against these adverse impacts	ESRS 2 MDR-A topical chapters E1 and E5, as well as S1 and G1 (Actions)
Tracking the effectiveness of these efforts and communication	ESRS 2 MDR-M and MDR-T topical chapters E1 and E5, as well as S1 and G1 (Parameters and Targets)

Risk management and internal controls over sustainability reporting (GOV-5)

SGL Carbon's risk management system also records sustainability risks and opportunities to which the company is exposed. In addition to the non-financial internal control system (ICS) introduced in 2024 and compliance management, risk management is an integral component of corporate governance at SGL Carbon. The non-financial internal control system aims to minimize risks in operational business processes, e.g., in the collection, validation and consolidation of sustainability-related values and parameters through implementation of appropriate controls. The risk management system is also used to identify and assess sustainability-related risks and opportunities. The compliance management system deals with processes and actions to ensure compliance with legal provisions and internal policies regarding the company's sustainability matters.

The chief financial officer is responsible for the adequacy and effectiveness of the risk management system. Organizationally, the Board of Management is supported by Group Controlling, which coordinates the risk management process, including in sustainability matters, at Group level.

In addition to the double materiality analysis, the risk owners conduct an annual risk assessment. This also includes risks from non-financial matters such as environmental and climate, social and governance (ESG) issues as well as risks associated with preparing the sustainability report. Actions to counteract identified risks are specified. The risk assessment is then updated on a quarterly basis. Material new risks or risks that threaten the company as a going concern are immediately reported to the Board of Management and to the Supervisory Board, as appropriate, via ad hoc reporting, regardless of the defined reporting intervals.

The assessment of risks and opportunities regarding SGL Carbon's sustainability matters was conducted as part of the materiality analysis according to ESRS (see also the section "Strategy and material impacts, risks and opportunities" ESRS 2 IRO-1) and is incorporated into our group-wide risk management system to ensure integration of sustainability risks and opportunities into the company's risk management system. The assessment considered the financial effects and likelihood of occurrence for all identified risks and opportunities. The assessment of our sustainability risks and opportunities is based on the classification criteria of our group-wide risk management system.

Further information on SGL Carbon's group-wide risk management system and the method for prioritizing risks and opportunities according to the SGL-wide classification system can be found in the Opportunities and Risks Report in the Group Management Report.

In the Group's Opportunities and Risks Report, we have also presented our key sustainability risks and mitigation strategies. We also refer to the reportable topic standards of this Sustainability Statement (see also the section "Strategy and material impacts, risks and opportunities" ESRS 2 SBM 3), which provide detailed presentations of material risks and opportunities as well as actions to minimize risks and optimize opportunities.

Risks may result from the preparation of the Sustainability Statement. Data collection, validation and consolidation of reportable sustainability data may involve risks, as may the lack of data availability and associated inaccuracies in estimation procedures. Errors in manual processes required as part of reporting processes, e.g., to merge data from multiple systems, may also pose risks. To minimize these risks, SGL Carbon implemented a non-financial internal control system (nf ICS) during the reporting period. It defines responsibilities for data collection, aggregation, validation and control.

Data is collected at the level of local subject matter experts and largely entered into IT-supported systems, which verify data completeness through system checks. This process is monitored by ESG reporting specialists from the central Group Accounting department. The completeness and accuracy of entries are further confirmed through a dual-control principle at the local department level by the respective site manager. Content validation of the data is performed centrally by higher-level departments before the data is systematically consolidated. The verification of proper data transfer into the Sustainability Statement is performed centrally by the Corporate Sustainability Team.

Data whose entry and consolidation is not yet performed in IT-supported systems, e.g., the number of reports from the whistleblower system, is collected centrally and controlled through a dual-control principle. The verification of proper data transfer into the Sustainability Statement is also performed centrally by the Corporate Sustainability Team.

As previously described, central Group Controlling is responsible for the risk management system and reports quarterly and, if necessary, ad hoc to the Board of Management. The risk management system is monitored by the Supervisory Board via the Audit Committee. The adequacy and effectiveness of the non-financial internal control system (ICS) introduced during the reporting year is the responsibility of the Chief Financial Officer, who is supported in this by the Group Accounting and Corporate Sustainability departments. During the reporting period, the full Board of Management was informed about the progress and effectiveness of the non-financial internal control system in the meetings of the ESG Steering Committee. The Audit Committee of the Supervisory Board was also briefed about the non-financial ICS in its meetings and reported on it to the full Supervisory Board.

Strategy and material impacts, risks and opportunities (SBM-1 to 3)

Strategy, business model and value chain (SBM-1)

To avoid duplication of information in the Sustainability Statement and the Group Management Report, we refer pursuant to ESRS 1.119 to the following parts of the Group Management Report: The description of significant product groups and services, as well as markets and customer groups (ESRS SBM 1 para. 40 a) i. and ii.) is provided in the chapter "Group business model" in the 2024 Group Management Report. The number of employees by geographical area (ESRS 2 para. 40 a) iii. and SBM 1 para. 40a) i. and ii.) can be found in the chapter "Own workforce – S1-6" of this Sustainability Statement.

From SGL Carbon's perspective, sustainable operations and business practices are key prerequisites for remaining competitive today and in the future. Our mission is to grow profitably and positively shape the future by developing high-quality and innovative carbon-based products – for all industries and areas of life. With its materials, products and services, SGL Carbon is already serving markets that are helping shape the future trends of environmental and climate protection as well as digitization. We therefore focus on future markets that support these trends and offer corresponding growth opportunities: mobility (including electromobility and fuel cell vehicles), renewable energy industries (solar, wind energy) and the semiconductor industry. These are our most important markets. We will concentrate on them and participate in their growth in the future. No changes occurred in our significant markets during the reporting period. A detailed presentation of our products and markets as well as a revenue split of significant market segments can be found in the chapter "Group fundamentals" of the 2024 Group Management Report (ESRS 1.119). With our 4,511 employees, we strive to offer products that contribute to greater sustainability, but we also want to ensure that our manufacturing and management processes and our supply chains meet ambitious environmental, social and corporate governance standards.

In addition to complying with all legal provisions, we aim to further reduce negative impacts on the environment and society, particularly regarding our identified material sustainability matters. We want to leverage opportunities and positive sustainability effects of our activities while minimizing risks through targeted actions. In doing so, we also align ourselves with the United Nations' Sustainable Development Goals (SDGs).

SGL Carbon's sustainability goals do not relate to specific product groups, customer categories, geographical areas and/or stakeholder relationships. Our sustainability goals are global group goals. Through our product portfolio and market focus, we strive to contribute to climate change mitigation and optimally leverage associated opportunities. As an energy-intensive company, we are working to reduce our own energy consumption, increasingly use renewable forms of energy and thereby lower our CO_2 emissions.

In addition, we want to promote efficient use of our required resources and the circularity of our products. This includes reducing water consumption, reintegrating production waste into the manufacturing process and avoiding waste wherever possible. To improve the recyclability and reusability of our products, we are conducting research together with associations and scientific institutions on alternative and renewable raw materials and new technological processes.

Through our personnel strategy and associated actions such as performance-based compensation, equal treatment and diversity, training and development opportunities, and open dialogue with our employees and their representatives, we aim to be an attractive employer. This improves our opportunities in the labor market and minimizes risks, e.g., due to demographic change or skilled worker shortages. One of our targets is to achieve a share of women in senior management (one level below the Board of Management) of at least 20%, to increasingly become an attractive employer for female professionals.

Health protection and occupational safety are essential components of our corporate strategy and are anchored in our Code of Conduct. Accordingly, we aim to improve our LTI

Frequency Rate by at least 5% each year (base year 2022) to achieve our long-term objective of zero accidents.

The commitment to respect human rights in our own activities and throughout our entire value chain serves the goal of reducing negative impacts on society.

Strict compliance with laws, standards and guidelines combined with structured processes, practices and controls are essential factors in our corporate policy and an integral part of our corporate strategy. This includes a corporate culture based on our values and consideration of internal and external stakeholder groups along our value chain.

One goal is to manifest our values within the company and continuously improve our performance culture. Our suppliers must also measure up to our sustainability standards. Accordingly, it is our goal that all relevant suppliers accept our Business Partner Code of Conduct by signature. In fiscal year 2024, 99% of our relevant suppliers signed the Business Partner Code of Conduct (further information can be found in section G1-2).

Our governance and corporate culture should help reduce negative impacts on the environment and society, strengthen positive impacts, minimize risks and optimize opportunities (detailed explanations can be found in the chapter “Governance – G1-1” of this Sustainability Statement).

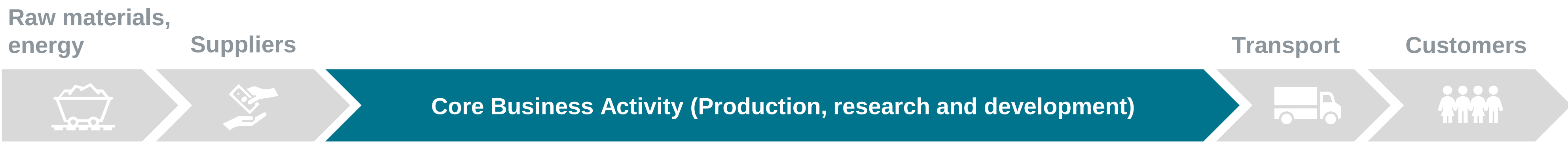
Value chain

SGL Carbon manufactures carbon-based materials and products for various applications and customer groups while striving to offer customers products and solutions that contribute to greater sustainability.

To manufacture our materials and products, we need raw materials that we source through a global supplier portfolio. Our suppliers are required to accept the Business Partner Code of Conduct and to regularly report on selected ESG aspects via an online questionnaire (chapter “Governance – G1-2”). These also include legal compliance and respect for labor and human rights (please also see the chapter “Own workforce”). Further information about relationships with our suppliers can also be found in the chapter ”Governance – G1-2”. Important suppliers to SGL Carbon are companies from which we source our main raw materials: acrylonitrile, pitch, coke, precursor and energy.

Our products are manufactured at 29 production sites in Europe, North America, China and Japan and sold to customers worldwide. The description of significant product groups and services as well as markets and customer groups (ESRS 2 SBM 1 para. 40 f) and g) is provided in the chapter “Group business model” of the Group Management Report 2024 (ESRS 1.119). Our goal of delivering quality, innovative and customer-oriented products is complemented by our responsibility for safety in the manufacturing, storage and transport of these products. We support our customers, warehouse operators and transporters in the safe and environmentally friendly handling of our products. One example is our product-specific safety data sheets.

A schematic representation of our value chain with the essential input and output parameters can be found in the following graphics.



- Electricity, gas, steam
- Acrylonitrile
- Cokes, pitches
- Resins
- Natural graphite
- Glass- and carbon fibers
- Various chemical products
- Steel
- Packing medium

Production

- Synthetic graphite
- Specialty graphite components
- Expanded graphite
- Fine grain graphite
- Fiber materials
- Carbon fibers, acrylic fibers
- Textile fibers
- Composite materials
- Graphite-related components

Research and development

- Efficiency improvements in production
- Circular raw materials
- Reuse of waste
- Recycling
- Life cycle analysis
- Alternative raw materials
- New materials / products

Products

(see Group Management Report, chapter Business Model of the Group)

- Electricity, fossil fuels for transportation (trucks, ship, train, airplane)

- B2B customers

(see market segments and customers under SBM-1)

Our stakeholders (SBM-2)

Engaging with stakeholders helps us understand which sustainability matters related to SGL Carbon are important to them, what they expect from us and how we can resolve common challenges together. We maintain regular exchanges with our stakeholders to identify, assess and manage significant social, environmental and economic impacts of our activities and business relationships. Stakeholder dialogue flows into action plans for addressing the impacts of SGL Carbon.

Relevant stakeholders for SGL Carbon are institutions or persons with whom we have a direct (e.g. employees) or indirect (e.g. suppliers, customers, investors) relationship through our business activities and who therefore have an interest in our actions. Important stakeholder groups include our employees, customers, suppliers and other business partners as well as shareholders, banks, financiers and insurers. Our important stakeholders also include our neighbors at our sites, employee representatives, professional and sustainability associations and scientists, as well as public authorities and the media.

Regular stakeholder engagement occurs at the corporate level, in business units and at SGL site level through supplier and customer discussions, bilateral exchanges with individual stakeholder groups, stakeholder meetings and through industry associations. Constant exchange with our employees, such as through the annual employee survey and with union or employee representatives, is just as much a part of our stakeholder engagement as are discussions with affected communities and interested members of the public.

In fiscal year 2023, in addition to our regular discussions, we reviewed the various internal and external stakeholder groups along our value chain, incorporating ESRS standards, and surveyed them through an online questionnaire. Representatives of our stakeholder groups were asked to provide their assessment of the impacts of SGL Carbon's business activities on the company's potentially material sustainability matters. We particularly focused on sustainability matters identified through our materiality analysis. The relevance of the topics was rated on a scale from 1 (no relevance) to 5 (severe). The evaluation was performed by ranking the sustainability topics according to relevance. It confirmed the material sustainability topics identified in our materiality analysis for SGL Carbon.

An example of incorporating stakeholder interests is the decision to develop and manufacture carbon fiber with reduced CO_2 emissions. For this purpose, a biomass plant was installed at the Lavradio site (Portugal), which is intended to partially or fully replace steam generation through gas in the future. With the complete substitution of gas with biomass, up to 40 kilotons of CO_2 can be saved. This not only reduces our own carbon footprint and makes a positive contribution to climate change mitigation but also enables our customers to reduce their Scope 3 emissions.

Regular exchange with our stakeholders enables us to review and, if necessary, adjust our sustainability ambitions and the related business model. We have recognized the increasing importance of resource use and product circularity and are working with various institutions to improve, for example, the recyclability of composite materials in the medium term. We expect initial results from a research project (recycloPreg), which started in November 2024 and has a three-year duration. Further information can be found in the chapter "Resource use and circular economy – E5."

Through direct dialog with our stakeholders, e.g., in supplier and customer discussions, at investor conferences, through exchanges with our workforce and their representatives, as well as regular stakeholder surveys as part of our double materiality analysis (which is planned for 2025), we want to continue accounting for their interests and incorporation into our business model in the future.

Significant insights from stakeholder discussions regarding SGL Carbon's impacts are discussed with the Board of Management and Supervisory Board, and the results from the stakeholder survey were presented in detail.

Material impacts, risks and opportunities (SBM-3)

Based on the results of our materiality analysis, SGL Carbon has identified material impacts, risks and opportunities that arise from our business activities and organization, as well as our upstream and downstream value chain or affect these.

Environment and climate
SGL Carbon uses various raw materials such as acrylonitrile, pitch and coke to manufacture its products. The CO_2 emissions associated with the production of these raw materials are attributed to SGL Carbon as Scope 3 emissions. More than half of our carbon footprint during the reporting period comes from our upstream value chain. The manufacture and processing of our products is energy-intensive, meaning that CO_2 is also released through our own processes and procedures (Scope 1 and 2 emissions).

SGL Carbon's materials and products are largely based on non-renewable raw materials, whose consumption could have negative impacts on the environment. Moreover, the limited reusability of our products can also have negative impacts.

To reduce our carbon footprint and achieve more efficient material use and waste prevention, we have developed strategies and actions and set ourselves targets (see also the chapters "Climate Change – E1" and "Resource use and the circular economy – E5"). We are also increasingly focusing on manufacturing products and supplying market segments that make a positive contribution to climate change mitigation.

Due to our business model, production processes, as well as our required raw materials and associated CO_2 emissions, we have identified both significant negative and positive impacts on the environment and climate. Our carbon footprint poses risks for our company on the one hand, while opportunities arise through the expansion of sustainable market segments on the other.

An overview of material impacts, risks and opportunities related to climate change, as well as resource use and circular economy, their location in the value chain and expected time horizons, can be found in the following table:

Climate change (E1)

Topic	IRO	Name	Description	Value chain/ time horizon
Climate change	Negative impacts (actual)	Increasing greenhouse gas emissions (production)	We need energy, including from fossil fuels, to manufacture our products. The associated greenhouse gas emissions have negative impacts on climate change and/or can cause extreme weather events, health problems, ocean acidification and water scarcity. This may result in economic costs and excessive damage to people and the environment. SGL Carbon has set itself short-, medium- and long-term targets for CO_2 reduction (Scope 1 and 2) to reduce these negative impacts.	Own operations/ medium-term
Climate change	Positive impacts (potential)	Reduced greenhouse gas emissions (production)	The long-term goal of reducing CO_2 emissions in our production processes through increased efficiency, the use of renewable energy and other measures will have a positive impact on the environment and climate.	Own operations/ long-term
Climate change	Positive impacts (potential)	Reduced greenhouse gas emissions (value chain)	The increasing focus on products (e.g., CO_2-reduced carbon fibers, battery boxes, graphite brushes) and markets (e.g., electromobility, wind and solar industries, LED applications) that promote climate change mitigation will result in reduced CO_2 emissions in our downstream value chain. This will have positive impacts on the environment, climate and society.	Downstream value chain/short-term
Climate change	Risk	Higher prices for greenhouse gas emissions	Regulators may respond to the increasing impacts of climate change by making amendments to the legal framework that lead to price increases for greenhouse gas emissions and/or stricter regulations, which in turn may be associated with higher costs for SGL Carbon. Higher prices for greenhouse gas emissions and/or new regulations carry a financial risk for SGL Carbon.	Own operations/ medium- to long-term
Climate change	Opportunity	Innovation and development	The development of low-carbon materials and products may improve SGL Carbon's competitive position. We may also benefit in the long term from changing consumer and customer preferences for more sustainable products. Hence, we are investing in research and development, new processes and equipment with the intention of reducing the carbon footprint of our products.	Own operations/ long-term
Climate change	Opportunity	Bigger market for low-carbon products	Environmental awareness is growing among consumers, and therefore our customers, as well. There is an increasing probability of a preference for products and services that are kind to the environment and climate. This means there is an opportunity for SGL Carbon to achieve revenue exceeding expectations in our focus markets, such as the wind industry and electromobility, on account of growth there.	Own operations/ long-term
Energy	Negative impacts (actual)	Energy from fossil fuels	In our manufacturing, we also use fossil fuels that produce carbon emissions and contribute to climate change and global warming, which are associated with extreme weather events, health problems, economic costs and excessive damage to people and the environment.	Own operations/ medium-term

Resource use and circular economy (E5)

Topic	IRO	Name	Description	Value chain/ time horizon
Resource inflows	Negative impacts (actual)	Use of non-renewable raw materials	We also need non-renewable raw materials to manufacture our products. These have negative impacts on the environment. The use of these raw materials can lead to limited availability and, in the long term, to the depletion of resources and to environmental damage. To avoid these impacts, we are striving for alternatives in the long term.	Upstream value chain and own operations/short-term
Resource outflows	Negative impacts (actual)	Non-reusable waste	The downstream non-recyclable waste or insufficient reusability of some of our products at the end of their life cycle leads to increased waste, which has negative impacts on the environment and climate. We are therefore also working on technical solutions for the reusability of our products. The aim is to reduce the negative impacts of waste materials at the end of their life cycle.	Downstream value chain/short-term
Waste	Negative impacts (actual)	Material efficiency	Inefficient use of raw and other materials in our production processes may lead to increased consumption and, in the long term, to the depletion of resources and to environmental damage. This has negative impacts on people and the environment. As such, we are endeavoring to use materials more efficiently and to reduce production waste as well as, where possible, reuse it within the manufacturing process.	Own operations/ short-term

Own workforce (S1)

The success of SGL Carbon is also based on the performance, commitment and cooperation of the workforce. We believe that a corporate culture characterized by respect and appreciation, as well as responsibility, honesty and trust, combined with fair and good working conditions, can have positive impacts on society. In line with our values, we respect and uphold human rights. Employee surveys, training and development measures, safe and healthy work practices, as well as fair and performance-based compensation are anchored in our corporate strategy to sustainably promote and ensure positive impacts on society (see also the chapter “Own workforce – S1“). The impacts on society that we have identified can be found in the following table:

Topic	IRO	Name	Description	Value chain/ time horizon
Working conditions	Positive impact (actual)	Increased public well-being	SGL Carbon strives to positively impact public well-being through its working conditions and a good corporate culture by promoting employee satisfaction, productivity and ethical practices. Specific actions include flexible working time, comprehensive training and development offerings, and high standards of occupational health and safety. We also place the highest importance on respecting and upholding human rights.	Own operations/ short-term
Working conditions	Positive impact (actual)	Increased prosperity	Fair pay and good working conditions can lead to higher productivity and employee retention, a better reputation, and a safer working environment, all of which can contribute to employee satisfaction. The company retirement benefit plan and a high percentage of collective agreements can also contribute to the development of prosperity of both one's own workforce and society.	Own operations/ short-term
Equal treatment for all	Positive impact (actual)	Economic growth	In addition to pursuing profitable and sustainable growth, SGL Carbon takes targeted action to foster the prosperity of its own workforce and society through targeted measures. Training and development programs, along with talent management, help improve the skills of its workforce, thereby contributing to long-term economic growth.	Own operations/ short-term

Business conduct (G1)

Corporate policy and culture, our actions and business practices likewise harbor opportunities and risks and can have positive and negative impacts on the environment and society. As part of our materiality analysis, we have identified the following material impacts:

Topic	IRO	Name	Description	Value chain/ time horizon
Business practices	Negative impacts (potential)	Export controls (dual-use)	Some of our products are what are known as dual-use items. These are technologies or goods that have both civil and military applications and are subject to specific export controls. These controls are intended to prevent misuse for harmful purposes and to strike a balance between innovation and security. This has an impact on society, in that potential risks are managed while ensuring technological progress.	Own operations/ short-term
Corruption and bribery	Positive impact (actual)	Societal safety, well-being and fair treatment	Companies can play a role in improving societal safety, wellbeing and fair treatment by ensuring compliance with applicable laws, standards and guidelines. This includes ethics compliance and measures combating fraud, corruption and unethical conduct. The SGL Carbon Code of Conduct not only reflects our values, but also lays down rules of conduct for our entire workforce. It is supplemented by topic-specific policies, instructions and process manuals.	Own operations/ short-term

Some of our products can be used for civilian and military applications, which could have negative impacts on the environment and on society. To prevent misuse, we commit to complying with applicable laws and have implemented controls for the sale and export of these products. Legally compliant and ethical conduct builds societal trust in companies and institutions. In our Code of Conduct, which is binding for all SGL Carbon employees, we have formulated our values, standards and rules of conduct. This also includes our clear commitment not to tolerate corruption and bribery or unethical conduct in any form (see also chapter “Governance – G1”).

The financial impacts of our material risks and opportunities may be reflected in our financial position, financial performance and cash flow. Material risks and opportunities above the materiality threshold were identified exclusively for the ESRS standard E1 (climate change). Financial impacts for fiscal year 2025 could result from higher expenses due to potential price increases for greenhouse gas emissions and/or the tightening of greenhouse gas-related regulations. The procurement of renewable energy also continues to be associated with higher expenses for SGL Carbon. The potential higher expenses mentioned may be associated with cash outflows and may thus negatively impact SGL Carbon’s cash flow.

The materiality analysis has shown that SGL Carbon’s business activities along our upstream and downstream value chain have significant positive and negative impacts on the environment and society. In addition, these business activities harbor risks and opportunities for SGL Carbon. SGL Carbon has developed strategies to reduce negative impacts, promote positive impacts and minimize risks, as well as leverage our opportunities. These strategies and associated actions are intended to strengthen the resilience of our business model and regulate our impacts on the environment and society.

To improve our resilience regarding our sustainability matters, we have implemented various processes and structures.

- The monitoring of defined actions for regulating the material impacts, risks and opportunities identified in the double materiality analysis are intended to verify their effectiveness. For this, we primarily use measurable metrics such as energy consumption, CO_2 emissions, waste volume or the proportion of women in management and the number of lost days due to work-related accidents. If measures do not achieve the desired targets, adjustments are made and/or supplementary actions are defined. Details on the strategy and actions for regulating material impacts, risks and opportunities can be found in the topic chapters “Climate change – E1,” “Resource use and circular economy – E5,” “Own workforce – S1” and “Business conduct – G1.”

- Through direct dialog with our stakeholders, e.g., in supplier and customer discussions, at investor conferences and through exchanges with our workforce and their representatives, as well as regular stakeholder surveys as part of our double materiality analysis, we want to continue to incorporate their interests into our business model in the future and so ensure the resilience of our business model. (For more information, see also the chapter “Our stakeholders” – SBM-2.)

- Regular reports on the effectiveness of actions, development of metrics, new insights about stakeholder requirements and regulatory developments are provided to sustainability committees such as the ESG Steering or Compliance Committee at least once a year (please see also chapter “Governance” GOV 1 and 2).

- In addition, as part of our opportunities and risk management system, risks and opportunities from our sustainability matters are regularly analyzed and evaluated and actions for risk minimization and opportunity utilization are developed. A detailed presentation of our opportunity and risk management system and the assessment of our opportunities and risks can be found in the Opportunities and Risks Report in our Group Management Report (see also chapter “Governance” GOV 5).

- For an analysis of our business model in the context of climate change, please refer to chapter “Climate change” – E1.

We have identified material risks resulting from sustainability matters that affect our business model and qualitatively analyzed their effects on our business model. Based on the processes, structures and actions described and the information currently available, we believe that no significant individual risks related to sustainability topics exist – neither now nor in the foreseeable future – that could jeopardize the company as a going concern. Regarding the time horizons of climate risks, we refer to the presentation of the climate scenario analysis in the chapter “Climate change”– E1. Even the cumulative consideration of the individual risks does not jeopardize the continued existence of SGL Carbon as a going concern. Thanks to our regionally diversified setup, increased use of renewable energies, and the ability to adapt manufacturing processes in a climate-friendly manner, we consider SGL Carbon’s business model to be sufficiently resilient. Ultimately, however, residual risks remain in all entrepreneurial activities and cannot be ruled out even by conducting a comprehensive analysis of resilience.

Since this is the first year our Sustainability Statement has been prepared in accordance with the European Sustainability Reporting Standards (ESRS), no changes have been made to the disclosure of material impacts, risks and opportunities. Accordingly, there have been no changes in material impacts, risks and opportunities compared to the previous reporting period. Although there have been no changes in material impacts, risks and opportunities, we have decided to report continuously and voluntarily on a series of datapoints to ensure long-term consistency in our reporting. In that sense, SGL Carbon has decided to disclose information on a series of datapoints that are not material and therefore not required to be disclosed. This voluntary information is marked as ESRS 1.114.

Disclosures on the materiality assessment process (IRO-1 and 2)

Double materiality analysis

As part of our preparations for sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD), we conducted a materiality analysis in accordance with the European Sustainability Standards (ESRS). In the analysis, we considered the principle of double materiality and accordingly examined it from two central perspectives:

- **Environmental and social impact materiality** (inside-out perspective – “Impacts”): Consideration of the impacts of SGL Carbon’s business on the environment and society. This analyzes the impact of the company’s activities on various interest groups and stakeholders (including the stakeholder “Nature”).
- **Financial materiality** (outside-in perspective – “risks and opportunities”): Consideration of the influence of environmental and social factors on SGL Carbon. The risks and opportunities arising from external developments that could potentially have a financial impact on the company are examined.

Material impacts, risks and opportunities of the relevant sustainability matters were identified based on a collection of topics drawing on various sources and topical workshops, supplemented by qualitative and quantitative expert assessments. A detailed overview of our material and non-material ESRS topics is presented in the chapter ”Material impacts, risks and opportunities” – SBM-3. The impacts, risks and opportunities arising from SGL Carbon’s business model were identified and assessed along our upstream and downstream value chains. A simplified form of our value chain can also be found in the chapter SBM-1.

The objective of our materiality analysis is to identify, assess, prioritize and monitor SGL Carbon’s potential and actual impacts on people and the environment. To determine the material impacts, we applied the following approach:

1. **Development of a list of possible sustainability matters**

   In the first step, a comprehensive list of potentially material topics was created based on a desktop analysis, which corresponds to a collection of topics based on different sources. In addition to the standards applied (ESRS), the desktop analysis also included ESG topics relevant to our industry sector and competitive analysis. Current trends and developments were included through, among other things, possible future legislative initiatives and focus topics of NGOs that could affect our sites, including the Deforestation Regulation, the Energy Efficiency Act and the Corporate Sustainability Due Diligence Directive. The results of previous materiality analyses, topics and areas of interest from various sustainability ratings, such as MSCI ESG, ISS ESG (Institutional Shareholder Service ESG) and Sustainalytics, as well as other stakeholder groups, such as investors, industry and professional associations, were also included in the topic collection. While compiling our initial list of sustainability matters, we eliminated any duplicate topics that came up during our research. We also excluded topics that were not relevant to SGL Carbon’s business activities, such as animal testing. The exclusion of non-relevant ESG issues is based on our own assessment, which is guided by the basic principle of dual materiality, i.e. the analysis of potential impacts of the business model of SGL on the environment and society (inside-out perspective) and potential financial opportunities and risks for SGL Carbon (outside-in perspective).

2. **Stakeholder survey**

   In addition to our regular stakeholder engagement (for more details, see the chapter “Our stakeholders” — SBM 2), we conducted an online survey in the summer of 2023 reaching out to our key stakeholders, including employees, corporate bodies, suppliers, customers, industry associations, investors and banks. The survey built on our preliminary list of sustainability matters (see step 1) and helped ensure that stakeholder perspectives informed our materiality analysis. We incorporated the feedback and insights gathered from this survey into the assessment phase during our expert workshops in step 3, which confirmed that we had correctly identified our key topics.

   The survey helped us gather perspectives and assessments from different stakeholder groups, providing valuable input for our assessment workshops. We placed particular emphasis on identifying and addressing potential blind spots. During the validation phase, we revisited the survey results to ensure our final assessments aligned with stakeholder perspectives. Rather than simply using the results as a source of information, we integrated them into our final assessments. We also considered the interests of “silent stakeholders” through studies and publicly available information, drawing on expert knowledge, external sources, and digital tools such as the “IPCC WGI Interactive Atlas” (unassured).

3. **Expert workshops for impact assessment**

   We conducted interactive expert workshops focused on specific topics to comprehensively evaluate and validate the impacts, risks and opportunities for all items from our initial sustainability matters list (see step 1). SGL specialists from various business units contributed their expertise to assess the actual and potential impacts of SGL Carbon’s business model on the environment and society, following ESRS guidelines and categories.

   During these topic-specific workshops, our internal experts identified and evaluated additional impacts, adding them to our list of material impacts, risks and opportunities. This process allowed us to incorporate any previously overlooked aspects from the preliminary selection. In total, we identified and assessed 94 impacts, risks and opportunities across all sustainability matters, with 18 of these emerging as material.

4. **Validation of the results by the Board of Management**

   In a dedicated workshop, we presented the preliminary results from Steps 1–3 and the material topics identified to the Board of Management, our highest decision-making body, for validation and confirmation. This feedback ensured that our results aligned with SGL Carbon’s corporate strategy, objectives, policies and culture. The Board of Management confirmed:

   a. The validation of the ESG topics that are material for SGL Carbon in accordance with the Corporate Sustainability Reporting Directive (CSRD)

   b. The selection of topics that the company intends to report voluntarily (ESRS 1.114). These are ESG topics that are not material for SGL Carbon according to the CSRD and are therefore not subject to reporting requirements, but which may be of interest to individual stakeholders of the company,

   c. and the topics identified as immaterial for SGL Carbon in terms of the CSRD were confirmed.

5. **Software-based finalization of the materiality assessment**

   After manual analysis and validation by the Board of Management, we transferred our materiality assessment into an online software platform. This step served two purposes: creating visual representations of our results and establishing a documentation foundation for updating our double materiality analysis in future fiscal years. Through this process, we identified seven impacts as material.

Our double materiality analysis took a comprehensive view of SGL Carbon’s activities, examining our business operations, including production processes, business relationships, and our entire upstream and downstream value chains. While the analysis covers our global activities and business relationships, we paid particular attention to factors that could lead to increased risks of negative impacts. These factors particularly relate to the use of raw materials, our product manufacturing processes including emissions, transport and logistics, as well as the use of our products across various applications and industries. We specifically examined the energy intensity of our manufacturing processes and the circularity potential of our products. We also considered working conditions, occupational safety and health, diversity and equal opportunity, and impacts and risks related to human rights. Additionally, we examined compliance with all legal requirements and relationships with our international suppliers and business partners. As a global technology company with sites in different regions and as a company engaged in manufacturing carbon-based solutions, these factors are significant for our business model and value chain. The comprehensive analysis enabled us to identify and assess potential impacts with elevated risk along the entire value chain to ensure that sustainability risks are addressed.

Our impact analysis took into consideration both direct and indirect impacts. Accordingly, we examined our responsibility for impacts on people and the environment that directly resulted from our activities, products, or services. At the same time, we consider impacts that arise in cooperation with third parties in the upstream and downstream value chains, as well as impacts where the responsible or contributing entity is connected to SGL Carbon through a direct or indirect business relationship. To conduct this analysis methodically, all relevant value chain steps were identified. Internal data and information, as well as the knowledge and experience of internal subject matter experts regarding production processes, resource use and emissions, were used to capture direct and indirect impacts. This approach ensured that we were able to thoroughly capture and assess the diverse sustainability impacts.

For the impact assessment of our materiality analysis, we consulted internal subject matter experts from relevant business units and corporate functions in topical workshops and incorporated their assessments into our analysis. We conducted an online survey to gather insights from our internal and external stakeholders (who also serve as external experts) about our business model and value chain operations, both upstream and downstream. These perspectives were then incorporated into our materiality analysis. Our regular activities to involve our stakeholders in the assessment of material sustainability matters are detailed in the chapter “Our stakeholders” – SBM-2.

For assessing the severity of actual impacts, we followed the ESRS guidelines and used three key categories:

1. **Scale:** How serious the impacts are for people or the environment, both positive and negative.
2. **Scope:** How widespread the impacts are, including geographical reach and number of affected living beings.
3. **Irremediability:** How easily and quickly a negative impact can be remedied. This category was only applied to negative impacts.

The applied assessment categories were each rated on a scale of 1 to 5, with 1 representing the minimum (very low) and 5 representing the maximum (very high) for each category.

For potential impacts, we also considered likelihood as an additional parameter. We applied different assessment approaches:

- **Weighting for negative impacts:** For actual negative impacts, the categories “scale,” “scope” and “irremediability” equally to assess overall “severity.” For potential negative impacts, “severity” and “likelihood” were given equal weight in the assessment.
- **Weighting for positive impacts:** Actual positive impacts were assessed based on “scale” and “scope,” with equal weighting applied here as well. For potential positive impacts, SGL Carbon also considered likelihood.

In our assessment framework, we recognized that for human rights impacts, severity takes precedence over likelihood. However, negative impacts on human rights were not identified as material in our double materiality analysis.

We also established time horizons for all impacts, following the guidance in ESRS-1 para. 6.4. This approach ensures consideration of both actual and potential sustainability impacts.

As soon as a defined impact reached or exceeded the defined relevance threshold of ≥ 3 (rating scale 1 to 5), the associated ESG topic was classified as material.

Our approach to assessing risks and opportunities was substantially based on the methodology for determining material impacts, as described above. In addition to the workshop assessments, we worked closely with internal subject matter experts to conduct detailed calculations of the potential financial impacts of identified risks and opportunities on SGL Carbon's EBIT (earnings before interest and tax). This process was aligned with our existing financial risk management system.

The calculation of potential financial impacts considered various parameters, such as:

- possible investments for implementing actions to achieve targets and/or comply with new legal standards
- higher expenses for raw materials, waste management and/or carbon pricing
- potential penalties and expenses for non-compliance with legal provisions
- percentage assumptions of revenue and profit loss if potential risks materialize, e.g., through reputational damage
- assumptions about higher financing costs if we fail to meet our set targets

These quantitative determinations and assumptions of financial impacts made it possible for risks and opportunities to be categorized. In addition to the qualitative reasoning developed in the expert workshops, we also performed financial quantification by carrying out the corresponding calculations.

When identifying potential impacts, risks and opportunities, we considered that connections and dependencies might exist between various impacts, which could manifest in corresponding risks or opportunities. These relationships were analyzed to ensure an understanding of possible interactions. When a negative impact was identified, we simultaneously examined whether this impact would result in a relevant business risk for SGL Carbon. Similarly, positive impacts were systematically analyzed to determine whether they could lead to concrete opportunities for the company. Impacts, risks and opportunities where connections and interactions exist are discussed and presented in detail in the topical chapters of this report.

For the assessment of risks and opportunities, SGL Carbon followed its established financial risk management system to systematically capture and categorize financial effects and probability. The assessments were also made on a scale of 1 to 5, with 1 representing the minimum and 5 representing the maximum for each category. For evaluating risks and opportunities, the following categories were used in accordance with SGL Carbon's risk management system:

1. **Financial effect:** Assessment of potential impacts on the Group's EBIT that may result from the risk or opportunity.
2. **Probability:** Evaluation of the likelihood of occurrence for the respective risk or opportunity.

A detailed description of our financial risk management system can be found in the Group Management Report 2024 in the chapter "Opportunities and risk report"; we also provide an overview in this Sustainability Statement in the chapter "Governance" (GOV-5). The overall assessment is based on a quantitative threshold of ≥ 3 (scale of 1 to 5), which represents the average of financial effects and probability. This methodology ensures the identification of risks and opportunities that are significant for the business strategy.

Sustainability-related risks and opportunities are assessed and monitored at the same level as non-ESG-related corporate risks and opportunities within the company's risk management system. This means they are fully integrated into the company's standardized assessment and monitoring processes. Risk management assumes responsibility for regularly recording, evaluating and monitoring these risks and opportunities. By treating financial and non-financial risks and opportunities equally, we aim to ensure that sustainability aspects are always aligned with the company's strategic objectives and appropriately considered. Details on the risk management system can be found in the 2024 Group Management Report in the chapter "Opportunities and Risks Report."

To ensure tracking and further development of our ESG ambitions and goals, SGL Carbon has implemented an ESG governance structure that connects with our risk management process (see also the chapter "Governance" – GOV-2 and GOV-5). The Board of Management of SGL Carbon SE acts as the highest operational decision-making body and has integrated sustainability into the top leadership level due to its strategic importance. This integration ensures that processes for identifying, assessing and managing ESG risks and opportunities systematically flow into the company's general risk management processes. More information about our governance structures and the implementation of sustainability matters in our strategy is presented in the chapter "Governance" (GOV-1 and GOV-2).

The detailed description of the decision-making process and associated internal control procedures for SGL Carbon's risk management is documented in the chapter "Governance" (GOV 5). The overview of the process for identifying, assessing, prioritizing and monitoring risks and opportunities that have potential financial impacts is consistent with the procedures outlined there. The structure presented also includes how SGL Carbon integrates the results of risk assessment and internal controls into the sustainability reporting process and incorporates them into relevant internal functions and processes.

The identification and assessment of impacts, risks and opportunities (double materiality analysis) has been integrated into existing processes. The assessment of impacts, risks and opportunities will be reviewed every two years and adjusted if necessary. A revision can also take place outside the regular review if needed. The next regular review is planned for the 2025 fiscal year.

The double materiality analysis based on ESRS requirements, which this Sustainability Statement refers to, took place in the 2023 fiscal year. The Sustainability Report for the 2023 fiscal year already used the materiality analysis as a basis for reporting. No changes to the process or approach took place in the reporting year. The material impacts, risks and opportunities resulting from the materiality analysis were updated during the reporting year as part of the annual risk inventory. For further information, please see the "Opportunities and risk report" as part of the 2024 Group Management Report. The next regular review of the materiality analysis is scheduled to take place in the 2025 fiscal year.

Sustainability matters identified as not material (E2-4)

To identify material impacts, risks and opportunities related to possible environmental pollution, SGL Carbon considered both our own sites and business activities, as well as upstream and downstream activities along the value chain as part of the double materiality analysis in 2023. Our approach has already been described in this chapter.

As part of this process, our sites and business activities were reviewed to capture current and potential issues regarding environmental pollution. Various scenarios were discussed concerning potential impacts, risks and opportunities. These included, for example, accidents that could lead to environmental and/or air pollution, water pollution, regulatory requirements for protecting air and the environment, as well as possible sanctions and legal disputes related to environmental pollution issues.

The interests and assessments of our stakeholders regarding potential environmental pollution hazards were also considered as part of the stakeholder survey conducted in 2023. SGL Carbon also maintains communication with affected neighboring communities and residents at our sites. For more information, see also the chapter "Our stakeholders" – SBM-2.

Potential environmental aspects such as air, soil and water pollution, as well as associated and potentially changing regulatory requirements were reviewed. However, the results of the materiality analysis showed that none of the identified impacts, risks or opportunities related to pollution were classified as material. Developments in this area continue to be monitored so that we can respond promptly if there are changes in the relevance of the various factors.

SGL Carbon also conducted a review of possible current and potential impacts, risks and opportunities related to water and marine resources as part of its double materiality analysis in 2023, in accordance with the process described in this chapter. The investigation covers all production sites and business activities and considers both the actual use of water and the procedures for wastewater return. During the internal expert workshops, it was confirmed that water is not a significant resource for the production of SGL products and that SGL Carbon sites largely use recirculation systems for used water. Current and future regulatory requirements regarding water use and pollution were also included in the assessment. No material impacts, risks or opportunities were identified in respect of the topic of water and marine resources.

The interests and assessments of our stakeholders regarding potential water use were also considered as part of the stakeholder survey conducted in 2023. For more information, see also the chapter "Our stakeholders – SBM-2".

As part of the double materiality analysis conducted in 2023, relevant aspects regarding biodiversity and ecosystems were also analyzed for our own business model and along the upstream and downstream value chain. In the upstream value chain, particular attention was paid to raw material extraction, while the assessment of our own business activities considered the proximity of SGL sites to protected ecosystems, including our activities near the Lechauen nature reserve at the Meitingen site. However, the result of the analysis does not indicate the materiality of the topic of biodiversity and ecosystems. No significant dependencies on biodiversity and ecosystems were identified. Our business activities have no direct material impact on existing ecosystem services.

The risk assessment in the area of biodiversity focused on potential transition risks associated with the possible negative public perception. If our activities were to impair biodiversity in the future, this could result in reputational damage. However, physical risks regarding biodiversity were not considered relevant, as no direct material impacts on natural habitats are expected.

Systemic risks were not considered in the materiality analysis, as SGL Carbon has no direct material impact on biodiversity and ecosystems that could lead to a possible collapse of ecosystems or large-scale losses in specific geographical or economic areas. Additionally, there are no cumulative risks arising from the fundamental impacts of biodiversity loss on transition or physical risks across multiple sectors. The risk of financial contagion, where the financial difficulties of individual companies due to inadequate consideration of biodiversity risks could spread to the entire economic system, was also classified as not relevant, as there are no material exposures in this area.

The topic of land use change was included in the stakeholder survey. For detailed information on the stakeholder survey, see the chapter “Our stakeholders - SBM-2.” Additional consultations with affected communities regarding biodiversity and the impacts of our activities on ecosystems have not taken place to date.

The double materiality analysis considered impacts on nature in the upstream supply chain. The focus was on potential impacts on nature as a stakeholder, without specifically highlighting affected communities.

No significant impacts on affected communities were identified.

In addition, no negative impacts on relevant ecosystem services were found. Consequently, no actions for minimization or mitigation are currently required on the part of SGL Carbon.

SGL Carbon operates a site near the Lechauen nature reserve in Meitingen. To date, no significant negative impacts on natural habitats or resident species have been identified in relation to SGL Carbon’s business activities. Nor do we expect negative impacts in the future.

The double materiality analysis did not identify any material current or potential negative impacts on biodiversity. As a result, SGL Carbon currently sees no need to develop specific actions to mitigate possible impacts on biodiversity.

Covered disclosure requirements

To facilitate navigation within the Sustainability Statement, the following index provides an overview of the disclosure obligations considered as well as datapoints from other EU legal provisions which SGL Carbon reports in accordance with the ESRS, including page numbers and marking of disclosure requirements classified as “Not material.” SGL Carbon is not required to report according to Regulation (EU) 2019/2088, Regulation (EU) No. 575/2013, and Regulation (EU) 2016/1011. The datapoints in connection with Regulation (EU) 2021/1119 are listed separately and referenced accordingly.

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GOV-3	Integration of sustainability-related performance in incentive schemes	Yes	18
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E1- SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	See SBM-3	24

	Disclosure requirement	To be reported	Page
E1-IRO 1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Yes	29
E1-2	Material impacts, risks and opportunities and their interaction with strategy and business model	Yes	25
E1-2	Policies related to climate change mitigation and adaptation	Yes	40
E1-3	Actions and resources in relation to climate change policies	Yes	42
E1-4	Targets related to climate change mitigation and adaptation	Yes	43
E1-5	Energy consumption and mix	Yes	45
E1-6	Gross scopes 1, 2, 3 and total GHG emissions	Yes	46
E1-7	GHG removals and GHG mitigation projects financed through carbon credits (incl. Regulation [EU] 2021/1119, Article 2 para. 1)	Not material	-
E1-8	Internal carbon pricing	Yes	48
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	No (phase-in provision)	-
E2	Pollution	No, not material	-
E3	Water and marine resources	No, not material	-
E4	Biodiversity and ecosystems	No, not material	-
E5-1	Policies related to resource use and circular economy	Yes	50
E5-2	Actions and resources related to resource use and circular economy	Yes	51

	Disclosure requirement	To be reported	Page
E5-3	Targets related to resource use and circular economy	Yes	52
E5-4	Resource inflows	Yes	53
E5-5	Resource outflows	Yes	54
E5-6	Anticipated financial effects from resource use and circular economy–related impacts, risks and opportunities	No (phase-in provision)	-
S1-SBM 2	Interests and views of stakeholders	Yes	23
S1-SBM 3	Material impacts, risks and opportunities and their interaction with strategy and business model	Yes	24
S1-1	Policies related to own workforce	Yes	65
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Yes	72
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Yes	73
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Yes	68
S1-5	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	Yes	68
S1-6	Characteristics of the undertaking's employees	Yes	74
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Yes	75
S1-8	Collective bargaining coverage and social dialog	Yes	76
S1-9	Diversity metrics	Voluntary reporting, not material (ESRS 1,114)	76
S1-10	Adequate wages	Yes	76
S1-11	Social protection	Yes	76

	Disclosure requirement	To be reported	Page
S1-12	Persons with disabilities	No	76
S1-13	Training and skills development metrics	Yes	77
S1-14	Health and safety metrics	Yes	78
S1-15	Work-life balance metrics	Yes	78
S1-16	Remuneration metrics (pay gap and total remuneration)	Voluntary reporting, not material (ESRS 1,114)	78
S1-17	Incidents, complaints and severe human rights impacts	Yes	73
S2	Workers in the value chain	No, not material	-
S3	Affected communities	No, not material	-
S4	Consumers and end-users	No, not material	-
G1-GOV-1	The role of the administrative, management and supervisory bodies	See GOV-1	16
G1-IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	See IRO-1	29
G1-1	Business conduct policies and corporate culture	Yes	80
G1-2	Management of relationships with suppliers	Voluntary reporting, not material (ESRS 1,114)	81
G1-3	Prevention and detection of corruption and bribery	Yes	83
G1-4	Confirmed incidents of corruption or bribery	Yes	83
G1-5	Political influence and lobbying activities	No, not material	-
G1-6	Payment practices	No, not material	-

The materiality analysis forms the starting point for SGL Carbon's sustainability reporting in accordance with the ESRS. This Sustainability Statement includes datapoints on material sustainability matters of SGL Carbon resulting from the materiality of an impact and/or financial materiality. A quantitative threshold of ≥3 was applied to determine materiality. A detailed process description for determining material sustainability matters, including a description of the thresholds applied, can be found in chapter, "Procedure for assessing materiality." To disclose material information regarding the impacts, risks and opportunities we assessed, we relied on information provided by EFRAG for mapping subtopics and sub-subtopics to datapoints. This mapping helped us identify the materiality of individual datapoints and disclose relevant information in accordance with ESRS requirements.

This report also includes non-material datapoints for continuity purposes for users of the Sustainability Statement. Voluntarily reported datapoints are marked as such in the respective chapters to ensure that the provision of information about the material topics and associated datapoints is not impaired (ESRS 1.114).

Climate Change (E1) - Environmental Matters

Information in accordance with ESRS 2

In 2023, as part of our double materiality assessment, we subjected our strategy and business model to a resilience analysis regarding climate change, incorporating climate-related physical and transition risks to identify significant risks for SGL Carbon. The risk assessment followed the approach outlined in Chapter IRO-1 and was deepened and evaluated through three different climate scenarios during the resilience analysis. We applied the following publicly available climate scenarios from the Intergovernmental Panel on Climate Change (IPCC), the Shared Socioeconomic Pathways (SSPs) (unassured):

1. **SSP1-2.6 – The 2-degree path**: This scenario describes an internationally coordinated development following the Paris Agreement, which makes it possible to limit global warming to 2 degrees Celsius compared to the pre-industrial period through active climate change mitigation.
2. **SSP3-7.0 – Regional rivalries**: In this scenario, nationalism and regional conflicts dominate. National interests and regional conflicts lead to high demand for raw materials and energy, which is largely met with readily available fossil fuels such as coal. This results in increasingly significant challenges in climate change adaptation worldwide, which must largely be taken on by states independently. Global issues lose priority.
3. **SSP5-8.5 – The fossil path**: Social and economic development of a rapidly developing world based on active and increased use of fossil resources is accompanied by an energy-intensive lifestyle worldwide. Actions to prevent climate change are reduced to a minimum. The focus here is on economically driven growth that relies heavily on fossil fuels. Although the global economy grows and local environmental problems such as air pollution are successfully combated, dependence on fossil fuels remains high.

The regulation of impacts, risks and opportunities related to climate change is also part of our strategies, processes and structures for analyzing the resilience of our business model. Further details can be found in the chapter “Material impacts, risks and opportunities (SBM3).”

The resilience analysis considers SGL Carbon’s entire upstream and downstream value chains as well as our own operations. In addition, no material physical risks or transition risks were excluded. The time horizon of the scenarios considers a period until 2050. Accordingly, the following factors were considered in the resilience analyses:

Physical impacts of climate change
Physical risks related to climate can arise from acute and/or chronic changes in weather events or longer-term climate changes. Chronic physical climate hazards were classified according to Delegated Regulation (EU) 2021/2139 and include temperature changes, changes in wind conditions, precipitation patterns and/or sea levels. Acute physical risks include heat waves, storms, droughts, forest fires and wildfires.

Such risks can lead to flooding and storm damage to our facilities, interruptions of production processes, infrastructure failures and potential accidents. In 2023, SGL Carbon modeled future weather scenarios and their impacts on our facilities based on the three climate scenarios already described as part of its double materiality assessment. No significant climate-related physical risks were identified.

Climate-related transition risks according to TCFD classification include legal and regulatory, technological and market-related impacts as well as changes in customer preferences and negative stakeholder feedback related to climate change, including tariffs, taxes and other carbon levies.

The qualitative resilience analysis, including consideration of climate scenarios, revealed a significant climate-related transition risk for SGL Carbon regarding the increased pricing of greenhouse gas emissions. Changes in the legal framework and associated price increases for greenhouse gas emissions and/or stricter regulations may be associated with higher costs for SGL Carbon and as such may represent a financial risk for SGL Carbon.

The assessment of the potential financial risk is based on our transition plan (see also section “Transition plan for climate change mitigation” – E1-1) for reducing greenhouse gas emissions (Scope 1 and 2) and our experts’ assumptions on the pricing of these emissions. The medium and long-term emission values for Scope 1 and 2 emissions targeted according to our transition plan were multiplied by the forecast prices. The price forecast also considered the three climate scenarios we used. Depending on the time horizon (medium and long-term) and climate scenario, the determined financial impacts can total up to €17.8 million.

In the framework of our qualitative resilience analysis, we identified climate-related risks that affect our business model and assessed their effects on our business model. Based on the information currently available and the climate scenarios described above, we believe that no material individual risks from climate change exist – neither now nor in the foreseeable future – that could jeopardize the company as a going concern. Even the cumulative consideration of the individual risks does not jeopardize the continued existence of SGL Carbon as a going concern. Thanks to our regionally diversified setup, increased use of renewable energies, and the ability to adapt manufacturing processes in a climate-friendly manner, we consider SGL Carbon's business model to be sufficiently resilient. Ultimately, however, residual risks remain in all entrepreneurial activities and cannot be ruled out even by conducting a comprehensive analysis of resilience.

Transition plan for climate change mitigation (E1-1)

SGL Carbon developed a transition plan for climate change mitigation in 2021, which was first disclosed in the company's 2021 Annual Report.

Our climate change mitigation transition plan aims to halve greenhouse gas emissions by 2025 compared to the base year of 2019. Our climate targets relate to Scope 1 and Scope 2 emissions, with net climate neutrality targeted by 2038. Unavoidable emissions, which could arise from processes that, due to technological constraints, cannot be fully converted to hydrogen or electrified by 2038 and therefore would continue to be operated wholly or partially with natural gas, must then be offset.

Scope 3 emissions are not part of our transition plan, which means it is not a comprehensive transition plan according to ESRS E1-1.

Within these constraints, SGL Carbon's climate targets aim to reduce the Group's greenhouse gas emissions in alignment with the 1.5-degree target of the Paris Agreement.

SGL Carbon aims to achieve net climate neutrality by 2038, which would be ahead of the Paris Agreement's target of achieving climate neutrality by 2050.

By 2025, SGL Carbon plans to work on energy efficiency and source energy from renewable sources (green electricity and biomass). After 2025, processes currently running on fossil gas will be gradually converted to hydrogen, biogas or electricity.

Additionally, measures for carbon capture and storage (CCS) or carbon capture and usage (CCU) could be considered in the future. The company expects that CCS/CCU technologies could reach the economic and technological market maturity required for SGL Carbon by 2030 at the earliest.

Energy efficiency and climate change mitigation are examined for SGL Carbon investment projects as part of their approval process. One example is the steam generation at the Lavradio plant (Portugal), which was converted from natural gas to biomass. Around €15 million was invested here from 2022 to 2024.

Additional investments and operating costs related to the climate change mitigation transition plan were incurred as part of energy management according to ISO 50001, for on-site photovoltaic projects and for the purchase of green electricity through certificates of origin.

Regarding the financial resources (Opex, Capex) for implementing the climate change mitigation transition plan, we refer to the presentation in the section Actions and resources in relation to climate change policies (E1-3).

Greenhouse gas emissions occur particularly at SGL Carbon's large sites where products or intermediate products are produced using high-temperature processes. The following sites account for around 88% of SGL Carbon's Scope 1 and location-based Scope 2 emissions: Bonn (Germany), Lavradio (Portugal), Meitingen (Germany), Morganton (USA), Moses Lake (USA), Muir of Ord (Great Britain), Nowy Sacz (Poland), Raciborz (Poland), St. Marys (USA), Yangquan (China).

The most emission-intensive products are the graphitized materials from the Graphite Solutions business unit, acrylic fibers and their precursors, and carbon fibers and their precursors.

These emissions do not jeopardize the achievement of SGL Carbon's emission reduction targets. Instead, the goal of our climate plan is to progressively avoid these emissions.

Electrified processes achieve climate neutrality through electricity sourced from renewable sources. However, not all SGL Carbon processes can be electrified. Transition risks for gas-operated processes could arise from delayed market and technological maturity, particularly for hydrogen.

Any inherent greenhouse gas emissions must be addressed through compensation projects or technologies for carbon capture and storage or usage (CCS, CCU). The availability of these technologies depends on various factors, including technological developments, economic conditions and regulatory measures.

Since it is difficult or impossible to substitute SGL Carbon's products in many applications, the company expects that any additional costs can be passed on to customers.

SGL Carbon's economic activities are subject to climate change regulations, particularly under the EU Climate Law and the EU Taxonomy Regulation. These regulations require SGL Carbon to align its business practices and investments with the EU's sustainability goals. The European Climate Law stipulates that the EU must achieve net-zero greenhouse gas emissions by 2050.

Regarding the alignment of investments (Capex) and operating expenses (Opex) with climate criteria, SGL Carbon follows the legal reporting requirements of the EU Taxonomy.

For further details, we refer to the section "Information in Relation to Article 8 of the EU Taxonomy of this report.

SGL Carbon did not make any investments in economic activities related to coal, oil or gas during the reporting period.

SGL Carbon is not exempt from the Paris-aligned EU benchmarks under Article 12(1)(d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818.

SGL Carbon incorporates insights from its non-comprehensive climate transition plan for Scope 1 and Scope 2 greenhouse gas emissions into its corporate strategy decarbonization considerations. Initial measures have been incorporated into financial planning.

The company's investments are focused on growth areas that contribute to decarbonization, such as the semiconductor and electric mobility markets, as well as the solar and LED industries.

Financial resources are being invested in expanding production capacities for graphite products needed for the production of silicon carbide-based high-performance semiconductors used for electrification and the transition to renewable energy. In 2024, approximately 62% of investments were allocated to the Graphite Solutions business unit, supported by significant advance payments from customers who also want to secure future production capacities. For more details about our investments, please refer to the "Investments and depreciation" section in the Group Management Report.

The transition plan was developed in 2021 in collaboration with the Board of Management.

Since 2019, annual Scope 1 and location-based Scope 2 emissions have been reduced from a total of 393 kt CO_2e to 239 kt CO_2e in 2024. This represents a decrease of approximately 39%. The reduction potential of the biomass plant at the Lavradio site (Portugal) amounts to up to 40 kt CO_2e annually in addition.

The company plans to revise its climate change mitigation plan by the end of the 2027 fiscal year and publish a comprehensive transition plan that includes Scope 3 greenhouse gas emissions.

Policies related to climate change mitigation and adaptation (E1-2)

SGL Carbon recognizes climate change as one of the greatest challenges of our time. The company addresses greenhouse gas emissions in its Global Environmental Policy, which was revised in 2022, and has dealt with impacts, risks and opportunities related to climate change mitigation and climate change adaptation.

Political and legal risks for SGL Carbon exist due to potentially increased certificate prices for greenhouse gas emissions in the future, as well as through climate-related regulations of existing products, services and potential regulations regarding SGL Carbon's production processes.

Market risks could arise from changes in customer behavior and from rising costs or reduced availability of raw materials.

The company sees technology risks of high importance in the potential costs of transitioning to technologies with lower emissions. An example of this is the conversion from natural gas to hydrogen as an energy carrier.

With respect to acute physical risks, wind-related (e.g., cyclones, hurricanes, typhoons, storms) or water-related (e.g., drought, heavy precipitation and flooding) risks at selected sites are particularly relevant. These physical risks caused by climate change were identified as not material.

The material impacts, risks and opportunities related to climate change mitigation and climate change adaptation identified in our materiality analysis can be found in Chapter ESRS 2 SBM-3.

The company has developed a strategy to address its material impacts, risks and opportunities in the area of climate change mitigation and climate change adaptation. This strategy focuses on several key areas:

Climate change mitigation is part of SGL Carbon's sustainability strategy. The company has committed to reducing its CO_2 emissions (Scope 1 & 2) by 50% by 2025 and becoming net climate-neutral by 2038. To achieve these goals, SGL Carbon makes use of a variety of actions, including switching to renewable energy, optimizing energy efficiency, electrifying processes and using new technologies such as hydrogen.

The ISO 50001 energy management system was introduced at the most energy-intensive European production sites in 2015. Currently, eight sites are successfully ISO 50001:2018 certified, accounting for about 52% of SGL Carbon's total energy consumption: Bonn, Meitingen (Germany), Chedde (France), Lavradio (Portugal), Muir of Ord (Great Britain), Nowy Sacz (Poland), Raciborz (Poland) and Wiesbaden (Germany). SGL Carbon aims to increase energy efficiency and reduce energy intensity by a total of 10% by 2027 compared to 2017 through measures within ISO 50001.

The use of renewable energy is part of SGL Carbon's climate change mitigation strategy. The company has launched projects to use solar energy and biomass. In 2024, rooftop PV systems were installed at the sites in Ried (Austria), Ort (Austria), Meitingen and Bonn (Germany). In 2024, a biomass plant for steam generation was commissioned in Lavradio (Portugal). This plant is intended to replace the previous purchase of steam generated with natural gas.

As part of our climate strategy, our business units began creating climate-related assessments of their products in 2022. These so-called Product Carbon Footprints (PCFs) capture and calculate the greenhouse gas emissions generated over a product's lifecycle. For this task, we use a software solution and databases to analyze the environmental impacts of our production processes. These results enable us to identify and implement effective actions to reduce the carbon footprint at the product level. Our PCF assessment covers the upstream supply chain (cradle-to-gate) and follows internationally recognized standards and norms, particularly ISO standards 14040, 14044 and 14067.

By the end of 2024, the Graphite Solutions business unit had subjected around 54% (based on divisional sales) of its product portfolio to PCF assessment, already achieving the original target of 50% (based on division sales) set for 2025. In 2025, our goal is to further increase this proportion.

SGL Carbon views climate change adaptation from two perspectives. On the one hand, the company expects a long-term increase in extreme weather events and addresses this in corporate risk management and in developing measures at potentially vulnerable sites.

On the other hand, the company expects changing demand and focuses on diversifying its product portfolios to serve markets that are likely to show positive development trends, partly due to climate change. For example, the development of materials and solutions for the semiconductor industry, wind energy, electric mobility and hydrogen technology targets long-term market changes caused by climate change.

These expectations are based on internal expert assessments and publicly available climate and environmental forecasts.

Strategy development and implementation is the responsibility of the company's Board of Management as the highest decision-making body. It is supported by an ESG governance structure (see also Chapter ESRS 2 General Disclosures). This approach shows that SGL Carbon addresses climate change mitigation and adaptation to climate change both to reduce its own emissions and to support its customers in implementing their climate strategies through suitable materials and solutions.

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

The actions taken by SGL Carbon for climate change mitigation relate to our own operations. The largest single project related to climate change mitigation in the 2024 fiscal year was the biomass project of the Carbon Fibers business unit at our Lavradio plant (Portugal).

The development and installation of the plant began in 2022. It serves to generate steam needed for the production of textile and carbon fibers. The plant can replace previously externally sourced steam, which was obtained from a natural gas-operated facility. The necessary biomass, certified wood pellets from forestry waste, is preferably sourced locally from within a radius of around 300 kilometers around the plant.

Various operating modes were piloted throughout 2024. In total, the biomass plant delivered around 44 MWh of steam. This saved around 8 kt CO_2e in the reporting year. In total, this plant can save up to 40 kt CO_2e of greenhouse gas emissions, depending on capacity utilization and operating mode.

The energy management system according to ISO 50001 remained a cornerstone of SGL Carbon's climate change mitigation measures in 2024.

It was introduced at the most energy-intensive European production sites in 2015. Currently, eight sites are ISO 50001:2018 certified, accounting for about 52% of SGL Carbon's total energy consumption: Bonn (Germany), Meitingen (Germany), Chedde (France), Lavradio (Portugal), Muir of Ord (Great Britain), Nowy Sacz (Poland), Raciborz (Poland) and Wiesbaden (Germany).

In 2024, the external audits were carried out in a uniform manner by certification company DMSZ (Deutsche Managementsystem Zertifizierungsgesellschaft mbH). The regular recertification of our energy management system was successfully completed without any inconsistencies.

All energy efficiency projects at ISO 50001 certified sites are recorded in a central database. This database facilitates measures and effect controlling of all planned projects with respect to implemented and expected energy efficiency improvements.

In the reporting year, investments were made in energy-efficient insulation of a graphitization furnace at the Meitingen site. A new, more energy-efficient air compressor was also installed in Meitingen, and the heating system was further optimized. Preparations were made to integrate the waste heat from the thermal post-combustion (exhaust air purification) of another production plant into the central heating system at the Meitingen site and the first system components were installed. The goal is to complete this integration in the following year.

Additional energy meters were installed at the Bonn (Germany), Lavradio (Portugal) and Meitingen (Germany) sites to enable more targeted analysis of consumption data. The meters are integrated into the digital data collection of the respective control systems. This improves data scope and quality as a basis for further energy-saving projects.

Various process optimization projects were continued. Permanent energy savings with little or no investment are achieved through energy-optimized process control, such as the selective reduction of selected process temperatures in the carbonization manufacturing process step.

In 2024, SGL Carbon continued to look for opportunities to implement additional photovoltaic (PV) areas at its own sites.

In Meitingen, the company has initiated the implementation of a ground-mounted photovoltaic system. This is expected to provide around 4.5 GWh per year from 2025. The project partner bears the direct PV-related investments and will be compensated through the purchase agreement. The site's power infrastructure (transformer station) was upgraded to enable grid feed-in.

In Bonn and Meitingen, planning began for rooftop PV systems with annual outputs of around 1.8 GWh in Bonn and around 0.8 GWh in Meitingen. These installations are scheduled to be completed in 2025.

All projects will be implemented with an operating partner. Electricity will be purchased through long-term contracts (Power Purchase Agreements, PPAs).

In the Innkreis region of Austria, photovoltaic systems were already put into operation in 2021 and 2023 in Ort (450 kWp peak output) and Ried (530 kWp peak output), respectively. These installations were implemented with a project partner. The installation was carried out on the roofs of the production buildings.

In the reporting year, plans were initiated for the installation of an additional 800 kWp peak output in the Innkreis region. In addition to a conventional roof installation, the project team is also analyzing the possibilities of partially covering open parking areas. These installations are scheduled to be completed in 2026.

For several years now, our production sites in Ort, Ried and Wackersdorf have been sourcing electricity in the form of renewable energy. Since 2022, our two Polish sites in Nowy Sacz and Raciborz have covered 100% of their electricity needs with green power, and since 2023, our Italian site in Verdello has done the same.

In the reporting year, SGL Carbon analyzed global opportunities for sourcing green electricity. For this purpose, a specialized consulting company was also engaged. Established certificates of origin (so-called Guarantee of Origin, GoO), which are accepted by the GHG Protocol and organizations such as cdp.net, are being considered. The acquisition of certificates is to be gradually increased.

SGL Carbon funds its climate-related investments and actions from the company's investment and operating budget. The company generally aims to generate these funds through its own efforts. As such, the implementation of measures does not depend on the availability and allocation of external funds. Where reasonable and available, the company uses public funding.

From 2022 to 2024, €9.8 million was allocated to the construction of a steam generation plant using biomass at our site in Lavradio, Portugal. Of this amount, €248 thousand was invested in 2024. The total budget for the project is approximately €15 million.

The project to build a steam generation plant using biomass at our site in Lavradio, Portugal, is reported in the "Disclosures related to article 8 of the EU taxonomy" section and there in the Capex template under the category Generation of heat and steam (CCM 4.24).

Targets related to climate change mitigation and adaptation (E1-4)

The emission of greenhouse gases (GHG) is a significant environmental impact of SGL Carbon's business activities. Accordingly, we measure the GHG emissions we cause and have set targets for their reduction.

Our GHG emissions are Scope 1 emissions resulting from combustion processes and Scope 2 emissions, which are in particular attributable to power and steam consumption.

Scope 3 emissions are not yet included in SGL Carbon's climate targets.

In 2021, SGL Carbon set itself the goal of cutting total emissions (defined as the sum of Scope 1 and Scope 2 emissions) in half by 2025 compared to the emissions of the reference year 2019. We want to reduce our emissions by 100% and become climate-neutral by 2038. This is a net climate neutrality target, meaning unavoidable emissions will be offset. Compensation options include projects to reduce greenhouse gas emissions through energy efficiency (including projects using renewable energy), projects to avoid emissions (for example through forest protection) or projects that directly remove and store greenhouse gases from the atmosphere (either through nature-based approaches such as afforestation, reforestation and recultivation) or through technical solutions such as Direct Air Capture and Carbon Storage. The exact composition of compensation measures by 2038 will depend on the economic and technological availability of different project types and cannot be conclusively assessed today.

In the 2024 fiscal year, SGL Carbon's Scope 1 and 2 CO_2 emissions totaled 239 thousand metric tons (2023: 295 thousand metric tons). The decrease is based, among other things, on our already initiated and implemented reduction measures. If CO_2 emissions are compared with economic output, in 2024 they decreased from 0.27 kt per €1.0 million in sales to 0.23 kt per €1.0 million in sales compared to the previous year.

In kt CO_2e	Base year 2019	Target 2025	Delta vs. base year	Target 2038	Delta vs. base year	Actual 2024	Delta vs. base year
Scope 1 GHG emissions	90	85	−6%	0	−100%	65	−28%
Scope 2 GHG emissions (location-based)	303	115	−62%	0	−100%	174	−43%
Scope 3 GHG emissions	N/A	N/A	-	N/A	-	-	-
Scope 1- and Scope-2 GHG emissions total	**393**	**200**	**−49%**	**0**	**−100%**	**239**	**−39%**

The company's climate target published for 2021 relates to the sum of Scope 1 and Scope 2 GHG emissions. The breakdown of the target into Scope 1 and Scope 2 above was estimated and prepared retrospectively for the purpose of presentation.
N/A: not specified (this value is not part of the company's climate target)

SGL Carbon records its Scope 1 and Scope 2 emissions at all significant Group sites. The reduction targets relate to the sum of emissions from all significant sites.

For materiality reasons, no data is collected for the leased sales offices of SGL Graphite Solutions Taiwan Ltd., SGL CARBON ASIA-PACIFIC SDN BHD, SGL CARBON Korea Ltd., and SGL CARBON Ltd. (Alcester, UK).

The emissions in the base year 2019 were determined for the entire Group. The year 2019 is representative, as our economic activities were not yet affected by the consequences of the COVID pandemic from 2020 to 2022.

Group sales in 2019 amounted to €1,086.7 million (compared to €1,047.5 million in 2018).

SGL Carbon sets climate targets that provide for a reduction in greenhouse gas emissions in Scope 1 and Scope 2. These targets are aligned with climate pathways from the Science Based Targets initiative (SBTi) and support limiting global warming. Since SGL Carbon, as a manufacturer of carbon and graphite products, is not assigned to any of the sectoral decarbonization pathways as established 2019, a company-specific climate pathway was developed that takes into account economic and technological development as well as stakeholder expectations.

Greenhouse gas (GHG) reduction targets are generally considered “science-based” if they align with the latest climate science and ensure that companies contribute to limiting global warming to 1.5°C compared to pre-industrial levels, as set out in the Paris Agreement. The Science Based Targets initiative (SBTi) is an organization that helps companies set science-based climate targets. SBTi’s targets are widely accepted and are considered “science-based”. However, the SBTi methodology is subject to inherent uncertainties regarding the underlying scientific findings and forward-looking assumptions about greenhouse gas emission reductions needed to achieve the 1.5°C goal. The SBTi methodology published in 2021 is currently being revised. New scientific findings on the course of climate change could lead to a change in the SBTi methodology and the assessment of whether the ambition level of the targets is sufficient to limit global warming to 1.5°C.

Currently, our climate pathway exclusively covers Scope 1 and Scope 2 emissions, as the full integration of Scope 3 emissions is not yet fully feasible due to the complexity of the value chain and existing data gaps. However, SGL Carbon is continuously working to improve transparency and the data basis for Scope 3 emissions and plans to develop a comprehensive climate transition plan covering all scopes by 2027 at the latest.

SGL Carbon’s greenhouse gas targets are to be achieved using the following decarbonization levers:

By 2025, the use of renewable energy and improvement of energy efficiency is planned. This includes rooftop photovoltaic installations at our own sites, the procurement of electricity from renewable sources (via certificates of origin and/or Power Purchase Agreements) and steam generation using biomass at our site in Lavradio (Portugal). Improvement in energy efficiency is pursued through our energy management program according to ISO 50001. Overall, these measures aim to reduce the annual sum of Scope 1 and Scope 2 greenhouse gases by 50% by 2025 compared to the base year 2019.

After 2025, we will additionally pursue the conversion of previously gas-operated processes to electricity (electrification of processes) and the use of hydrogen and biogas. The contributions from these decarbonization levers will depend particularly on availability as well as economic and technological market maturity (example: hydrogen). We have not yet established quantitative reduction targets for these decarbonization levers. However, we anticipate that by 2038, approximately 10-20% of the emissions from the base year 2019 will be unavoidable. Based on internal company assessments, these inherent emissions must be offset to achieve net climate neutrality for the company.

The analysis and classification of climate-related risks and opportunities at SGL Carbon was carried out using the so-called Shared Socioeconomic Pathways (SSPs). These pathways describe in narrative form central trends in the areas of socioeconomics, demographics, technology, politics, institutions and lifestyles. SGL Carbon evaluated the SSP1 scenario, the "sustainable path," which prioritizes global welfare and respect for planetary boundaries. This pathway is characterized by a reduction in income inequalities and low-resource consumption. SSP3, characterized by regional rivalries where nationalism and environmental destruction increase, and SSP5, which describes a world with high economic growth enabled by increased use of fossil fuels, promoting technological innovation but accompanied by an energy-intensive lifestyle and corresponding climate consequences, were also evaluated.

Physical risks, including expected climate changes, were elaborated with the corresponding Representative Concentration Pathways (RCPs) for atmospheric greenhouse gases and with the help of the IPCC WGI Interactive Atlas (https://interactive-atlas.ipcc.ch/) (unassured). In its scenario considerations, SGL Carbon assumes long-term temperature increases (by 2100) of 1.8 degrees (SSP1), 3.6 degrees (SSP3) and 4.4 degrees (SSP5).

Further information can be found in section SBM-3.

Energy consumption and mix (E1-5)

Energy consumption and mix

	Unit	2024
1 Fuel consumption from coal and coal products	MWh	0
2 Fuel consumption from crude oil and petroleum products	MWh	7,164
3 Fuel consumption from natural gas	MWh	337,110
4 Fuel consumption from other fossil sources	MWh	5,038
5 Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	291,416
6 Total fossil energy consumption (calculated as the sum of lines 1 to 5)	**MWh**	**640,728**
Share of fossil sources in total energy consumption	%	67.7
7 Consumption from nuclear sources	MWh	72,236
Share of consumption from nuclear sources in total energy consumption	%	7.6
8 Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	51,025
9 Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	182,246
10 The consumption of self-generated non-fuel renewable energy	MWh	0
11 Total renewable energy consumption (calculated as the sum of lines 8 to 10)	**MWh**	**233,272**
Share of renewable sources in total energy consumption	%	24.7
Total energy consumption (calculated as the sum of lines 6, 7 and 11)	**MWh**	**946,236**

The energy intensity related to climate-intensive sectors was 0.92 GWh per €1.0 million in revenue in 2024. Energy consumption related to climate-intensive sectors was 946 GWh in 2024. SGL Carbon's activities fall under the climate-intensive sector Manufacturing ((EC) 1893/2006, Annex I, Section C).

The energy intensity refers to consolidated Group revenue. Since all of SGL Carbon's business is related to the Manufacturing sector, total emissions and total Group revenue from all business activities are allocated to this climate-intensive sector.

Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)

			Retrospective	Milestones and target years			
	Unit	**Base year**	**2024**	2025	2030	2038	Annual % target / Base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions	kt CO_2e	2019	65	85	N/A	0	−5.3%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	%	2019	0%	N/A	N/A	N/A	N/A
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions	kt CO_2e	2019	174	115	N/A	0	−5.3%
Gross market-based Scope 2 GHG emissions	kt CO_2e	2019	137	115	N/A	0	−5.3%
Significant scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions	kt CO_2e	N/A	364	N/A	N/A	N/A	N/A
1 Purchased goods and services	kt CO_2e	N/A	194	N/A	N/A	N/A	N/A
2 Capital goods	kt CO_2e	N/A	15	N/A	N/A	N/A	N/A
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	kt CO_2e	N/A	61	N/A	N/A	N/A	N/A
4 Upstream transportation and distribution	kt CO_2e	N/A	24	N/A	N/A	N/A	N/A
5 Waste generated in operations	kt CO_2e	N/A	5	N/A	N/A	N/A	N/A
6 Business travel	kt CO_2e	N/A	1	N/A	N/A	N/A	N/A
7 Employee commuting	kt CO_2e	N/A	6	N/A	N/A	N/A	N/A
8 Upstream leased assets	kt CO_2e	N/A	1	N/A	N/A	N/A	N/A
9 Downstream transportation	kt CO_2e	N/A	k.A.	N/A	N/A	N/A	N/A
10 Processing of sold products	kt CO_2e	N/A	k.A.	N/A	N/A	N/A	N/A
11 Use of sold products	kt CO_2e	N/A	k.A.	N/A	N/A	N/A	N/A
12 End-of-life treatment of sold products	kt CO_2e	N/A	23	N/A	N/A	N/A	N/A
13 Downstream leased assets	kt CO_2e	N/A	0	N/A	N/A	N/A	N/A
14 Franchises	kt CO_2e	N/A	0	N/A	N/A	N/A	N/A
15 Investments	kt CO_2e	N/A	33	N/A	N/A	N/A	N/A
Total GHG emissions							
Total GHG emissions (location-based)	kt CO_2e	N/A	603	N/A	N/A	N/A	N/A
Total GHG emissions (market-based)	kt CO_2e	N/A	567	N/A	N/A	N/A	N/A
Sum of Scope 1 and Scope 2 GHG emissions (location-based)	kt CO_2e	2019	239	200	N/A	0	−5.3%

The breakdown of the target into Scope 1 and Scope 2 above was estimated and prepared retrospectively for the purpose of presentation. With regard to the Scope 2 target for 2025, the location-based Scope 2 target served as the best estimate for the market-based target due to the lack of a reliable database at the time the 2021 target was set.

SGL Carbon has not made any changes to the definition of the reporting entity or its value chain during the reporting period. Consequently, the comparability of the greenhouse gas emissions we report is maintained from year to year.

SGL Carbon employs the following recognized conversion factors to calculate Scope 1 and Scope 2 emissions: The conversion of direct CO_2 emissions (Scope 1) is based on the 2024 UK Government GHG Conversion Factors for Company Reporting of the Department for Environment, Food & Rural Affairs (DEFRA). This includes emissions resulting from the consumption of fossil fuels such as gas, oil, and diesel. The DEFRA factors for gas were also applied to district heating and steam, with a 25% surcharge to account for efficiency (company assumption: average efficiency of 80%). The country factors of the International Energy Agency (IEA, "Emission Factors 2022") are used for the location-based Scope 2 emissions in terms of electricity. IEA factors are also used to determine Scope 2 emissions in terms of compressed air. Supplier information was used to determine the market-based Scope 2 emissions in relation to electricity. Alternatively, IEA factors and factors from the U.S. Environmental Protection Agency (EPA) were used. SGL Carbon ensures consistency in reporting by reusing these recommended sources, which are also specified by the GHG Protocol.

GHG emissions intensity per net revenue	Unit	2024
GHG emissions total (location-based) per net revenue	kt CO_2e/1 mill. €	0.59
GHG emissions total (market-based) per net revenue	kt CO_2e/1 mill. €	0.55

The purchased renewable electricity came exclusively from bundled contractual instruments (i.e. the use of explicit renewable energy contracts). The share of purchased renewable electricity from bundled contractual instruments amounted to 6.6% (28,162 MWh) in the reporting year. The share of purchased renewable electricity from unbundled contractual instruments amounted to 0% (0 MWh) in the reporting year.

The biogenic emissions in relation to Scope 1 amounted to around 500 tons of CO_2e from steam generation with biomass at our Lavradio site (Portugal). To determine the emissions, purchasing data from SAP BW was used and the DEFRA factor for biomass from wood pellets was applied.

Biogenic emissions in relation to Scope 2 and Scope 3 could not be determined. The IEA factors (Scope 2) we use and our Scope 3 estimation approach do not allow for a breakdown by biogenic emissions.

For calculations, SGL Carbon uses a calculation/consolidation tool based on SAP (so-called Business Warehouse, BW and Strategic Enterprise Management Business Consolidation System, SEM-BCS).

The calculation of emissions in the upstream supply chain (Scope 3 categories 1 to 6) was carried out using the "estell 6.1" database from the consulting firm Systain Consulting GmbH (Hamburg). SGL Carbon selected the estell database as it provides a methodology for determining emissions in the upstream supply chain. SGL Carbon has relied on this database since 2022. The estell methodology is based on a detailed multi-regional input-output database (Environmentally-extended input-output, EEIO, database; see also GHG Scope 3 Protocol, Chapter 7), which is based on the input-output table of the OECD ICIO (2018 edition, data from 2015) (https://www.oecd.org/sti/ind/inter-country-input-output-tables.htm) and Exiobase 3.7 (2019 edition, data from 2016) (www.exiobase.eu) which is extended by additional data from the Bureau of Economic Analysis (BEA, www.bea.gov, accessed in 2019, data from 2012). Estell is updated annually in line with price trends using inflation data from DESTATIS and Eurostat.

The activity data was retrieved from SGL Carbon's procurement system (SAP Vendor Spent Report) as a purchase value in euros, categorized by cost type and country of origin. To determine the emissions in the supply chain, the purchase values are allocated to economic sectors by cost type and country and multiplied by estell's emission factors for each unit of demand, in each economic sector and region. The estell emission factors include the upstream emissions (cradle-to-gate) of all relevant process steps for each good or service. The model utilizes global warming potential (GWP) values from the IPCC's AR 6 (2023) for a 100-year period, including carbon feedbacks. The following Scope 3 categories were evaluated with estell: 1. purchased goods and services, 2. capital goods, 3. fuel and energy-related emissions (not included in Scope 1 or 2), 4. transportation and distribution (upstream), 5. waste, 6. business travel.

The percentage of emissions calculated using primary data from suppliers or other value chain partners in the reporting year is 0%.

Scope 3 Category 7, employee commuting, was estimated for the first time in the reporting year using global assumptions about distance and means of transport. No primary data was collected from employees; instead, assumptions were used that were taken from publicly available sources. Under Scope 3 Category 8, upstream leased assets, emissions from the company's leased vehicles are reported. The estimates are based on operating cost analyses from the leasing company.

Scope 3 Category 12, end-of-life treatment of sold products, was collected in a global multi-stage estimation. Sales volumes were estimated from SAP sales data, and an average carbon content was estimated for each product category by experts from the business units. Using OECD data, regional disposal routes were identified, and an average emission factor was estimated for each disposal route. The emission factor for recycled materials was set at zero. The emission factor for incineration without energy recovery was calculated assuming that 100% of the carbon content was converted to CO_2. The emission factor for incineration with energy recovery was calculated assuming that 25% of the carbon is converted to CO_2. The remaining CO_2 was allocated in net terms to energy generation.

The emissions of Scope 3 Category 9, downstream transport, were not determined. Downstream transports commissioned by SGL are included in Category 4. Upstream transport and distribution as specified in the Greenhouse Gas (GHG) Protocol. SGL Carbon plans to close this data gap in the future.

Due to the complexity of the company's customer, product and application portfolio, no reliable data could be estimated for Categories 10. Processing of sold products and 11. Use of sold products. SGL Carbon plans to close this data gap in the future.

Under Scope 3 Category 13, downstream leased assets, no emissions were recorded in the reporting year.

Scope 3 Category 14, franchises, was not relevant in the reporting year.

Under Scope 3 category 15, investments, we report the emissions (Scope 1, 2 and 3) of our subsidiary Brembo SGL Carbon Ceramic Brakes S.p.A. (Italy). The information is based on information from the associate company, which estimated its emissions for the 2023 fiscal year. An estimate for the 2024 fiscal year was not available at the time of reporting. The data from 2023 served as a best estimate for the reporting year. The total emissions are recognized in accordance with the capital share of 50%.

The emissions of the investment MCC-SGL Precursor Co. Ltd. (Japan) are included in Scope 3 Category 1, purchased goods and services (purchased carbon fiber precursor). The emissions of the participation Fisigen S.A. (Portugal) are included in the Scope 2 emissions (purchased steam).

No significant events or changes in circumstances relevant to greenhouse gas emissions for the 2024 fiscal year occurred between the company's reporting dates and preparation of the sustainability declaration.

The investments in the project to construct a steam generation plant using biomass at our site in Lavradio, Portugal, are reported in the disclosures relating to Article 8 of the EU Taxonomy in the Capex declaration form under the category Generation of heat and steam (CCM 4.24).

The revenue from the consolidated income statement was used for the calculation of greenhouse gas intensities.

If Scope 1 and Scope 2 CO_2 emissions are compared to adjusted sales (excluding price, currency and other special effects), they have decreased from 0.27 kt CO_2e per €1.0 million in 2023 to 0.23 kt CO_2e per €1.0 million in 2024. This is a company-specific metric that is reported due to disclosure obligations in financing instruments (voluntary disclosure according to ESRS1.114).

Internal carbon pricing (E1-8)

SGL Carbon has been using an internal CO_2 price exclusively in its investment approval process ("Internal Carbon Pricing", ICP) since 2022. Only a so-called CO_2 shadow price is applied to compare investment alternatives. Other instruments, such as internal CO_2 fees or internal CO_2 funds, are not used.

The internal CO_2 price was set at €100/t CO_2e. This internal CO_2 price is at the record level of the price for emission certificates in the European Emissions Trading System (EU-ETS), which was reached in February 2023. By the end of February 2024, the price for emission certificates in the EU-ETS had fallen to €56/t CO_2e. At the end of December 2024, it was around €72/t CO_2e.

The internal CO_2 price of €100/t was maintained unchanged under the assumption that the record level of the price for emission certificates in the European Emissions Trading System will be reached again. By the end of February 2024, the price of emission certificates in the EU ETS had fallen to €56/t CO_2e. This represents a significant decrease from the €72/t CO_2e recorded at the end of December 2024.

The internal CO_2 price of €100/t was left unchanged on the assumption that the record level of the price for emission certificates in the European Emissions Trading System will be reached again. As part of the group-wide global investment approval process, SGL Carbon analyzes the technical facilities, their expected energy consumption and the planned energy sources. Energy costs are recorded in the associated economic evaluation. In investment projects where different energy sources can be used through technological alternatives, the CO_2 shadow price is applied in the cost comparison calculation.

Since 2022, a total of three investment projects have been evaluated using the internal CO_2 price. As a result of implementing these investment projects, around 1.1 kt CO_2e additional Scope 1 emissions will be emitted (resulting from two projects) while 0.7 kt CO_2e Scope 1 emissions will be saved (resulting from one project). In total, the three investment projects are associated with additional emissions of approximately 0.4 kt CO_2e Scope 1 emissions per year. This corresponds to around 0.6% of SGL Carbon’s Scope 1 emissions in the reporting year. These figures have not been validated by an external body.

These are gross GHG emissions. Scope 2 and Scope 3 emissions were not evaluated.

Since the company applies the internal CO_2 price exclusively for investment projects, a comparison with other internal CO_2 prices is not applicable.

The internal CO_2 price has not yet been used in the valuation of intangible assets and fixed assets, in impairment tests for assets, or in fair value measurement in connection with business acquisitions.

Resource Use and Circular Economy (E5) - Environmental Matters

Policies related to resource use and circular economy (E5-1)

SGL Carbon requires a wide range of resources (including non-renewable raw materials) to manufacture materials and products. Our manufacturing processes result in resource outflows (products and materials), including various waste streams.

SGL Carbon addresses the following substantive focus areas related to sustainable resource use, the circular economy and waste management in its Global Environmental Policy: We endeavor to act in a resource-efficient manner. SGL Carbon implements local and Group-wide initiatives aimed at minimizing consumption of natural resources, including targeted actions to reduce material and resource use. Our waste management approach is focused on waste prevention and reduction. Through our actions in this area, we aim to reduce the waste generated during production and to develop methods for reusing materials.

SGL Carbon's resource inflows primarily come from the chemical industry (e.g., acrylonitrile, special chemicals such as resins) and from the petrochemical and coal chemical industries (e.g., petroleum and pitch coke, pitch materials). Most of the inflows from the petrochemical and coal chemical industries are co-products generated in those sectors and then used by SGL Carbon to produce specialty graphites.

SGL Carbon aims to reduce its resource use and is working on increasing the share of recycled and renewable raw materials, as well as preventing waste or directing it for recycling.

In doing so, the company is addressing the following main risks identified in internal expert assessments based on past experience:

Non-renewable resources could become limited in availability, or become depleted in the long term, making the use of such resources less economical for SGL Carbon. This risk encompasses potential supply chain disruption, increasing costs, technological constraints, challenges in competitiveness and reputational risks for the company.

In some cases, manufacturers may be required by law to take back products. The obligation to take back non-recyclable products or materials from customers or end-users may entail additional costs for SGL Carbon due to the related transportation and disposal costs.

Given the limited disposal and recycling options, any increasing requirements related to the disposal of non-recyclable waste could lead to additional expenditure, and thus financial burden, for the company. At the same time, customers could face higher costs and reduced access to disposal services.

Further information on the processes for identifying material impacts, risks and opportunities can be found in the chapter “General disclosures” under the IRO-1 section. Please also refer to the SBM2 and 3 sections, where we set out the material resource use and circular economy–related impacts, risks and opportunities and the involvement of our stakeholders. Affected communities were not directly consulted. We have mainly incorporated their assessments through internal expert workshops and by surveying our employees, many of whom live in the direct vicinity of our sites.

Transparency and improved data availability are cornerstones of our corporate strategy regarding resource use and circular economy. SGL Carbon therefore determines its resource consumption by measuring, calculating and managing inflows and outflows at its global production sites, including energy consumption and the materials needed for its industrial and commercial processes.

The company measures and reports on waste volumes generated at its sites, how this waste is handled and whether the waste is reused or directed for disposal, e.g., via landfill or some other method. A distinction is made here between hazardous and non-hazardous waste.

The Board of Management is responsible for strategy development and policy implementation.

SGL Carbon pursues the use of secondary, recycled raw materials. In particular, residual materials from the company's production process stages are recycled for environmental and economic reasons.

By-products from the production of graphite blocks are ground and then reintroduced into the production process. Residual carbon fibers are used to produce injection-molded parts, among other things. Plastic packaging materials are being replaced by cardboard and other alternatives.

Within the scope of strategic development, SGL Carbon's business units strive for sustainable procurement and the use of renewable resources. Opportunities for these typically arise for SGL Carbon from biologically based raw materials such as bio-based acrylonitrile, which can be used to manufacture carbon-fiber precursors, or biologically based resin systems, which are used in fiber-reinforced components. In these bio-based source materials, petroleum-derived starting materials are replaced with renewable plant-based components. Procurement of such renewable raw materials usually entails additional costs. Accordingly, our approach also includes targeted identification of customers and customer segments willing to pay a premium for greener products.

With these concepts, SGL Carbon strives to reduce and, where technically and economically possible, avoid the use of primary raw materials. As a result, the company expects a relative increase in the use of secondary (recycled) resources. However, the related projects are still in their early stages.

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

Actions related to resource use and circular economy are implemented in our four business units and our Corporate unit.

In the area of the circular economy, the Graphite Solutions (GS) business unit is pursuing projects and approaches intended to optimize resource use and close material loops. Waste management, safe methods of disposal and economically feasible recycling activities contribute to this.

Where possible, by-products from graphite manufacturing are processed internally and repurposed for other applications, with the aim of reducing waste and increasing production efficiency.

Moreover, graphite-containing dust from mechanical finishing is reintroduced into the production process, thereby reducing the use of primary raw materials in the manufacture of semi-finished graphite products.

The EU-funded ICARUS project is pursuing the closure of material loops in the production of silicon wafers for the solar industry. Under this framework, SGL Carbon is examining ways to reuse recycled graphite from solar silicon processing in synthetic graphite applications. This long-term project is being realized in stages up to 2025 and is being funded by the EU under the Important Projects of Common European Interest (IPCEI) program. An industrial implementation is planned from 2026.

The GS business unit is also looking at alternative carbon raw materials, including renewable raw materials and recycled sources. The goal is to replace fossil raw materials with sustainable alternatives and further reduce the company's environmental footprint. Implementation on an industrial scale is not expected before 2030.

Wood-based viscose materials are being used today as a precursor for the production of soft felt. This is now an established process.

A project in the Carbon Fibers (CF) business unit is developing CO_2-reduced 50k carbon fiber, which can contribute to the sustainable transformation of various industries. The main focus here is on reducing the carbon footprint and using renewable energy. Steam for the production process is generated using biomass, while the electrical energy required is obtained from renewable sources. Another factor in reducing carbon emissions is the use of "green" acrylonitrile from renewable sources, which allows for a further reduction in the carbon footprint.

SGL Carbon has a production capacity of 4,000 tons for the manufacture of CO_2-reduced carbon fiber. It expects demand-driven interest for these fibers from carbon-sensitive sectors such as the automotive and wind industries, which are increasingly focused on sustainable materials and could benefit from the CO_2 reductions in their products.

The Carbon Fibers business unit is also involved in the “Green Carbon” project sponsored by the Technical University of Munich, which is examining ways of obtaining “green” acrylonitrile from algae for use as a precursor for the manufacture of carbon fibers. SGL Carbon is evaluating the properties of the biologically based acrylonitrile and examining its suitability in volume production of carbon fibers. The first precursor material and carbon fibers from biologically based acrylonitrile were successfully produced back in 2022. Manufacturing of market-ready “green” carbon fibers is expected to commence in the second half of the present decade. The project is partly financed through government funding.

As a member of the Composites United e.V. association, the CF business unit also takes part in exchanges relating to resource-efficient carbon fiber production and the ongoing development of end-of-life recycling processes. SGL is already internally processing residual carbon fibers from production today for use in injection-molded materials, among other things.

Another focus is on reusing and recycling textile production residues from glass and carbon fibers that are processed by cooperation partners and used in new applications.

The Process Technology (PT) business unit repurposes production by-products for internal or external use. For example, graphite tubes damaged during production are reworked into column filling material. Graphite dust and chips resulting from mechanical processing are collected and used externally. The amount of resin systems used is being reduced through process optimizations. Reusable shipping crates are being utilized where possible.

By offering its customers installation, commissioning, inspection, maintenance and remote services, the PT business unit is ensuring optimal usage of equipment at all stages of operation and extending its service life. Operational efficiency at customers is being improved through regular maintenance and routine inspections.

The PT business unit takes a product design approach intended to ensure high reliability and durability and facilitate repairs and upgrades. This helps to reduce resource consumption throughout the product life cycle. PT also offers customers custom end-of-life solutions tailored to their specific requirements. These include refurbishment of equipment or further use of individual components and are intended to improve recyclability and reduce waste.

The Composite Solutions (CS) business unit has increased its development activities in the area of sustainable fiber composites since 2023. As part of a three-year research project, the CS business unit is working on developing a resource-efficient and recyclable battery housing. The project, a cooperation with a range of industry and research partners, is set to run until spring 2026.

Collaboration with various companies from the recycling industry for reprocessing fiber composite components has been continued and expanded to include new approaches. In the process, carbon and glass fibers are recovered for further use as reinforcement for injection-molded components or molding compounds.

SGL Carbon is involved in the recycloPreg research project, which aims to develop sustainable composite materials by combining natural fiber nonwovens with glass or carbon fibers and then reinforcing them through a bio-based resin system. Using a closed-loop recycling process, the materials are separated by solvolysis at the end of their life cycle to return the fibers and resins to the manufacturing process. The CS business unit is involved in manufacturing a demonstrator component and producing a life cycle assessment of the entire process in order to identify the CO_2 savings potential compared with conventional materials and processes. The project was launched in November 2024 and is set to run for three years.

In the Corporate business unit (Logistics), styrofoam linings for specific cardboard packaging have been replaced with recycled cardboard bags. This has helped to reduce the amount of packaging material containing plastic. Moreover, paper is now being used instead of plastic for packing slip envelopes; likewise in 2024, a system for reusing large wooden shipping crates was introduced at the Meitingen site.

In waste management, a software solution was implemented at the four German sites in Meitingen, Bonn, Wackersdorf and Willich that enables data collection, classification and tracking. The introduction of this software contributes to the optimization of waste management processes and increases resource efficiency through improved data availability. In the course of 2025, it is planned to extend the use of the software to the handling of hazardous waste (“electronic consignment note procedure”).

Targets related to resource use and circular economy (E5-3)

Up to the time of reporting, SGL Carbon has not yet set any results-oriented targets related to resource use and circular economy that are measurable across the Group. However, it does plan to set both circular economy and waste management targets by the end of 2027 at the latest.

To review the effectiveness of our strategies and actions related to resource use and circular economy, we track progress on projects for the use of circular raw materials in the business units' development departments. The sites also set specific waste targets, mostly regarding the implementation of waste-related actions. In Germany, the Circular Economy Act ("Kreislaufwirtschaftsgesetz", KrWG) stipulates the appointment of waste management officers at site level, who document the respective progress in their annual waste reports. Waste-related targets and actions are also reported on in accordance with the ISO 14001:2015 standard for the ISO 14001:2015–certified sites of Meitingen (SGL Technologies GmbH), Ried & Ort in Innkreis (SGL Composites GmbH) and Wackersdorf (SGL Composites Materials Germany GmbH).

Resource inflows (E5-4)

SGL Carbon is a manufacturing company. We source a large number of raw and other materials. Our material resource inflows include:

raw materials such as acrylonitrile and polyacrylonitrile (PAN) precursor for carbon-fiber production; cokes, pitches and natural graphite for graphite production; chemicals such as epoxy resins and different fiber types; equipment and system parts, including spare parts, consumables (process gases, chemicals, filters, cleaning supplies, non-metal consumables, laboratory supplies, lubricants, oils, adhesives); packaging materials (shipping crates, wood, pallets); IT equipment; tools and personal protective equipment (PPE); building and production equipment (furniture, electrical equipment); and water, which is mainly used for process cooling and is recycled.

Resource inflows	Unit	2024
Total weight of resource inflows	kt	112.2
Total weight of the products used	kt	79.7
Total weight of technical materials	kt	30.5
Total weight of biological materials	kt	2.0
Proportion of sustainably sourced organic materials[1]	%	0.0
Reused or recycled secondary components, products and materials used in the manufacture of the company's products and services[2]	kt	2.4
Reused or recycled secondary components, products and materials used in the manufacture of the company's products and services[2]	%	2.1

[1] Organic materials (and biofuels used for non-energy purposes) used in the manufacture of the company's products and services (including packaging) that are sustainably sourced, with information on the certification scheme used and the application of the cascade principle

[2] Including packaging

In the reporting period, the overall total weight of the products used and of the technical and biological materials was determined using the SAP purchasing data recorded in the Vendor Spend Report. The weight information was taken directly from the purchasing postings. Weight information from the material master data was used for items for which no weight information was available in the purchasing postings. Where it was not possible to determine the weight information using either of these approaches, an average weight was estimated based on the respective material group and purchase value.

The weight of the reused or recycled secondary components, products and materials (including packaging) used to manufacture the company's products and services was estimated as follows: The business units analyzed their purchasing processes and determined the recycled secondary components exclusively when purchasing steel. The share of recycled steel was estimated using regional steel recycling rates. Information was obtained from suppliers for some steel purchasing processes. To estimate the recycled share of the packaging materials acquired, regional recycling rates by packaging material group were used and applied to the company's procurement volume.

We record all of our material inflows in SAP and conduct analysis using our Vendor Spend Report (in SAP Business Warehouse). This report is based on our SAP system, where we record all invoice entries. Individual items can be allocated to specific orders, goods groups and material numbers based on the invoice documents.

As part of collecting data on resource inflows, the volumes required are determined based on the goods receipt postings or the material master data in the SAP system. Estimates are used if no information on volumes is available in the system, with an average specific weight being assigned to the purchase value.

Double counting is avoided by using the Vendor Spend Report, which clearly differentiates each invoice.

Resource outflows (E5-5)

SGL Carbon strives to increase the share of recycled and reused materials in its products. By-products from production processes are reused internally wherever possible. The aim here is to ensure that materials from the first usage phase do not go unused but are reintroduced into the production cycle. If the by-products cannot be used internally, the company works with external partners to maximize their material or thermal recycling.

Given the specific requirements for our products and materials, the possibilities to fully design them according to the principles of the circular economy are technically limited. To date, there are only a few product lines where circular raw materials can be used and are also in demand by customers.

The company is working on recycling projects intended to increase the extent to which products, materials and waste are recirculated in practice after first use (see the Actions, E5-2 section).

SGL Carbon’s waste management approach addresses both reducing resource use and optimizing resource efficiency. Responsible resource use is part of our environmental management framework. With this in mind, we monitor, separate and document our waste streams and introduce improvements to reduce our waste volume.

In cooperation with plant operators and operations managers, we develop actions based on the European waste hierarchy to prevent waste and ensure efficient resource use. This hierarchy prioritizes prevention of waste, followed by recycling and then disposal. Where possible, we use equipment by-products as raw materials in other production processes to minimize waste and utilize the raw materials deployed to maximum effect.

If we cannot reuse these within operational processes, we look for alternative possibilities for material and thermal recycling. Materials resulting from construction activities are recycled to the extent possible.

The Corporate Environmental, Health and Safety Affairs (EHSA) corporate function conducts regular site audits to monitor compliance with legal and internal requirements. We also inspect the disposal facilities with which we cooperate to ensure proper and environmentally sound disposal.

Employee training is a further component of our waste management strategy. This covers our internal waste balance sheet, waste reduction projects, waste separation guidelines within the company and current legal requirements. At SGL Carbon GmbH in Germany, this training is supplemented by a manual that serves as a reference guide for the logistics and production teams and helps ensure legally compliant waste management. Our international sites observe the respective local laws.

SGL Carbon produces materials, products and solutions in four business units.

The GS business unit produces synthetic fine grain graphite blocks, expanded natural graphite, specialty graphites (some with high-purity coatings), graphite anode material and parts for fuel cells. Graphite materials are used in carburization during steel production as a recycling process.

The PT business unit produces process solutions and equipment, parts for corrosive applications, components and assemblies, and spare parts. Key components are often made from or with graphite or polytetrafluorethylene (PTFE). In particular, the incorporated steel content is recyclable. The graphite used in the business unit undergoes impregnation, rendering it unsuitable for recycling.

The CF business unit produces textile acrylic fibers, carbon fibers, nonwoven and woven textiles and pre-impregnated materials. Carbon fibers and textile acrylic fibers can be recovered as short-cut or ground material, a process termed downcycling.

The CS business unit produces composite components (in large- and small-scale production), friction linings for wet running and insulation materials. Carbon fibers in the components can be recovered through separation from the resin by solvolysis.

We normally use recyclable cardboard boxes and wooden crates as packaging.

SGL Carbon's products are typically not designed based on circular principles.

Resource outflows	Unit	2024
Expected durability of the products marketed by the company in relation to the industry average		N/A[1]
Repairability of products, if possible using an established evaluation system		N/A[2]
Recyclable content in products	%	56.2%
Recyclable content in packaging	%	94.0%

[1] The company is not aware of any industry averages
[2] The company's products are mostly materials, so repairs are not planned

SGL Carbon is not aware of any industry averages for the durability of the products it places on the market. It was therefore unable to compare the expected durability of the products it places on the market with the industry average for each product group.

The majority of SGL Carbon's products are materials. Obviously, these cannot be repaired. In particular, the PT business unit conducts repairs on equipment and components, such as heat exchangers or pumps, which increases their service life.

The business units determined the rate of recyclable content in products by evaluating the recyclability of the product groups sold in the reporting year. They then totaled the sales volumes of all recyclable products and related this to the overall total weight of the materials used in the reporting period.

The rate of recyclable content in packaging was estimated using the following method: The packaging materials procured in the reporting year were divided into packaging material groups, and research was conducted to find industry information on the recyclability per group. The recyclable content was determined by totaling the recyclable content of all packaging material groups and relating this to the total volume of all packaging material procured.

Resource outflows are posted in SAP. Within the individual posting transactions, the information collected includes the supplying plant, the materials themselves and the associated business unit and product line. Analysis is conducted in a consolidated dataset, the total of which corresponds to Group revenue. This rules out double counting in particular.

For posting transactions for which no associated weight could be assigned by the system, this was estimated by assuming an average revenue-specific weight.

SAP BW is used to record and assign waste volumes (see below). The amount of waste generated is recorded monthly at the company's sites and assigned to the relevant waste categories. Disposal documentation from the commissioned specialist disposal companies is used for this. The figures for all sites are totaled in the SAP BW system.

Waste generation of harzardous and non-hazardous waste

Waste generation	Unit	2024
Waste quantities diverted from disposal		
Hazardous waste	t	741
Preparation for reuse	t	0
Recycling	t	158
Other recovery operation types	t	583
Non-hazardous waste	t	9,767
Preparation for reuse	t	0
Recycling	t	5,586
Other recovery operation types	t	4,181
Waste quantities diverted from disposal (total)	t	10,508
Waste for disposal		
Hazardous waste	t	2,288
Incineration	t	208
Landfill	t	1,085
Other disposal operations	t	996
Non-hazardous waste	t	14,430
Incineration	t	73
Landfill	t	6,473
Other disposal operations	t	7,884
Waste for disposal (total)	t	16,718
Total quantities		
Total amount of hazardous waste	t	3,029
Total amount of radioactive waste	t	0
Total amount of waste generated	t	27,226
Total amount of non-recycled waste	t	21,482
Percentage of non-recycled waste	%	78.9

The volumes of waste generated across the Group are broken down using criteria for recycling and disposal and into hazardous and non-hazardous waste to ensure their proper disposal.

SGL Carbon’s typical waste includes materials such as industrial municipal waste, filter dust, packaging emptied of residues, used linings and fireproof materials, construction and demolition materials and chemicals (organic and inorganic).

The waste and materials contained therein differ across SGL Carbon’s four business units.

Typical waste for the GS business unit includes materials diverted from disposal such as scrap wood, paper, glass, scrap metal, plastics, carbon black, machining sludges, mixed municipal waste, bulk waste, washing ethanol, waste oil, electronic waste, filter dust, green waste, phenol resin, operating materials containing oil, sodium sulfate and plastic with adhesive residues. Kiln bricks, insulation material, lime sludge, lime hydrate, packaging dust, green dust, acids and alkalies are directed to disposal.

Typical waste for the PT business unit includes materials diverted from disposal such as scrap wood, paper, glass, scrap metal, plastics, carbon black, machining sludges, mixed municipal waste, bulk waste, waste oil, electronic waste, filter dust and graphite debris. Contaminated graphite from machines, insulation material, acids and alkalis are directed to disposal.

Typical waste for the CF business unit includes materials diverted from disposal such as scrap wood, paper, glass, scrap metal, plastics, mixed municipal waste, bulk waste, waste oil, electronic waste, filter dust and carbon fibers. Resins, insulation materials and contaminated operating materials are directed to disposal.

Typical waste for the CS business unit includes materials diverted from disposal such as scrap wood, paper, glass, scrap metal, plastics, mixed municipal waste, bulk waste, waste oil, electronic waste, filter dust and carbon fibers. Resins, insulation materials and contaminated operating materials are directed to disposal.

The sites produce what are known as waste balance sheets, which serve as an internal control and planning tool. These sheets provide information on internally recorded waste, offering an overview of its nature and volume, disposal methods and waste-related costs.

The various waste fractions are systematically recorded based on records from daily operations and accounting documents, as well as the provided input registers for the disposal facilities; in the case of the German sites, they are amalgamated with the help of a database to produce the waste balance sheets. The waste generated during manufacturing of salable products is considered, along with special effects from specific project activities.

SGL Carbon also records the waste volumes for all production sites worldwide in a database in SAP BW (Business Warehouse). The local EHS managers ensure this information is recorded each month. Corporate EHSA conducts plausibility checks. The data related to the volumes and how the waste is ultimately disposed of is based on documents from the commissioned disposal companies.

Information in Relation to Article 8 of the EU Taxonomy

In December 2019, the European Commission presented the “European Green Deal,” which includes the goal of making the European Union climate-neutral by reducing net greenhouse gas emissions in the European Union to zero by 2050. Achieving this goal will require action, such as redirecting private and public capital into environmentally sustainable activities. This required the development of the EU Taxonomy Regulation (EU 2020/852 or “EU taxonomy”), a classification system for defining environmentally sustainable economic activities.

For the 2021 fiscal year, companies that publish a non-financial report were for the first time required to provide information on taxonomy-eligible revenue shares, capital expenditure (capital expenditure, capex), and operating expenses (opex) in accordance with the EU taxonomy. SGL Carbon has been covered under this obligation since 2021 and so published this information for its taxonomy-eligible economic activities in 2021 in relation to the two published environmental objectives of climate change mitigation and climate change adaptation. The key figures have not yet been assessed in terms of their environmental sustainability for fiscal year 2021, as required by the EU taxonomy.

Starting in fiscal year 2022, legal requirements expanded reporting to include taxonomy-aligned economic activities. SGL Carbon is subject to this obligation. The necessary analyses were adjusted accordingly.

Also in 2023, the internal obligation to assess the taxonomy eligibility of environmental objectives 3 to 6 (sustainable use and protection of water resources, transition to a circular economy, prevention of pollution, and protection of ecosystems and biodiversity) applied for the first time. An assessment of taxonomy compliance for these environmental targets is required for the first time in the 2024 fiscal year and was therefore performed by SGL Carbon in 2024. The assessment took into account the Delegated Regulations (EU) 2021/2139, (EU) 2022/1214, (EU) 2023/2485, (EU) 2023/2486, and EU C (2023) 3850.

Determination of relevant taxonomy codes

For the 2024 fiscal year, SGL Carbon identified the following economic activities and products as taxonomy-eligible in connection with the climate change mitigation (CCM) goal:

Manufacture of renewable energy technologies (CCM 3.1). This includes carbon fibers for use in the wind industry and specialty graphite products for the wind industry (carbon brushes for wind turbine transmission and control).

The **Manufacture of batteries (CCM 3.4)** category includes the graphite anode material for lithium-ion batteries produced by the Graphite Solutions business unit, which is used in electromobility.

The **Manufacture of automotive and mobility components (CCM 3.18)** category includes fiber-reinforced composite battery housings for electric vehicles produced by the Composites Solutions business unit.

Production of heat/cool from bioenergy (CCM 4.24). This includes steam generation from biomass at the Carbon Fibers business unit’s Lavradio site.

In connection with the environmental objective of transforming to a circular economy (CE), the **Repair, refurbishment and remanufacturing (CE 5.1),** and, within that, the service and repair services for heat exchangers in the Process Technology business unit were identified as taxonomy-eligible.

Additionally, the following economic activities will be reported in 2024 for the first time. In previous years, SGL Carbon had focused on evaluating and reporting on the materials produced by the Group and the associated costs. As a result, the following activities were previously outside the scope of the report but are now reportable:

Transport by motorbikes, passenger cars, and light commercial vehicles (CCM 6.5). This includes, in particular, company-leased vehicles (cars).

Taxonomy-eligible activities identified as part of the **Construction of new buildings (CCM 7.1)** activity include the construction of two production halls at the Meitingen (Germany) site for use by Brembo SGL Carbon Ceramic Brakes, a non-consolidated subsidiary, as well as the construction of production facilities in Bonn (Germany) and Saint Marys (US).

Renovation work at the Bonn (Germany) site was identified in the **Renovation of existing buildings (CCM 7.2)** activity.

No taxonomy-eligible SGL Carbon activities were identified under the environmental goals of adaptation to climate change, sustainable use and protection of water resources, prevention of pollution, and protection of ecosystems and biodiversity.

Determination of the taxonomy metrics

Reporting on the nature of taxonomy-eligible as well as taxonomy-aligned economic activities is carried out in accordance with the Taxonomy Regulation (EU) 2020/852. The metrics to be reported are the shares of taxonomy-eligible and taxonomy-aligned revenue, investments, and operating expenses. SGL Carbon does this using the reporting forms provided in Annex II of Regulation (EU) 2021/2178 and updated in Regulation (EU) 2023/2486.

The data collection is based on consolidated Group data. Double counting in the allocation of revenue, investments, and operating expenses is avoided. If data could not be clearly allocated when determining the metrics, suitable allocation keys were used.

The EU taxonomy defines **revenue** as net sales of goods or services including intangible assets. The share of revenue associated with taxonomy-eligible economic activities is divided by net sales. To determine the taxonomy-eligible revenue, the respective SGL Carbon products were allocated to the taxonomy-eligible economic activities. For the products identified in this way, the corresponding revenue with third-party customers for the 2024 fiscal year (numerator) was determined and compared to the revenue reported in the consolidated income statement (denominator).

Capital expenditures (capex) as defined by the EU taxonomy comprise additions to property, plant and equipment and intangible assets in the financial year under review before depreciation, amortization, and revaluations. In addition, there are cash inflows from capitalized leases, to investment property, and to agricultural items; however, these three categories of expenditure do not exist at SGL Carbon. Taxonomy-eligible capital expenditures relate to assets or processes associated with taxonomy-eligible economic activities or that are part of a plan to expand taxonomy-aligned economic activities or transform taxonomy-eligible economic activities into taxonomy-aligned economic activities or that relate to the acquisition of products from taxonomy-aligned economic activities and individual actions that carry out the target activities in a low-carbon manner or reduce greenhouse gas emissions. SGL Carbon refers to capital expenditure on property, plant, and equipment and intangible assets (denominator). From this, the share of taxonomy-eligible capital expenditures is to be determined (numerator). For this purpose, the products identified via the taxonomy-eligible economic activities were related to the corresponding capital expenditures and, in addition, individual capital expenditures from the purchase of products from taxonomy-eligible economic activities and the implementation of individual measures to reduce greenhouse gas emissions were taken into account. The various taxonomy-eligible capital expenditures were compared to the investments reported in the Annual Report (see Annual Report, cash flow from investing activities).

Operating expenses (opex) as defined by the EU taxonomy comprise direct, non-capitalized costs relating to research and development and maintenance and repair, short-term leases and rentals, and the maintenance and repair of tangible and intangible assets. Taxonomy-eligible operating expenses relate to assets associated with taxonomy-eligible economic activities or that are part of a plan to expand taxonomy-aligned economic activities or transform taxonomy-eligible economic activities into taxonomy-aligned economic activities, or that relate to the acquisition of products from taxonomy-eligible economic activities and individual measures that carry out the target activities in a low-carbon manner or reduce greenhouse gas emissions (such as individual building renovations). SGL Carbon refers to expenses for maintenance and repair, rentals and leases, renovations, and research and development (denominator). For this, the share of taxonomy-eligible operating expenses is determined (numerator). For this purpose, the products identified via the taxonomy-eligible economic activities were related to the corresponding operating expenses and, in addition, individual operating expenses from the purchase of products from taxonomy-eligible economic activities and the implementation of individual measures to reduce greenhouse gas emissions or building renovations were taken into account. This metric is determined exclusively as part of taxonomy reporting as there is no equivalent to financial reporting KPIs defined elsewhere.

Verification of taxonomy alignment

To be considered taxonomy-aligned, an economic activity must satisfy the technical screening criteria (TSCs) as follows: it must make a substantial contribution to at least one of the six environmental objectives (satisfying the criteria in the Substantial Contribution section) and must not cause significant harm to the other five environmental objectives (satisfying the criteria in the Do No Significant Harm (DNSH) section). In addition, the minimum safeguards for occupational safety and human rights must be observed and respected.

First, the product portfolio of each business unit was reviewed with regard to the description of the activity according to (EU) 2021/2800 Annex I. For this purpose, business unit experts from sustainability, product management, development, and application technology were consulted. If there was agreement, the technical evaluation criteria were reviewed with the same group of experts with regard to a significant contribution to climate change mitigation and the transition to a circular economy. Environmental experts from Corporate EHSA were consulted for the subsequent review of “Do no significant harm (DNSH).” The results were recorded and documented.

In the 2024 fiscal year, capital expenditures were made related to the acquisition of products from taxonomy-eligible and taxonomy-aligned economic activities and individual actions that carry out target activities in a low-carbon manner or reduce greenhouse gas emissions. Verification of the alignment of this investment (capex (c)), including compliance with the minimum safeguards, must already be performed at the supplier level if SGL Carbon cannot answer the relevant questions itself. Questionnaires with relevant questions were sent to suppliers for this purpose.

Minimum safeguards

The minimum social safeguards for SGL Carbon as a whole were assessed across all activities as part of ensuring taxonomy alignment in accordance with Article 18 of the EU Taxonomy Regulation.

Minimum safeguards as defined by the EU taxonomy include the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Core Labor Standards, and the International Bill of Human Rights. As a signatory to the UN Global Compact and in its internal guidelines (SGL Carbon Code of Conduct, Human Rights Guideline, and Supplier Code), SGL Carbon is committed to respecting and protecting human rights and upholding the principles of the UN Global Compact, which are based on the above-mentioned sets of rules. SGL Carbon has introduced a Human Rights Management System, which is part of the overarching and certified Compliance Management System. For the elements of the Human Rights Management System, please refer to the chapters on respect for human rights, responsibility in the supply chain, occupational health and safety, and compliance management in this sustainability report.

Categorization of the following reporting templates

The following tables show the taxonomy-eligible (eligible) and taxonomy-aligned (aligned) portions of SGL Carbon’s revenue, capital expenditures, and operating expenses for the 2024 fiscal year in the presentation required by lawmakers (see Regulation (EU) 2021/2178, updated in Regulation (EU) 2023/2486).

SGL Carbon has no economic activities in the areas of fossil gas and nuclear energy within the meaning of the EU Taxonomy Regulation. Due to the scope of reporting templates 1 to 5 of the Delegated Regulation (EU) 2022/1214, they are not presented in tabular form since there is no taxonomy eligibility, and all reporting forms would therefore contain “no” or zero.

Outlook

According to Article 19(5) of the Taxonomy Regulation, the EU Commission will review technical assessment criteria on a regular basis or at least every three years in the case of activities that are considered transitional activities within the meaning of Article 10(2) of the Taxonomy Regulation. SGL Carbon will take any resulting adjustments to the Delegated Regulation into account in the future.

Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria: Climate change	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	DNHS criteria ('Does Not Significantly Harm'): Climate change	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Taxonomy-aligned or -eligible proportion of turnover, year N-1	Category (enabling activity)	Category (transitional activity)
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1.	7.0	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.6%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		7.0	0.7%							-	Y	Y	Y	Y	Y	Y	0.6%		
thereof enabling activity		7.0	0.7%							-	Y	Y	Y	Y	Y	Y	0.6%		
of which transitional activity (T)																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of renewable energy technologies	CCM 3.1.	38.3	3.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.0%		
Manufacture of batteries	CCM 3.4.	12.7	1.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.5%		
Manufacturing of automotive and mobility components	CCM 3.18.	20.9	2.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.5%		
Repair, refurbishment and remanufacturing	CE 5.1.	5.3	0.5%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		77.2	7.5%														12.0%		
Total (A.1 + A.2)		**84.2**	**8.2%**														**12.6%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		942.2	91.8%																
Total (A + B)		**1026,4**	**100.0%**																

Template: Proportion of Capex from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria						DNHS criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute Capex	Proportion of Capex	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Taxonomy-aligned or -eligible proportion of	Category (enabling activity)	Category (transitional activity)
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
thereof enabling activity																			
of which transitional activity (T)																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of renewable energy technologies	CCM 3.1.	0.2	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of batteries	CCM 3.4.	1.1	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.4%		
Manufacturing of automotive and mobility components	CCM 3.18.	0.2	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.3%		
Generation of heat/steam	CCM 4.24.	0.3	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.0%		
Transport by motorbikes, passenger cars, and light commercial vehicles	CCM 6.5.	1.4	1.4%																
Construction of new buildings	CCM 7.1.	24.2	23.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Renovation of existing buildings	CCM 7.2.	2.1	2.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		29.5	28.5%														10.7%		
Total (A.1 + A.2)		**29.5**	**28.5%**														**10.7%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		74.0	71.5%																
Total (A + B)		**103.5**	**100.0%**																

Capex: investments in intangible assets and property, plant and equipment plus additions to right-of- use assets

Template: Proportion of Opex from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria						DNHS criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute Opex	Proportion of Opex	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Taxonomy-aligned proportion of Opex, year N-1	Category (enabling activity)	Category (transitional activity)
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
thereof enabling activity																			
of which transitional activity (T)																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of renewable energy technologies	CCM 3.1.	4.2	6.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5.3%		
Manufacture of batteries	CCM 3.4.	4.1	6.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.9%		
Manufacturing of automotive and mobility components	CCM 3.18.	1.1	1.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.7%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9.4	14.0%														20.0%		
Total (A.1 + A.2)		**9.4**	**14.0%**														**20.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Opex of Taxonomy-non-eligible activities (B)		57.7	86.0%																
Total (A + B)		**67.1**	**100.0%**																

Y: Yes, taxonomy-aligned activity that conforms to the relevant environmental objective
N: No, taxonomy-aligned activity, but not taxonomy-aligned with the relevant environmental objective
EL: "eligible," taxonomy-eligible activity for the respective target
N/EL: "not eligible," activity not eligible for taxonomy for the respective environmental objective

Proportion of turnover environmental targets

Abbreviation	Environmental target	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	Climate change mitigation	0.7%	7.0%
CCA	Climate change adaptation	0%	0%
WTR	Water	0%	0%
CE	Circular economy	0%	0.5%
PPC	Prevention and reduction of environmental pollution	0%	0%
BIO	Biodiversity	0%	0%

Proportion of Capex /total Capex

Abbreviation	Environmental target	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	Climate change mitigation	0.0%	28.5%
CCA	Climate change adaptation	0.0%	0.0%
WTR	Water	0.0%	0.0%
CE	Circular economy	0.0%	0.0%
PPC	Prevention and reduction of environmental pollution	0.0%	0.0%
BIO	Biodiversity	0.0%	0.0%

Proportion of Opex / Total Opex

Abbreviation	Environmental target	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	Climate change mitigation	0%	14.0%
CCA	Climate change adaptation	0%	0%
WTR	Water	0%	0%
CE	Circular economy	0%	0%
PPC	Prevention and reduction of environmental pollution	0%	0%
BIO	Biodiversity	0%	0%

Nuclear and fossil gas

Template Nuclear and fossil gas related activities

Row	Nuclear energy related activities	Yes/No
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
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.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	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.	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.	No

Own Workforce (S1) - Employee Matters and Respect for Human Rights

Information in relation to ESRS 2

The process to identify material impacts, risks and opportunities (double materiality) in relation to our own workforce can be found in the chapter "Procedures for assessing materiality" (IRO-1 and 2).

We consider our entire workforce in the materiality assessment, as well as in our final reporting. In this context, SGL Carbon has considered both the upstream and downstream value chain and its own business activities, including our products and services and their direct impacts on the workforce. Where information in our report refers only to parts of our workforce, we specify this in the relevant sections. Additional information on our business model and products can be found in the "Group Fundamentals" chapter of the Group Management Report 2024.

SGL Carbon's workforce is composed of two main groups, employees and non-employees. Our employees are those who have a direct employment contract with SGL Carbon. This includes regular employees, interns, apprentices and working students, unless certain provisions expressly exclude this. It also includes employees in the United States who are in a voluntary employment relationship. Passive employees, such as those in partial early retirement (ATZ) in Germany or those on leave, are excluded, unless stated otherwise (see the additional information in section S1-6).

The second group includes non-employees, such as individual contractors supplying labor ("self-employed people") and people provided by undertakings primarily engaged in employment activities ("third parties"). These non-employees include fixed-term employees, temporary employees and self-employed people. They work under the supervision of SGL Carbon and perform activities where SGL Carbon bears the risk, but are not in a direct employment relationship with SGL Carbon (see the additional information in section S1-7).

In its materiality assessment, SGL Carbon identified three positive material impacts on its own workforce. (See the chapter "Material impacts, risks and opportunities" – SBM-3). We did not identify any negative impacts or risks in relation to our workforce, regardless of their characteristics, activities or position. This is also the case for material impacts on our workforce from the transition plan. Further information on actions can be found in section S1-4 in this chapter. Where we report on activities that have positive impacts, we always refer to our entire workforce, unless expressly stated otherwise.

Strategies related to own workforce (S1-1)

SGL Carbon believes its success is largely based on the motivation and commitment of our employees and the strong cohesion within the workforce. We firmly believe that a values-based corporate culture based on respect, trust and a sense of responsibility is the basis for our long-term success. We therefore advocate for fair working conditions, respect for human rights and a safe, healthy working environment for all employees. These principles are firmly established in our corporate strategy and are designed to make positive social contributions and minimize potential risks for our employees.

SGL Carbon would like to address the material impacts, risks and opportunities affecting our workforce in a targeted manner. This relates in particular to health and safety, working conditions, equal treatment and opportunities (in this regard, also see the chapter "Material impacts, risks and opportunities" – SBM-3. SGL Carbon's policies and guidelines generally apply to the entirety of our own workforce[1] worldwide and are binding on them.

Health and safety
Occupational health and safety is incorporated in our rules of conduct and our corporate strategy. We are responsible for creating a safe working environment for all employees. This is the core objective of our Group guideline on occupational health and safety and the basis on which we prevent, diminish and eliminate impacts and risks relating to health and

[1] The term "own workforce" always relates to SGL Carbon's employees.

safety. A safe working environment is also essential for an undertaking's performance. In this regard, the Code of Conduct and the globally applicable EHSA Guidelines (Environmental Health and Safety Affairs) set out the requirements, guidelines and processes that are binding on all employees.

Regular feedback, training and the active participation of all employees serve to improve the health and safety of all employees on a continuous basis. The Board of Management is responsible for implementing the Group guideline, and all management levels and employees are responsible for complying with the same. In addition, we also use a Group-wide incident management system (based on the Incident Management Procedure) that serves to systematically record and investigate safety-related incidents and derive remediation actions whose effectiveness will subsequently be reviewed.

Working conditions

SGL regards fair, performance-based remuneration as a central work condition for all employees. Globally, SGL pays its employees salaries higher than the minimum remuneration deemed sufficient in the European Union. In Germany, for example, the industry collective agreement model ensures that the parties to the collective agreement find practical, industry-specific solutions on remuneration matters, among other issues. The methodology for determining what we consider to be a fair level of remuneration also includes the definition of activities and the measurement of their value. At the two largest SGL sites in Meitingen and Bonn, the vast majority of employees are bound by the collective agreement for the metal and electrical industry. The Board of Management, managing directors and Human Resources department are responsible for implementing the remuneration system.

Achieving work-life balance is not only in our employees' interests but is also an important means to increase our attractiveness as an employer. Opportunities for hybrid work and flexible work hours are essential conditions for work-life balance.

We offer employees working in administrative areas the option to work remotely in most countries with SGL sites (Germany, France, Italy, Austria, Poland, Portugal, Spain, United Kingdom), with the scope and conditions of this being established locally. Remote work has been introduced at individual sites in three countries (China, Japan, USA). The "Remote Work" general works agreement, implemented in Germany in October 2022, allows for flexible workplace arrangements in that country, covering up to 40% of working time in consultation with management, if allowed by the relevant position. Part-time working models, as provided for in German law, for example, also allow employees to better balance their work and private lives.

Autonomy in choosing working time and flexible working time accounts are additional options available in Germany to make the allocation of working hours more flexible for individuals. At SGL, autonomy in choosing working time is available to all non-tariff employees in Germany. In other words, they are able to arrange their working time independently and flexibly, subject to statutory requirements and operational needs. This contribution to a trust-based working culture is regulated in a general works agreement. Working time accounts for tariff employees allow these employees to arrange their daily or weekly working time flexibly and are governed in local works agreements at German sites. Managing directors, managers with delegated entrepreneurial responsibility and Human Resources are responsible for the implementation of flexible working time.

Digitization is increasingly affecting employees' working conditions. The "Access for all" project has given all SGL employees at all sites worldwide access to the SGL PEOPLE Portal since 2024. Here, all employees can complete online training or apply for internal positions with just a few clicks. The aim here is to make SGL more attractive as an employer and to improve our digital offering. (Group) Human Resources is responsible for the implementation of this portal.

Working conditions are also influenced by SGL's corporate culture, which is based on common values. A group composed of the top management and selected employees identified five values in October 2022 that are essential for interaction and cooperation at SGL, namely: integrity and honesty; respect and appreciation; responsibility; trust; and passion for success. These SGL values were communicated across the undertaking immediately afterwards and are described in more detail in the "SGL Value Carta." The regular employee survey THE VOICE records the extent to which the workforce believes these values are being put into action. All employees and, in their role-model function, in particular the Board of Management, managing directors, all managers and Human Resources are responsible for implementing a values-based performance culture.

Diversity and equal opportunities

SGL Carbon's Code of Conduct and Human Rights Policy establish that any form of discrimination is prohibited. This expressly includes discrimination based on age, ethnicity, sex, pregnancy, national and social background, skin color, gender identity, disability, genetic information, religion, ideology and sexual orientation. We also add that all other characteristics protected by German and European laws are covered by this protection against discrimination. Our Human Rights Policy lists additional characteristics, including marital status, physical features, participation in employee representation, membership of a union and voluntary activities. This list is not exhaustive, and it is further established that this protection relates to all grounds of discrimination that are inadmissible under applicable law. The Code of Conduct applies to us as an undertaking and also to each individual employee.

Human rights and compliance

SGL Carbon respects and supports the human rights of our employees, customers, suppliers, affected communities and all other interest groups. Our engagement extends to the implementation of in-depth due diligence processes in order to identify and mitigate actual or potential impacts on human rights. SGL Carbon is a global undertaking and is therefore exposed to human rights risks and impacts in all business units along the value chain. We are committed to ethical conduct both in our direct business activities and in our upstream and downstream value chains. This is established in our Group-wide Code of Conduct and in our Business Partner Code of Conduct.

In order to control and minimize our risks and impacts, we use a Group-wide management system to ensure observance of human rights in our own workforce. This system forms part of SGL Carbon's higher-level compliance management system, which is certified in accordance with ISO 37301.

As a signatory to the UN Global Compact and in its internal guidelines (SGL Carbon Code of Conduct, Human Rights Policy), SGL Carbon is committed to respecting and protecting human rights. SGL Carbon also upholds the principles of the UN Global Compact, based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the International Labour Organization's (ILO) Core Labor Standards, and the International Bill of Human Rights.

Moreover, SGL Carbon adopted a statement of human rights principles in fiscal year 2024, which emphasizes SGL Carbon's commitment to respect for human rights, as reflected in other corporate guidelines. This is also in view of the fulfillment of the relevant requirement from the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz, LkSG), which has applied to SGL Carbon since January 1, 2024. This statement of human rights principles expresses our expectations of the business activities undertaken by SGL Carbon, our subsidiaries, our business partners and suppliers as regards human rights and environmental rights, and describes the due diligence measures taken in the scope of the risk management set out by the LkSG.

The Human Rights Policy, which has been effective since 2018 and was updated in fiscal year 2023, underwent a further fundamental revision in fiscal year 2024. While the previous version of the Human Rights Policy focused in particular on the human rights aspects at work relevant to SGL's workforce as the target group ("Respect in the Workplace," "Diversity in the Workplace," "Working Conditions" and "Complaints Procedures") and merely gave a summary of universally applicable human rights, the revision in 2024 added greater detail to several chapters, including "No Child Labor," "No Forced Labor," "Freedom of Assembly," and "Working Time and Working Conditions," as well as sections on "Occupational Health and Safety," "Environmental Protection," "Interaction with Security Workers" and "Engaging with Local Communities and Indigenous Peoples". This revision was carried out in particular to increase all employees' awareness of these fundamental human rights. The Human Rights Policy is available in all nine SGL languages and has been made available to all SGL employees globally on the SGL People Portal. Employees can digitally confirm that they have read and accept the policy on the portal, as well. The policy was made available digitally on November 13, with administrative employees given three weeks to read and accept the policy, and production employees given until January 31, 2025, to read and accept the policy in light of the higher administrative burden for this target group. There was a response rate of 97% for all administrative employees on December 31, 2024. In spite of the additional time available to them, production employees had achieved a response rate of 43% by this time (this figure has not been validated externally). The Human Rights Policy is also included in recruitment documentation for new employees at all SGL sites. It is made available digitally.

The Board of Management of SGL Carbon created the function of a Human Rights Officer in 2023 who reports directly to the Board of Management and commissioned the Head of Group Compliance to perform this role for SGL Carbon. This further demonstrates the importance of human rights to SGL Carbon and its employees and is also the result of the steadily growing requirements for monitoring compliance with due diligence obligations to respect human rights in its own business unit and along the value chain. The Human Rights Officer keeps the Board of Management constantly updated on the state of implementation of human rights due diligence obligations in accordance with the statutory requirements set out in the LkSG.

SGL Carbon aims to protect and support the human rights of all employees to the fullest extent. We follow recognized international standards such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Global Compact and the UN Guiding Principles on Business and Human Rights (UNGP).

Moreover, SGL Carbon has implemented a complaints procedure which ensures an immediate and appropriate response to any indications of possible human rights violations. The same reporting channels are available for reporting such instances as are used for other compliance violations.

These policies and management approaches reflect SGL's core values and reflect its commitment to protecting human rights and strengthening a responsible corporate culture. They aim to ensure that SGL not only meets international standards, but also creates a safe, inclusive and supportive working environment for all employees.

Targets and actions related to own workforce (S1-4, S1-5)

SGL Carbon has identified three key impacts in relation to its own workforce: the promotion of the well-being and prosperity of its workforce and, by extension, the public. SGL Carbon takes a variety of targeted actions to support these positive impacts in the long term.

Health and safety

The prevention of accidents at work increases the safety of our employees in the workplace and will also have positive impacts on health and public well-being. To prevent accidents at work, SGL Carbon uses a Group-wide safety management system that has an integrated, uniform procedure for all incidents, including smaller accidents and serious near misses. All accidents are to be recorded in the Group-wide safety management system. The incidents are recorded (incident notification), investigated, classified by severity and reported to the responsible person in a systematic process. Suggestions for improvement are derived and consideration is given to which solutions have already proven effective in preventing accidents (incident report).

Once a month, the central corporate EHSA unit (Environmental Health and Safety department) provides the Board of Management of SGL Carbon, the heads of the business units and sites, and the EHS managers (Environmental Health and Safety managers) with a safety report and relevant statistics (HSE report). In addition, weekly reporting is carried out Group-wide to track the current safety situation with detailed information on new accidents (employee safety status).

This process serves to check and ensure compliance with the Occupational Health and Safety Directive. Countermeasures are to be taken immediately in the event of negative developments or violations. At the same time, the applicable safety measures and precautions have been refined to prevent accidents.

In an EHSA incident review, the central corporate EHSA unit and local EHS managers also discuss overarching issues on a monthly basis. This is to ensure that all legal and SGL-internal regulations are complied with and that corresponding systems are established at each site. In 2024, discussions were held to present and analyze accidents resulting in lost time, including the causes of accidents and corrective actions, as well as eight near misses and 11 best practice examples.

In addition, the central EHSA unit, in cooperation with the local EHS managers, conducts internal audits that also evaluate, inter alia, the implementation of the Group-wide occupational health and safety standards and their advancement. EHSA audits also include compliance with energy and environmental standards. As a rule, the sites are inspected by the central corporate EHSA unit every three years, or more often if incidents have frequently occurred at any given site. Four SGL sites were audited in 2024.

The global EHSA team reports to the HSE Council (Health and Safety Council) three times a year and provides updates on recent developments and site-specific actions. The HSE Council is composed of the members of the Board of Management of SGL Carbon, the heads of the business units and central corporate units and the global corporate EHSA team, with the Chairperson of the Board of Management also serving as Chairperson of the HSE Council. This body is responsible for monitoring and controlling occupational health and safety measures.

To achieve the occupational health and safety targets, and therefore also to effectively manage our impacts, risks and opportunities, SGL Carbon uses a variety of incentive schemes that actively involve employees in accident prevention and that take their ideas to eliminate accident risks into account. At the Bonn, Meitingen, Limburg, Wackersdorf and Willich sites, 390 suggestions for improving safety were submitted in the scope of the ideas management process, 261 of which were found to be valuable, with 173 of these now processed and completed. The remaining 88 are currently being implemented.

A safety award is also presented annually to sites where there have been no accidents in the last three years. 16 sites received this award in 2024. To further raise awareness of occupational safety throughout the workforce, a Group-wide Safety Day was held again in 2024, with active participation also by the Board of Management and management team.

A further important measure to support our positive impacts in occupational health and safety is employee training. Training is provided not only by EHSA experts but also by local managers who are required to train and support employees in their areas of responsibility regarding safety issues.

To deal with positive and negative impacts and the risks associated with process safety and any accidents resulting therefrom, SGL Carbon has had a globally applicable Process Safety Policy and has maintained a process safety system since 2017. The system includes a variety of different components, such as process safety analyses, accident investigations and countermeasure control. In addition, each accident must be recorded, analyzed and classified in the above-mentioned incident management system. This is done to determine whether an incident occurred in occupational health and safety or process safety.

SGL Carbon uses a uniform Group-wide risk management system to identify and, if necessary, minimize risks in its production processes. This involves analyzing the extent and hazard potential of crisis events and calculating their economic consequences – such as the costs of eliminating environmental harm or loss of sales revenue due to production downtime. For each primary risk, one or more risk mitigation measures were identified and will be initiated if necessary.

SGL Carbon conducts annual reviews in cooperation with a property insurance company. This involves subjecting many processes and plants to a safety analysis that primarily focuses on fire control and protection as well as operational interruption. The results are evaluated and documented. Specific measures for improvement are drawn up if necessary. A total of seven sites were assessed in 2024.

With its business partners, SGL Carbon also places great importance on appropriate standards for occupational health and safety and compliance with applicable laws in order to have a positive effect on the health and well-being of society. The Business Partner Code of Conduct requires partners to ensure the health and safety of employees in all workplaces and to establish a management system for continuous improvement. All relevant suppliers also receive an online questionnaire for purposes of reviewing various sustainability matters (also see the chapter “Business Conduct” G1-2). This questionnaire also covers occupational health and safety matters.

Working conditions

SGL Carbon is committed to its employees’ well-being. This commitment is reflected in our actions, which aim to contribute to a positive working environment and positive working conditions for employees. Flexible work, fringe benefits such as company pensions or bicycle leasing, and targeted support for young managers and talents shape SGL’s corporate culture. Employees in several countries, including Austria, China, Germany and France, often receive performance reviews.

SGL Carbon places great importance on fair remuneration for employees worldwide, which is based on the national minimum wage in the relevant location[2]. A large proportion of employees in Germany is employed under collective agreements, which promotes a stable, fair work environment. Moreover, some employees also benefit from additional company pension options that supplement public pension schemes and guarantee long-term financial protection. All SGL Carbon employees (100%) therefore received remuneration in

[2] Interns and apprentices are not considered part of the group of employees. The statutory minimum wage or collective agreement in force in the region was used as a comparative figure. The data was collected in a global data survey. The figures in the “Working Conditions” section have not been validated by an external body.

reporting year 2024 that we believe was adequate and in line with the relevant benchmarks for each site.

The fringe benefit of bicycle leasing was introduced in Austria in 2023 and Germany in 2024. There is a comparable program in the United Kingdom. In addition, there are corporate benefits available in Poland, Austria and Germany that allow employees to purchase a range of consumer goods and services at a discounted price. In the United States, SGL Carbon offers a catalog of benefits that employees can choose from, including pension plans, paid leave and health care. There are company pension schemes available in Germany, specifically defined contribution plans for all employees and an additional plan for management levels.

Diversity and equal opportunities

Professional training plays an important role at SGL Carbon. We offer training courses in technical and commercial professions in four countries (Germany, Austria, the United Kingdom and Poland) and internships for students in Germany.

The SGL Carbon PEOPLE Portal provides all employees worldwide access to digital training and gives them the option to acknowledge corporate guidelines electronically, where required.

We introduced the top talent program in 2021, which is aimed at employees with medium- to long-term management potential and targets the development of future senior managers. The Leadership4Performance program was also introduced in 2024, which is a 15- to 18-month program designed for middle management that combines various learning formats and focuses on modern management skills. Two groups with 14 participants each took part in this program in reporting year 2024.

These targeted actions allow SGL to create a work environment that supports the development of our workforce while also increasing their motivation. Our policies and programs apply to all groups of employees at SGL Carbon and reflect our strategic commitment to sustainable working conditions. We use various means to review the effectiveness of these actions globally, including employee surveys. The five KPIs – Performance Culture Index, Value Index, Engagement Index, Leadership Effectiveness Index, and Net Promoter Score – are analyzed in particular over time. The Board of Management, managing directors, managers and Group Human Resources are responsible for the aforementioned actions.

Human rights and compliance

SGL Carbon endeavors to respect and observe human rights and increase public well-being through its Group-wide strategies, actions and targets.

Building on the Human Rights Risk Analysis, which was first introduced in 2019, a Human Rights Impact Risk Assessment was performed for all SGL sites and operating companies using the Integrity Next platform in 2023. This risk analysis took account of the requirements set out in paragraphs 2 to 4 of the German Supply Chain Act (LkSG), with a view to assessing the human rights and environmental risks in SGL's business. The assessment includes an abstract and a specific risk analysis. The abstract risk analysis is based on stored country and industry risks and an automatic score is determined by the Integrity Next platform by inputting the site and NACE code. This abstract risk analysis was supplemented by a specific risk analysis covering occupational health and safety, the environment, handling hazardous substances, human rights, diversity and equal opportunities and remuneration. For each topic, Integrity Next had defined a catalog of questions based on the requirements of the LkSG and other international standards. These questions were then answered on the online platform by the respective local compliance representatives (LCRs) with the support of other responsible persons from the competent local EHSA (Environmental Health and Safety) and Human Resources departments. Group Compliance initially reviewed the assessment centrally in fiscal year 2024, and expert interviews were subsequently carried out with Group HR and Corporate EHSA. These expert interviews served to analyze and verify the results at individual sites and take account of other findings. A catalog of actions was drawn up on the basis of these interview rounds, which was presented as part of the annual report to the Board of Management on SGL Carbon's compliance with the corporate due diligence obligations arising from the LkSG at the meeting held on October 7, 2024.

Group Compliance and Group HR centrally developed a training policy on observance of human rights in 2023 for all employees in administrative areas (office workers), as well as for employees in production areas. The policy was discussed with local compliance representatives at regional compliance conferences, with local input obtained. Building on this, training documentation was prepared in all nine SGL languages in the first half of 2024. The training serves to raise awareness among employees of the protection of human rights in the workplace and demonstrate how each individual can make a contribution with their conduct and prevent inappropriate conduct. The training policy provides for a two-step learning concept, comprising online training on the Code of Conduct, including a chapter on human rights and in-person human rights training. The online training is available to employees on the SGL PEOPLE Portal in all nine SGL languages. The in-person training comprises a central video message from the SGL Human Rights Officer and various practical cases that participants work through together. The training is carried out locally and is managed by the relevant LCR.

The risk assessment carried out for our sites using Integrity Next did not identify any critical issues. Sites where "critical" substances or hazardous substances are used were assessed as higher risk in the expert interviews. Additional controls have been added at these sites to supplement the existing measures, in line with a risk-based approach from the LkSG. This procedure serves as additional prevention in the area of Environmental Health and Safety (EHSA). Potential risks relating to the employment of minors were also examined in more detail. The analysis showed that no SGL sites worldwide have employees under the age of 18, apart from in the scope of training programs that are subject to strict legal requirements.

There are currently no plans to repeat the Integrity Next assessment as a low level of human rights risk was identified at the SGL sites. Instead, the assessment will be integrated into existing measures in the future. This will include, for example, an expansion of the EHSA audit catalog for regular audits to include questions from the Integrity Next assessment. The LCR compliance questionnaire, which already covers various matters from the ILO Labor Standard, has also been extended. This ensures that sites regularly report on human rights matters.

Actions to regulate impacts, risks and opportunities

Targets related to own workforce
We have set the following targets to support our positive impact on the health, well-being and prosperity of our own workforce and the economic growth in society:

Targets for occupational health and safety (incl. S1-14)
SGL Carbon aims to promote the health of our workforce and provide workplaces and processes that prevent work-related injuries and ill health. We have set ourselves specific targets to manage and support material impacts and minimize material risks in the context of occupational health and safety for our own workforce. These targets measure the success of our actions and our progress. We aim to reduce our lost time incident frequency rate (LTI FR) by 5% annually by 2025 compared to the base year 2022 and continuously improve the existing safety measures. We include all lost time incidents (Tier 4 and Tier 5 accidents) in the calculation of the LTI frequency rate across SGL.

In recent fiscal years, we have succeeded in reducing our lost time incidents (LTI – accident-related absence of employees and temporary workers) per million hours worked each year. In 2024, SGL Carbon achieved an LTI frequency rate of 1.5 (voluntary disclosure in accordance with ESRS 1.114), well below the target value of 2.2.

The LTI frequency rate is calculated each week by Corporate EHSA (Environmental Health and Safety) and is reported weekly on target achievement at Group and business unit level.

We have adapted the calculation in line with the definition in ESRS S1-14 (88)(c) and also state the number and rate of work accidents in this report in accordance with these requirements. There were 94 work accidents pursuant to ESRS S1 (88)(c) – i.e., accidents where medical treatment was required beyond first aid measures (Tier 3, 4 and 5) – in reporting year 2024, corresponding to a rate of 12.1 (accidents per million hours worked).

On the local level, the topic of occupational health and safety is included in individual annual targets of many sites. But even when we look beyond the local sites, the topic of occupational health and safety is specified as a target figure of the variable compensation structure for the four management levels below the Board of Management (see also the "General Disclosures" chapter in the "Governance" section).

Targets for diversity and equal opportunity
To measurably support diversity and equal opportunities at SGL Carbon, we have set ourselves the quantitative target of maintaining the percentage of women in upper management positions at 20%. The Board of Management is responsible for achieving this target.

To allow us to observe the development of the values-based SGL performance culture, it has been our target since 2022 to continuously improve the SGL Performance Culture Index and achieve a result defined as "good." Responsibility for implementation lies with the Board of Management, managers and Group Human Resources. All employees worldwide are also responsible for developing the performance culture and therefore also achieving the defined target.

Targets for human rights and compliance
Following the implementation of the global training policy on observance of human rights for all administrative employees, which saw 2,532 employees receive training, the human rights online training sessions are now an integral part of the mandatory compliance training for all new administrative employees. The online training, which is available in a total of nine SGL languages, is available to the target group via the internal SGL PEOPLE Portal. Virtual training was also provided via MS Teams in 2024.

Online training on the Code of Conduct including human rights for production employees was rolled out at US sites from March 2023 and all other sites from January 2024. By the end of the year, 2,589 production employees, or 95% of the total, had completed the training worldwide.

In-person training on human rights was also launched for production employees in reporting period 2024, which supplements the basic training and is the second part of the human rights training policy. The roll-out is gradual, starting in the United States, with Asia and Europe following, and will continue throughout 2025. The sites in the Carbon Fiber business unit are currently exempted from this in-person training. By the end of the year, 325 employees or 88% of the target group in the United States, 252 employees or 92% of the target group in Asia, and 492 employees or 95% of the target group in Europe (excluding Germany) had attended the training. The training will start at the participating German sites in 2025.

The strategic targets for SGL's own workforce (ESRS S1) are defined with the Board of Management as the central stakeholder. The process for setting targets specifies that targets are initially drawn up by the relevant departments. The targets are then discussed and agreed upon by the heads of Group HR, EHSA, Compliance as part of the overall ESG strategy and Corporate Sustainability. Targets for individual areas covered by the ESRS S1 Standard are then presented to SGL Carbon's Board of Management and discussed. The targets are confirmed once they are subsequently approved by the Board of Management.

Any progress made toward these targets is regularly evaluated and analyzed at the ESG Steering Committee's meetings and, where necessary, actions are agreed and implemented to ensure the targets are achieved. The performance is also analyzed at the ESG Steering Committee's meetings together with the responsible managers, and remediation actions are implemented where required.

Processes for engaging with own employees and employee representatives (S1-2)

Involvement and dialog with the workforce
We maintain a continuous dialog with our workforce and promote open communication at various levels with a view to ensuring continued positive impacts on our workforce and meeting our employees' needs.

- ***Management dialog***: a monthly exchange format for non-tariff employees in which managers and employees make time for a targeted exchange of information, feedback and joint solutions to challenges.
- ***Social dialog***: SGL Carbon maintains a social dialog with employee and union representatives where possible and legally required. We work in accordance with local statutory requirements and the applicable collective agreements in all countries in which we operate. Our aim is to operate at all our sites worldwide in line with the relevant state and national laws, locally applicable collective agreements and regulations governing operations and industrial relations. Where required, a social dialog takes place at least once a year with employee and/or union representatives at SGL production sites worldwide in accordance with the local applicable laws.
- ***Global employee survey "THE VOICE"***: SGL Carbon maintains a dialog with its employees and has conducted the global, anonymous, electronic survey known as "THE VOICE" regularly since 2022. This survey was initially conducted three times in six-monthly intervals between the fourth quarter of 2022 and the fourth quarter of 2023 before it was conducted again in the fourth quarter of 2024 after an 11-month break. THE VOICE is scheduled at least once a year from 2024 and provides a valuable insight into the organizational and performance culture. The survey aims to measure the implementation of the SGL values and the development of the desired performance culture. A central indicator of success in this regard is the Performance Culture Index, which covers the three aspects "Living the SGL Values," Employee Engagement," and "Leadership Effectiveness." The results of the survey serve as a starting point for targeted remediation actions that can be initiated and implemented by managers and employees together, always in compliance with locally applicable laws. The improvement initiatives developed based on the results of the THE VOICE survey should have a positive

impact on the results of the next surveys. The findings of the survey over the course of time are therefore a means of measuring the effectiveness of workforce engagement.

If a reduction in carbon emissions and the transition to more environmentally friendly and climate-neutral activities impacts our workforce, we will inform the employee representatives and employees at the relevant sites as needed, in accordance with the locally applicable laws. There are various channels for this, such as in a works meeting or via the SGL Intranet. There were no such impacts in reporting period 2024.

Part of the organizational structure of SGL Carbon SE as a European company (Societas Europaea, SE) is the establishment of an SE works council. The general purpose of the SE works council is to offer a forum for informing and consulting employee representatives in material cross-border (EU) matters. SGL Carbon SE recognizes a works council for Societas Europaea for countries within the European Union.

As the main purpose of the SE works council is to act as an EU-wide consultation body, it is composed of employee representatives from EU Member States with SGL employees. The SE works council has 11 members from five countries and member representatives for the term 2021–2025. The details of the SE works council's responsibilities are defined in the involvement agreement which was signed by the SE works council and the undertaking in February 2018.

The managing directors of the individual legal entities, the relevant HR managers and social partners are responsible for the social dialog. As outlined in section 10 of the SGL involvement agreement, the Board of Management of SGL Carbon SE is responsible for informing and consulting the SE works council on the development of the business situation and the SGL Group's prospects in an annual meeting.

Our overarching Human Rights Policy applies worldwide and is binding for all employees. (In this regard, see also the section "Strategies related to own workforce" – S1-1).

Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3 and S1-17)

SGL Carbon implemented a global whistleblower system as early as 2014, which employees, managers, and company outsiders can use to report possible violations of the law. SGL's whistleblower system can also be used to report possible human rights violations or potential human rights or environmental risks, whether in SGL Carbon's own business or in our supply chain. Details on SGL's whistleblower system and complaints process are described in the "Business Conduct" – G1 chapter in the section "Strategies relating to business conduct and corporate culture" – G1-1.

In fiscal year 2024, 10 of the 14 submissions received at the confidential central reporting office were complaints concerning human rights and the Code of Conduct (for example, possible discrimination or potential violations of our values-based conduct and management principles). In two cases the accusations were confirmed following an internal investigation and punitive action was taken commensurate with the severity of the violation. In seven cases, an internal investigation could not confirm the violation, while one case is still being investigated.

SGL Carbon is not aware of any complaints submitted against SGL Carbon to the OECD's National Contact Point for Multinational Undertakings.

Characteristics and metrics for SGL Carbon's employees (S1-6 to 16)

Characteristics of the undertaking's employees (S1-6)

All active employees at SGL Carbon are included as "employees" as defined by the disclosure requirements set out in ESRS S1, including apprentices and interns who are employed for training purposes. Although apprentices and interns are not considered active "employees" under the laws of some countries, we include them for transparency reasons, but report them as a separate group in the total. Consequently, most passive employees (e.g., employees on leave, partial early retirement in Germany) are not included in the employee numbers. Passive employees were only included in order to calculate the turnover rate as they also leave the undertaking (after the end of the release phase in partial early retirement, for example).

The second exception is ESRS S1-10 “Adequate Wages” and S1-16 “Gender Pay Gap,” where we have excluded apprentices and interns. The number of SGL employees is reported as a headcount.

The data is extracted from our global SAP SuccessFactors HR platform that we call our SGL PEOPLE Portal. We manage data sets for all employees. The data is extracted to ensure that we have a “frozen” data set for consistent reporting. The headcount at year-end is used where we describe the status at a certain point in time. If an average value is requested or required, for example to calculate a percentage, the average value is calculated as the mean headcount on the last day of each four quarters.

	Dec 31, 24	Average[1]
Number of employees (headcount)	4,511	4,626

[1] Average provided in addition to year-end headcount as it is used in subsequent calculations

Number of employees (headcount) by gender[1]

Gender	Dec 31, 24
Female	816
Male	3,695
Other	0
Undisclosed	0
Total employees	**4,511**

[1] Gender as self-reported by the employees

Region	Country	Number of employees (headcount) per country Dec 31, 24	Number of employees (headcount) per region Dec 31, 24
Germany	Germany	2,052	
Europe excluding Germany	United Kingdom	188	
	Austria	255	
	France	241	
	Portugal	295	
	Spain	40	
	Italy	24	
	Poland	189	
Total Europe			**3,284**
North America	**United States**	**754**	**754**
China	China	414	
Rest of Asia	Japan	48	
	Korea	3	
	Malaysia	2	
	Taiwan	6	
Total Asia			**473**
Total		**4,511**	**4,511**

Employees in our US subsidiaries are employed on an at-will basis (offer and agreement with no defined hours), as is customary in the United States. For SGL Carbon they are considered full-time employees, even if their weekly working hours are not formally defined in a contract.

Number of employees by contract type and gender[1)]

	Female	Male	Other	Undisclosed	Total
Number of employees (headcount)	816	3,695	0	0	4,511
Number of permanent employees	776	3,501	0	0	4,277
Number of temporary employees	40	194	0	0	234
Number of non-guaranteed hours employees	0	0	0	0	0

1) Gender as self-reported by the employees

Employee Turnover

	Number of employees 2024	Percentage[1)] 2024
Total	729	15.39%

1) Number of employees who left the undertaking divided by average headcount (including passive employees)

In the notes to our financial reports we use the average number of employees as prescribed by the German Commercial Code (HGB). The average is the mean, which is calculated by adding the four quarters together then dividing by four.

Characteristics and metrics for non-employee workers in SGL Carbon's own workforce (S1-7)

Non-employees are defined as individual contractors supplying labor to SGL Carbon ("self-employed people") and people provided by undertakings primarily engaged in employment activities ("third parties"). This includes temporary workers, contract workers and self-employed people.

Number of non-employees[1)]

	FTE
Total	**193**

1) Calculation based on December values

Data on non-employees is recorded in full-time equivalents (FTE). We use local full-time equivalence as full time hours differ by site and shift plan. These figures are recorded at the end of the reporting period for the last month of the year, ensuring the accuracy and reliability of the reporting process. Data was requested globally from SGL Carbon sites to collect the data for this data point, with the relevant country/site managers in HR providing the relevant information.

Collective bargaining coverage and social dialog (S1-8)

	Collective bargaining coverage		Social dialog
Coverage	Employees – EEA [1]	Employees – Non-EEA [2]	Workplace representation (EEA only)[1]
0–19%		China	
20–39%		USA	
40–59%			
60–79%		UK	
80–100%	Austria, France, Germany, Poland, Portugal		Austria, France, Germany, Poland, Portugal

[1] For countries with >50 employees representing >10% total employees
[2] Estimate for regions with >50 employees representing >10% total employees

Overall, 65.8% of all employees were covered by collective agreements.

Data was requested globally from SGL Carbon sites to collect the data for this ESRS data point, with the relevant country/site managers in HR providing the relevant information. All active employees at SGL Carbon are included as “employees” as defined by the disclosure requirements set out in ESRS S1, including apprentices and interns who are employed for training purposes.

Diversity metrics (S1-9)

Employee age distribution

Age group	Number of employees (headcount)	Percentage of employees
<30 years	642	14.23%
30–50 years	2,492	55.24%
>50 years	1,377	30.53%

All active employees at SGL Carbon are included as “employees” as defined by the disclosure requirements set out in ESRS S1, including working students, apprentices and interns who are employed for training purposes. The headcount as at year-end was used.

Top management by gender (Dec 31, 24)

	Female	Male	Other[1]	Undisclosed	Total
Number	18	67	0	0	85
Percentage	21.18%	78.82%	0.00%	0.00%	100.00%

[1] Gender as self-reported by the employees

SGL currently defines positions from management group 3 and upwards as top management. This primarily includes the heads of central functions, heads of business units, heads of larger sites and heads of larger legal units.

Adequate wages and social protection (S1-10, S1-11 and S1-12)

Globally, SGL pays its employees salaries higher than the minimum remuneration deemed sufficient in the European Union. For further details, see the section “Strategies related to own workforce” – S1-1.

Percentage of employees paid below applicable adequate wage benchmark

Country	Percentage
None	N/A

Data was requested globally from SGL Carbon sites to collect the data for this data point, with the relevant country/site managers in HR providing the relevant information. All active employees at SGL Carbon are included as “employees” as defined by the disclosure requirements set out in ESRS S1, including apprentices and interns who are employed for training purposes. The statutory minimum wage or collective agreement applicable in each region was used as a benchmark for appropriate wages. Furthermore, the headcount as at year-end was used. We did not ask employees about their disabilities in consideration of personality rights and legal restrictions.

Social protection by country

Country	Sickness	Unemployment[1)]	Employment injury[2)]	Parental leave	Retirement
Germany	All	All	All	All	All
United Kingdom	All	All	All	All	All
United States	All	All	All	Unpaid in most cases, some exceptions e.g. in California	All
Austria	All	All	All	All	All
France	All	All	All	All	All
Portugal	All	All	All	All	All
Spain	All	All	All	All	All
Italy	All	All	All	All	All
Poland	All	All	All	All	All
China	All	All	All	All	All
Japan	All	All	All	All	All
Korea	All	All	All	All	All
Malaysia	All	All	All	All	All
Taiwan	All	All	All	All	All

1) Unemployment starting from the day employees leave the company
2) Employment injury and acquired disability

"All" refers to all employees who satisfy the eligibility criteria set out in local legislation. This may include contributions to the social security system, citizenship and attendance at mandatory appointments at public offices. All employees concerned are generally eligible.

Public programs or benefits offered ensure that all employees in SGL's own workforce have social protection against loss of income resulting from illness, unemployment, accidents at work, disability and retirement. Public programs or benefits offered ensure that all employees in SGL's own workforce – apart from those in the United States – are protected against loss of income resulting from parental leave. Entitlement to parental leave in the United States is limited with regard to social protection through public programs. Employees are protected for the period of "inability to work," which is defined by a medical certificate and is generally the six to eight weeks following the birth of a child.

Training and skills development metrics (S1-13)

Percentage of employees who participate in regular performance and career development reviews (fiscal year 2024)[1)]

Female	73.3
Male	70.2
Other[2)]	0
Undisclosed	0
	70.8

1) Due to incomplete data, the total number of performance and career development reviews collected are allocated based on group gender distribution
2) Gender as self-reported by the employees

Data collected following a global data request was used to record the performance reviews.

All active employees at SGL Carbon are included as "employees" as defined by the disclosure requirements set out in ESRS S1, including apprentices and interns who are employed for training purposes. The average headcount as of the quarter-end dates was used.

Average number of training hours per employee (fiscal year 2024)[1)]

Female	12.77
Male	17.94
Other[2)]	N/A
Undisclosed	N/A
	16.7

1) Due to training hours being incomplete nor allocated to individuals, the total training hours collected are partially allocated based on local average gender distribution
2) Gender as self-reported by the employees

SGL Carbon records its employees' training hours both systematically on its learning platform (LMS), and manually or using other systems (e.g., recorded following a global data request). The latter are subject to uncertainties regarding completeness, with the result that the total number is partly calculated based on an estimate. A factor is derived using the manually recorded data and the local data infrastructure at sites (data completeness and quality). This factor is then multiplied by the data collected in the global data request in order to estimate the total training hours not recorded by LMS. The total training hours (LMS plus estimate) are subsequently divided by the average headcount. Breakdown by gender is not currently possible due to the available data granularity. The absolute training hours per gender are therefore estimated based on the local gender ratio at SGL Carbon.

Health and safety metrics (S1-14)

The management systems and requirements for occupational health and safety at SGL Carbon apply to the entirety of our workforce. Information on our strategy, targets and actions relating to occupational health and safety can be found in the relevant sections in this chapter. In 2024, there were 94 accidents as defined by ESRS (88)(c) (Tier 3, 4 and 5 accidents), corresponding to an accident rate of 12.1 (accidents per million hours worked). This resulted in 736 calendar days of lost time for the internal and external workforce that year.

There are no findings on reportable work-related ill health at SGL Carbon or the competent supervisory authorities that is directly correlated to and caused by the working environment. There have been no deaths at SGL Carbon in the reporting year as a result of work-related accidents, injuries or ill health.

Work-life balance metrics (S1-15)

Family-Related Leave: Entitlement and Utilization (fiscal year 2024)

Entitled to family-related leave	
Percentage of employees	100

Percentage of entitled employees who took family-related leave

Female	Male	Other[1)]	Undisclosed	Overall
15.6	10.5	0	0	11.4

[1)] Gender as self-reported by the employees

Employees are entitled to family-related leave in all four categories – pregnancy and maternity leave, paternity leave, parental leave and carer’s leave – in all countries but China and Malaysia. In those countries, employees are entitled to three of the four categories, namely pregnancy and maternity leave, paternity leave and parental leave, but not carer’s leave.

Data was requested globally from SGL Carbon sites to collect the data for this data point, with the relevant country/site managers in HR providing the relevant information. All active employees at SGL Carbon are included as “employees” as defined by the disclosure requirements set out in ESRS S1, including working students, apprentices and interns who are employed for training purposes. The average headcount as of the quarter-end dates was used.

Compensation metrics (S1-16)

Gender Pay Gap worldwide[1)]

	Dec 31, 24
Percentage	–2.54

[1)] Global estimation based on gender pay gap of United States and Germany

Employees at sites in Germany and the United States represent more than 60% of SGL Carbon’s workforce. Local payroll accounting in these two countries is closely linked to the SuccessFactors IT system. For these employees, we calculate the average gross hourly wage for the month of December in euros at the end of the year. To this end, we collect our data on the basic and guaranteed salary components for each employee and then calculate an hourly rate. Salaries not paid in euros are translated into euros. FX rates for the month of December are used for this as provided by Group Accounting. Gender is listed in the dataset for each employee. The average hourly rate for men and women is calculated and the formula set out in S1-16 (AR 98)(b) is applied. SGL Carbon focuses on these countries in order to provide the data at a reasonable cost.

All active employees at SGL Carbon are included as “employees” as defined by the disclosure requirements set out in ESRS S1, excluding working students, apprentices and interns who are employed for training purposes. The headcount as at year-end was used.

Social Matters

(Information in accordance with ESRS 1.114)

SGL Carbon is an internationally active company, as well as a local neighbor in several regions of Europe, Asia and North America. Our goal is to be a reliable partner and to go beyond our business activities by assuming social responsibility for the communities around our sites. We mainly support projects that have a local or subject-matter connection to the company, with a clear focus on promoting training and further education topics.

SGL Carbon's Sponsorship and Donations Policy provides the formal basis for our social engagement. It specifies the Group-wide standard and is binding for all SGL Carbon employees, ensuring that the funding and selection of projects is transparent and follows uniform guidelines. Management at each site makes decisions on the funding of specific projects, initiatives, institutions and associations up to a single amount of €5,000. For amounts in excess of this, the Board of Management must approve the sponsorship or donation, and the Investor Relations, Communications & Corporate Sustainability department must be informed. No violations of this policy were identified in the year under review.

"Affected communities" were considered as part of our double materiality analysis, i.e., possible impacts of our business activities at our sites on the people and environment nearby. Moreover, we examined potential risks and opportunities. This analysis also covered our upstream and downstream value chain. For further details on our double materiality assessment process, please refer to the chapter "Strategy and material impacts, risks and opportunities" (ESRS 2 IRO-1). This implementation also considered the interests of our stakeholders. No material impacts, risks or opportunities were identified related to the social matters presented here.

We are involved in promoting education and training topics at schools in the regions in which we operate. An example of this is the Meitingen site, where we have school partnerships that give students an insight into the corporate world and seek to promote a better understanding of technical and skilled crafts professions. At our plant in Bonn, 35 students from nearby secondary schools took part in a Jump-in Day. At our Meitingen site, seven female students get an opportunity to find out about technical careers on Girls' Day. A book project for elementary school children at the Wiesbaden site aims to improve children's safety in road traffic. These are just some examples of our regional engagement.

We have been able to lend a special neighborly helping hand in Meitingen: With the local town hall due a deep energy retrofit, the staff there will move into SGL Carbon's old head administrative building at our site until the upgrading work is finished.

In addition to this selection of current projects, we particularly support sports and youth clubs, charitable initiatives and local projects around our sites that offer direct added value for the local community.

Business Conduct (G1) - Measures to Combat Corruption and Bribery

Strategies relating to business conduct and corporate culture (G1-1)

To be successful as a global company, SGL Carbon relies on trust, ethical conduct, and compliance throughout its entire organization and value chain. Employees, customers, suppliers, business partners, shareholders, the public, and we ourselves expect SGL Carbon to comply with applicable laws, uphold ethical principles, and act sustainably at all times and in all places.

Compliance with applicable laws, regulations, and policies helps minimize negative impacts and risks and supports positive impacts. These include risks related to corruption, competition law, economic sanctions, human rights, safety and health, data protection, and corporate reporting requirements.

Failure to comply with applicable regulations or to meet expectations of responsible corporate behavior could result in the loss or restriction of our local manufacturing licenses. In addition, violations of antitrust laws or export controls or cases of corruption or bribery, for example, may result in a loss of reputation or criminal and civil sanctions, such as fines and penalties, which could have a material adverse effect on SGL Carbon's earnings and financial position. Intransparent, irresponsible, and flawed business conduct can also limit access to financial resources through financial institutions and/or shareholders.

The double materiality analysis did not identify any significant financial risks and opportunities for SGL Carbon related to business conduct and corporate culture (governance).

However, SGL Carbon's products can have a significant negative impact on parts of society if export controls are not observed. This applies to our "dual-use" products or technologies that can be used for both civilian and military purposes. Export controls on dual-use items are designed to prevent their misuse for harmful purposes and to strike a balance between innovation and security. SGL Carbon's goal is to minimize negative impacts on society by managing potential negative impacts and risks while ensuring technological progress.

Our corporate policy and culture can also foster responsible business practices, contributing positively to society and the environment. We strive to positively impact the fight against bribery, corruption, and human rights abuses through our actions, thereby helping to improve social security, well-being, and fair treatment in society.

SGL Carbon implemented a global whistleblower system as early as 2014, which employees, managers, and company outsiders can use to report possible violations of the law. Anonymous reports are also accepted. Indications of legal violations include possible violations of law, illegal conduct, or conduct that is inconsistent with our Code of Conduct or other internal policies, such as violations of our anti-corruption or antitrust policies. SGL's whistleblower system can also be used to report possible human rights violations or potential human rights or environmental risks, whether in SGL Carbon's own business or in our supply chain.

SGL Carbon is committed to protecting the data disclosed through the whistleblower system and the identity of the whistleblower. In accordance with the Code of Conduct and the provisions of the SGL Whistleblowing Policy, SGL Carbon will not tolerate any form of punishment, recrimination, or discrimination against SGL employees as a consequence of making a report in good faith. This applies in all cases, regardless of whether a reported incident ultimately proves to be a violation. This is also laid down in our SGL Whistleblowing Policy and the guidance on the whistleblower system.

Effective January 1, 2024, we revised the SGL Whistleblowing Policy to comply with the legal requirements of the German Act on the Protection of Whistleblowers (HinSchG), which implements the corresponding EU Directive (EU 2019/1937) into German law. At the same time, we published guidance on the whistleblower system, which, in addition to our Whistleblowing Policy, specifically governs the procedural requirements for the implementation of the whistleblower system and the complaints procedure, also taking into account the requirements of the German Supply Chain Act (LkSG).

The SGL Whistleblowing Policy and guidance are available in all nine local languages at SGL's sites. They are available to all SGL employees as controlled documents on SharePoint and on the Compliance page on the SGL intranet. In addition, the directive was distributed to all SGL employees for their personal digital information via the individual learning plan in the SGL People Portal. Third parties can access the guidance in the Compliance section of

SGL's website. Information on how to access the central hotline and its address can be found on the SGL website and on the SGL intranet, where it can be accessed with a single click.

To ensure that SGL production employees without individual PC workstations have easy access to the whistleblower system, we launched a global compliance poster campaign at our sites. The local language whistleblower posters include a QR code that links directly to the appropriate reporting address. To make all SGL employees, service providers, and visitors aware of the campaign, the sites were provided with whistleblowing posters in the local language with QR codes that link directly to the reporting address. The posters are displayed at central points on the sites (e.g. plant entrance, visitor/conference rooms, staff restaurant, bulletin boards or showcases).

The mandatory compliance training on the SGL Code of Conduct, which all SGL employees have to complete, regardless of whether they work in administration or production, also includes a separate training chapter on whistleblowing.

The Group Compliance department has, in addition to the Code of Conduct training, also defined a compliance training curriculum on SGL's internal learning portal, LMS, which brings together the other mandatory compliance training on anti-corruption, antitrust law, export control, and respect for human rights. The target groups and frequency of refresher courses are defined as rules and documented in the Compliance Manual. The SGL compliance training program is an integral part of SGL Carbon's ISO 37301 and ISO 37001 certified compliance management system and anti-corruption system (issue date 10/25/2023, validity date 10/25/2026). For more information on preventing and detecting corruption and bribery, see the information in section G1-3.

The responsible hotline operators confidentially collect, document, and consistently process all incoming reports of possible legal violations in accordance with data protection regulations. If there are indications of possible severe compliance violations, including, but not limited to, indications of possible corruption or bribery, the Group Compliance department must be involved and must conduct an independent investigation with the necessary expertise. Once the internal investigation has been completed, which may be conducted confidentially with the assistance of subject-matter experts, the appropriate and permissible punishment under labor law will be determined in conjunction with the local HR departments based on the severity of the violation. SGL Carbon reserves the right to take legal action against employees involved in violations and to assist authorities in criminal investigations. On a regular basis, but at least once a year, Group Compliance reports on the information received and the results of internal investigations to the Board of Management as part of the semi-annual Compliance Report and to the Supervisory Board as part of the annual Compliance Report.

Management of relationships with suppliers (G1-2)

SGL Carbon's goal is to treat our suppliers in a responsible and equitable manner. We want our procurement policy to be based on fair and transparent business practices that incorporate social and environmental criteria into the selection and evaluation process. As part of our supplier relationships, our goal is to minimize supply chain risks while building a sustainable and resilient procurement structure. We also aim to promote positive effects on the well-being of society in our value chain by including environmental and social criteria in the selection of our suppliers.

We have implemented our **Business Partner Code of Conduct** (BPCoC) along with comprehensive procedures and systems to ensure that our suppliers share SGL Carbon's standards and values. These range from signing our BPCoC to signify its acceptance to a structured supplier management and audit process to a risk assessment system and clearly defined escalation processes. We also integrate training and guidelines that are designed to foster fair treatment of suppliers and compliance with legal and ethical standards. We consider and evaluate not only economic and quality aspects, but also social, environmental, and human rights issues.

The following is a detailed overview of the processes and actions that SGL Carbon implements to promote a supply chain that is characterized by sustainability and integrity.

SGL Carbon uses an internal SAP system to automatically process, approve, and pay incoming invoices. This process follows clearly defined internal instructions and does not depend on the amount of the invoice or the size or country of origin of the invoicing party. The following actions and quantitative data are intended to promote ethical and sustainable business practices in our dealings with suppliers.

The first step in our supplier management lifecycle is the supplier selection, which consists of the selection, nomination, and qualification of suppliers. This step considers social and environmental criteria alongside economic aspects.

SGL Carbon is committed to equal opportunity in the selection, nomination, and qualification of suppliers. We select our suppliers based on economic factors, quality, and supplier performance as well as compliance with legal provisions and standards such as the German Supply Chain Act (LkSG), the United Nations Universal Declaration of Human Rights, and anti-corruption laws. It is our clear policy not to discriminate on the basis of age, ethnicity and nationality, gender and gender identity, physical and mental ability, religion and belief, sexual orientation and identity, or social origin in our selection, nomination, and qualification processes. This is confirmed by the structured and mandatory selection, nomination, and qualification process (see the full description of the supplier management lifecycle).

One goal of the supplier selection process is to ensure that suppliers align themselves with SGL Carbon's sustainability standards and that they are familiar with and accept these standards by signing the BPCoC. This careful screening process includes an evaluation of suppliers with respect to their environmental impact, their compliance with labor and human rights, and their ability to support the standards required by SGL Carbon in their business activities. Suppliers are nominated and qualified using the IT-supported platforms "Onventis" and "Integrity Next." While Onventis is used for the collection of master data, all suppliers that generate an annual turnover of more than €2,500 with SGL Carbon and are classified in a critical material group are subject to an ESG risk assessment via Integrity Next[3].

In the second step of the supplier management lifecycle, our suppliers undergo an annual evaluation process that includes a financial and a non-financial risk assessment. This includes a risk analysis using Integrity Next, a digital sustainability platform based on various sustainability matters:

a) Abstract risks (industry and country risks)
b) Specific risks (suppliers' self-assessment in occupational health and safety, environmental protection, business continuity, conflict minerals, cybersecurity, responsibility in the supply chain, people and labor rights, anti-corruption and anti-bribery, and a requirement to provide certifications (e.g. quality management ISO 9001) and
c) ESG risks identified on Integrity Next

[3] The audit conducted by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, did not include the valuations determined by Integrity Next.

The non-financial risk assessment is based on SGL Carbon's proprietary heat map, which was specifically developed to systematically evaluate suppliers based on the risks listed in a), b), and c). The different colors on the heat map indicate the risk potential based on the criteria. The results of this risk assessment are used to develop specific actions, from contacting and consulting with suppliers, defining actions to minimize risk, and taking further steps all the way up to on-site audits. If the agreed-upon corrective actions are not implemented rigorously enough and deficiencies persist, the supplier performance escalation process implemented by SGL Carbon will be initiated. It includes recommended consequences, criteria for ending escalation, and information on involving relevant stakeholders. This may result in termination of the business relationship.

The third step in the supplier management lifecycle involves conducting on-site visits and audits. These are used both to meet our quality standards (modeled on ISO 9001, for example) and to check our suppliers' ESG performance to encourage improvement where necessary. Also, in 2024, 4,133 of a total of 21,736 suppliers were included in the supplier risk identification process. Of these, 99% of our relevant suppliers are registered on the Integrity Next sustainability platform. 61% of the relevant suppliers have been fully risk-assessed. 39% were assessed only in the abstract risk assessment domain (country and industry risk). Examples of these risks include anti-corruption, environmental risks, country and industry risks, human rights and work conditions, ESG risks, supply chain responsibility, and conflict mineral risks. The key figures in this section (G1-2) have not been validated by an external body.

An important part of our support and dialog with suppliers is the training of our staff in Purchasing. In 2024, all supplier-facing SGL Purchasing employees were required to attend a comprehensive two-day negotiation training course. Professional dialog with suppliers requires completion of online training on anti-corruption, export control, the German Supply Chain Act (LkSG), and INCOTERMS (international commercial terms) (see also section G1-3 of this chapter).

In addition, our employees, as well as company outsiders such as suppliers or other business partners of SGL Carbon who wish to report a violation of compliance, human rights, or other legal provisions along our value chain, can submit their report using our official whistleblower system (see also section G1-1 of this chapter).

G1-3 and G1-4 Preventing, detecting, and responding to incidents of corruption and bribery

We believe that good relationships with customers and suppliers are essential to SGL Carbon's positive economic development. SGL Carbon requires and encourages its employees and business partners to conduct all company business lawfully and transparently. SGL Carbon expects that this approach will create a sense of trust and secure lasting business relationships.

SGL Carbon's principles for combating bribery and corruption are laid down in SGL's **Anti-Corruption Program**, which has long been in force throughout the Group. SGL Carbon's anti-corruption management system was successfully certified to ISO 37001:2016 by an external organization for the first time in the 2023 fiscal year. It successfully completed the first surveillance audit under ISO 37001:2016 during the past fiscal year.

By signing the UN Global Compact, SGL Carbon has made a commitment to Principle 10 of the UNGC to combat corruption in all its forms, including extortion and bribery. This commitment is also enshrined in our Code of Conduct and Anti-Corruption Policy. We have outlined these expectations for our business partners and suppliers in our Business Partner Code of Conduct.

In addition, SGL Carbon has strict rules in place with regard to donations to political parties. Under these rules, it is prohibited to contribute to political parties, candidates for political office, or elected officials. The rules are set forth in our Code of Conduct and our Sponsorship and Donations Policy. They apply to all employees of SGL Carbon, including members of the Board of Management.

After the revision of the SGL Anti-Corruption Policy in 2023 and its worldwide distribution through our PEOPLE Portal to the entire target group, which we defined as "all administrative employees (office workers in the SGL PEOPLE Portal)," the policy is now constantly being distributed to new hires through the SGL PEOPLE Portal. This digitalized process requires employees to acknowledge receipt of the policy and confirm that they have read it. A total of 99% of the target group confirmed having read the policy by the end of 2024. The target group also includes members of the Board of Management and managing directors of SGL subsidiaries.

The Anti-Corruption Policy is available in nine languages and can be accessed by all SGL employees at any time as a controlled document on Sharepoint. For more information on anti-corruption, please visit the Compliance pages on the SGL intranet.

The anti-corruption training included in the compliance training catalog was revised in the 2024 fiscal year and is currently available as mandatory training in German and English on our SGL PEOPLE Portal. The target group includes not only all office workers but also the members of the Board of Management and the managing directors of SGL subsidiaries. We have deliberately defined the target group to be very broad because we believe that all employees in administrative and managerial positions need to be sensitized to potential corruption risks.

This training explains what corruption is, what forms it can take, and what criminal acts are defined in applicable laws and regulations, including the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. In addition to these basics, the training will cover SGL's Anti-Corruption Policy as well as permissible and impermissible approaches to invitations, gifts, and business meals. All new employees in the target group were assigned the training in 2024. Of these, 95% have completed the training.

The anti-corruption training program and curriculum are also available on the SGL PEOPLE Portal. As a rule, existing employees in the target group must complete a refresher course every two years. Training was provided to 651 employees in 2024 as part of the curriculum. 98% have already completed the training. The key figures in this section (G1-3 and 4) have not been validated by an external body.

SGL Carbon has a Group-wide "Business Partner Compliance" (BPC) process to monitor risks and manage all processes that relate to dealing with sales agents. The target groups for the BPC process are currently sales agents and distributors. The process requires that new business partners in the target group undergo a multi-stage review before any contracts are signed. This process is also part of an internal control mechanism within the framework of the internal control system (ICS). The nominated business sponsors from the business units are responsible for starting this process. Following the 2023 revision of the contract documents for sales agents and distributors and the addition of the updated Business Partner Code of Conduct, all active sales agents in the China region received personal training and instruction on SGL's compliance principles in the past fiscal year, particularly with regard to potential corruption risks when initiating business. The sales agents for the North American sales region were trained in December 2024. Sales agents in the EMEA region already received training in 2023. The training series for this region is scheduled to continue in 2025.

No reports of possible corruption or bribery involving SGL Carbon or its employees were received through the whistleblower system or otherwise in the past fiscal year. There were no convictions due to corruption or bribery offenses.

Any indications of possible corruption or bribery are potentially severe compliance violations that must be reported to Group Compliance in accordance with the SGL Whistleblowing Policy. Regional hotlines receiving such reports are required to escalate them to Group Compliance. SGL Carbon wants to ensure that these matters can be investigated and processed with the necessary expertise and organizational independence from any SGL company or department that may be affected.

Group Compliance reports to the Board of Management on any whistleblowing reports it may have received, as well as the results and findings of internal investigations as part of its semi-annual Compliance Report, and to the Audit Committee of the Supervisory Board as part of the annual Compliance Report. For more information on whistleblowing and SGL's whistleblower system, please refer to section G1-1.

SGL Carbon did not make any donations to political parties, candidates for political office, or elected officials in the past fiscal year.

Supplementary report to the non-financial Group statement (acc. ESRS1 para. 7.3)

Restructuring of the Carbon Fibers (CF) business unit

On February 18, 2025, SGL Carbon announced the restructuring of the loss-making Carbon Fibers (CF) business unit. SGL Carbon will significantly reduce CF business operations and focus on a profitable core. Individual solutions are being developed for all CF sites, including the closure of unprofitable sites.

The announced restructuring of the Carbon Fibers business unit may also have potential impacts on SGL Carbon's Sustainability Statement in the future.

Regarding the material impacts, risks and opportunities identified in the double materiality analysis for SGL Carbon's business model and the upstream and downstream value chains, no changes are expected due to the restructuring of the CF business unit. The identified material impacts, risks and opportunities relate to the entire SGL Carbon Group and not to individual business units.

At the time of preparing this Sustainability Statement, no concrete statements can yet be made about the scope of the restructuring. Consequently, we can currently only estimate possible general impacts on future parameters.

Due to the planned restructuring of the CF business unit, we anticipate a general reduction in consumption data (e.g., waste, energy consumption, etc.) for SGL Carbon. This particularly includes energy consumption and, as such, the absolute level of greenhouse gas (GHG) emissions of SGL Carbon. With a possible reduction in revenue due to focusing CF on a profitable core, the CO_2 emissions compared to economic performance (intensity) could also decrease in the future.

Regardless of the extent of the CF restructuring, the emission of GHG emissions will remain a significant environmental impact of our business activities due to the energy intensity of the Graphite Solutions business unit. Against this background, we will review our transition plan in 2025.

The restructuring of CF may lead to a reduction in the number of our employees in the future. However, we do not expect a significant change in the characteristics and parameters of our own workforce.

Wiesbaden, March 18, 2025

SGL Carbon SE
The Board of Management of SGL Carbon SE

Andreas Klein Dr. Stephan Bühler Thomas Dippold

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Assurance report of the independent German Public Auditor on a limited assurance engagement in relation to the consolidated non-financial reporting included in the Annual Report

To the SGL Carbon SE, Wiesbaden

Assurance Conclusion

We have conducted a limited assurance engagement on the separate non-financial group report of SGL Carbon SE, Wiesbaden, for the financial year from January 1 to December 31, 2024, prepared to fulfil the requirements of Sections 315b and 315c of the HGB [Handelsgesetzbuch: German Commercial Code] including the information contained in this consolidated non-financial statement to fulfill the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the "consolidated non-financial reporting").

Not subject to our assurance engagement were the external sources of documentation or expert opinions mentioned in table "Additional information" of the consolidated non-financial reporting which are marked as unassured.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying consolidated non-financial reporting for the financial year from January 1 to December 31, 2024 is not prepared, in all material respects, in accordance with Sections 315b and 315c HGB, the requirements of Article 8 of Regulation (EU) 2020/852 and the supplementary criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the external sources of documentation or expert opinions mentioned in table "Additional information" of the consolidated non-financial reporting which are marked as unassured

Basis for the Assurance 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 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 section “German Public Auditor’s Responsibilities for the Assurance Engagement on the consolidated non-financial reporting”.

We are independent of the entity 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 audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Emphasis of Matter – Principles for the preparation of the consolidated non-financial reporting

Without modifying our audit opinion, we refer to the disclosures in the consolidated non-financial reporting, which describe the principles for the preparation of the consolidated non-financial reporting. Accordingly, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent specified in Section "Basis of Preparation (BP-1 and BP-2)" of the consolidated non-financial reporting.

Responsibilities of the Executive Directors and the Supervisory Board for the consolidated non-financial reporting

The executive directors are responsible for the preparation of the consolidated non-financial reporting in accordance with the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a consolidated non-financial reporting in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the consolidated non-financial reporting) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the consolidated non-financial reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the consolidated non-financial reporting.

Inherent Limitations in Preparing the consolidated non-financial reporting

The applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms a. o. in section "Information in Relation to Article 8 of the EU Taxonomy" of the consolidated non-financial reporting. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain. As further set forth in section "Basis of Preparation (BP-1 and BP-2)" of the consolidated non-financial reporting, the quantification of the non-financial performance indicators on Scope 3 category 12, resource outflows, training hours and the gender pay gap are also subject to inherent uncertainties due to a high degree of determination and/or measurement uncertainty.

These inherent limitations also affect the assurance engagement on the consolidated non-financial reporting.

German Public Auditor's Responsibilities for the Assurance Engagement on the consolidated non-financial reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the consolidated non-financial reporting has not been prepared, in all material respects, in accordance with the applicable German legal and other European requirements and the supplementary criteria presented by the company's executive directors, and to issue an assurance report that includes our assurance conclusion on the consolidated 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 used to prepare the consolidated non-financial reporting, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the consolidated non-financial reporting.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited

assurance to support the assurance 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. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.

- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Restriction of Use/Clause on General Engagement Terms

This assurance report is solely addressed to SGL Carbon SE, Wiesbaden.

The engagement, in the performance of which we have provided the services described above on behalf of SGL Carbon SE, Wiesbaden, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of January 1, 2024 (www. kpmg.de/AAB_2024). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations to EUR 4 million specified in item No. 9 included therein) and acknowledges their validity in relation to us.

Frankfurt am Main, March 18, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dr. Gnändiger	Strzalkowski
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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SGL Carbon in the Capital Markets

SGL Carbon's share price performance in 2024 clouded by several negative factors

Investors in the stock markets can look back on a good year in 2024, despite the cautiously optimistic outlook at the beginning of the year. Risks of an economic downturn or sinking into a recession at the beginning of 2024 were offset by stronger economic growth during the year, especially in the US, and by interest rate cuts introduced by the central banks in Europe and the US. a

In terms of economic activity, the **United States** surprised with stronger growth than anticipated at the beginning of the year, driven mainly by the services sector, which more than offset the weak sentiment in the industrial sector. This detached the US economic output in 2024 from that of the other major economic regions. US growth was largely driven by private consumption. Demand for artificial intelligence (AI) also boosted the American technology sector. The American Nasdaq stock index, which is heavily focused on the technology sector, was the market with the strongest growth among the major stock markets worldwide, with an increase of 37.5%. The Dow Jones stock index gained 19.6% in 2024.

In contrast, economic momentum in **Europe** weakened considerably during the year. Compared internationally, European locations lost their competitiveness. The manufacturing sector was hit especially hard by a combination of high energy costs, significant regulation and bureaucracy, and insufficient export demand from China. Economic weakness and limited involvement in artificial intelligence hampered European equities, causing the region to underperform with a 7.6% gain in the Euro Stoxx 50. During the year, the Euro Stoxx 50 increased by around 14% in the first three months, before trending downwards which proved to be very volatile through the end of the year due to more prominent growth risks.

Despite the economic stagnation in **Germany**, the German stock index DAX gained 18.8% in 2024. The software group SAP contributed more than a third to the DAX performance with a price increase of over 70%. The increase in part is due to hopes of an economic recovery and a continuation of interest rate cuts. The DAX rose above 20,000 points for the first time in December 2024 and reached a new record high of 20,522.82 points on December 13, 2024. The DAX recorded its lowest prices of the year on January 17, 2024, with 16,431.67 points. The MDAX and SDAX indices representing medium-sized and smaller companies, drew less attention from foreign investors and were therefore down 5.7% and 1.8% respectively in annual comparison.

In Asia, the economy in **China** remained weak as the country struggled with falling real estate prices and weak consumer confidence. However, the Chinese government's announcements in September 2024 convinced markets that 2025 will finally see the stimulus needed to restart the economy. As a result, Chinese equities recovered in the second half of 2024, gaining 20.7% by the end of the year.

The central banks in the industrialized nations began normalizing their monetary policy in 2024. However, robust growth and stubborn inflation caused the markets to scale back their expectations regarding the pace of interest rate cuts, especially in the US. Three interest rate cuts in September, November and December reduced the US prime rate by a total of 100 basis points to 4.25 - 4.5% at the end of the year. The weakening economic slowdown in Europe led to an easing of monetary policy by the ECB. In June 2024, the ECB cut its prime rate from 4.50% to 4.25%. Further interest rate cuts of 25 basis points each followed in September, October and December. At the end of the year, the ECB key rate was 3.0%, and thus a total of 100 basis points lower than at the end of the previous year.

While the **inflation rate** in Europe (EU 27, Eurostat) was 2.8% in January 2024, it continued to decrease during the year, reaching its lowest level of 1.7% in September. In the following months, inflation picked up again slightly and, according to Eurostat calculations, was at 2.4% in December 2024. According to the German Federal Statistical Office, the inflation rate in Germany was 2.9% at the beginning of 2024, then fell during the year to 1.6% in September, only to rise again to 2.6% in December 2024. The inflation rate in the United States, according to the US Bureau of Economic Analysis, showed a similar trend. After 3.1% in January 2024, the inflation rate trended slightly lower to a level of 2.4% in September 2024 and slightly increased again to 2.9% by the end of 2024. This means that inflation rates at the end of 2024 in all three regions (EU-27, Germany and the US) are still above the central banks' inflation target of 2%.

Key figures for SGL Carbon SE shares	2024	2023
Number of shares at year-end	122,341,478	122,341,478
High (€)	7.53	9.36
Low (€)	3.86	5.72
Closing price at year-end (€)	4.00	6.51
Market capitalization at year-end (€m)	489.4	796.4
Average daily turnover in Xetra trading (number of shares)	131,982	131,086
Free float at year end (%)	approx. 46	approx. 46
Dividend per share (€)	-	-

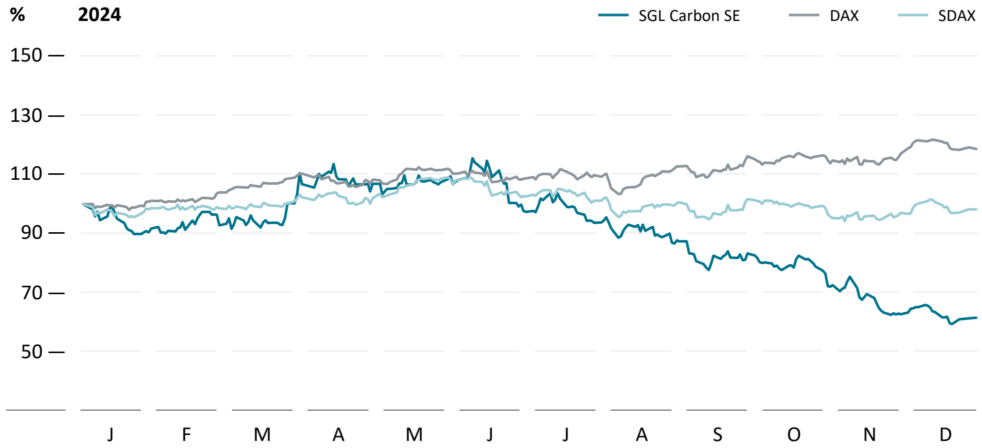
SGL Carbon share price

SGL Carbon shares closed out 2023 at €6.51. The announcement about the development of a climate-friendly carbon fiber published on January 4, 2024, was viewed slightly positively by the capital market and led to an increase in the share price of around 3% in the following days. The ad hoc announcement of February 23, 2024, regarding the review of strategic options for the Carbon Fibers business unit welcomed a price discount of around 3%. On March 21, 2024, we reported on the decision of the then CEO Dr. Torsten Derr not to extend his contract beyond May 31, 2025. The day after, we published the 2023 annual report and announced the outlook for 2024. This announcement was very well received and led to a 12% increase in the share price. The results for the first quarter of 2024, by contrast, published on May 8, 2024, did not lead to any major fluctuations. In a positive overall market environment, the SGL share price increased continuously, reaching its peak for the year of €7.53 on June 6, 2024, based on the closing price. From its high of the year to the publication of the half-year results on August 8, 2024, the share price fell by around 20%, following the general market environment for small-cap stocks. The H1 2024 result was in line with market expectations, so the share price barely reacted. In the months that followed, SGL's share price declined. The negative trend was reinforced by the ad hoc reporting on October 24, 2024, regarding an adjustment of fixed assets in the Carbon Fibers business unit in the amount of €60–80 million. Overall, the share price fell by around 11% as a result of this announcement. A further 6% share price decline resulted from the results for the first nine months of 2024, which were published on November 7, 2024. The presentation of the new management team with Andreas Klein as the new CEO and Dr. Stephan Bühler as another member of the Board of Management, published in an ad hoc announcement on November 19, 2024, could not stop the negative trend in the share price.

Performance of the share

Overall, the SGL share price reached its low for the year of €3.86 on December 20, 2024. By the end of 2024, SGL Carbon's share price recovered slightly to €4.00. The share price thus declined by 38.6% in 2024.

Relative performance of the share

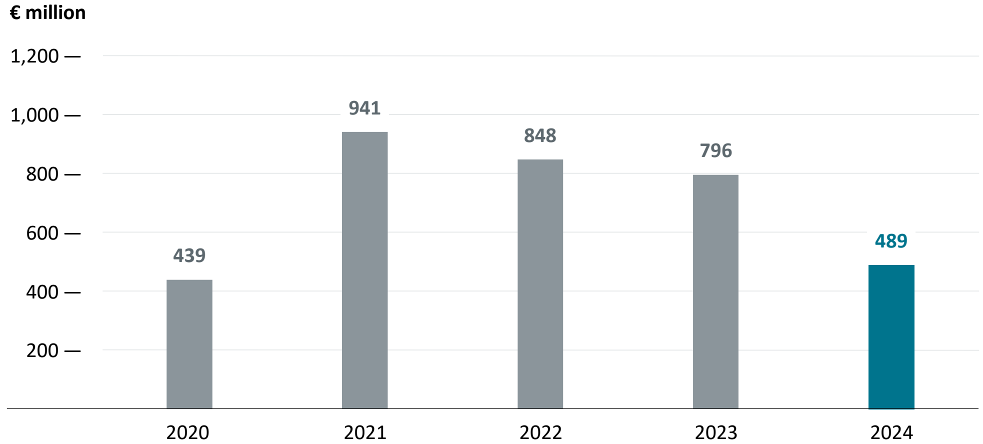


SGL Carbon's shares also significantly underperformed the German stock indices, DAX and SDAX. While the three courses saw a slight upswing in the first half of 2024 within a relatively narrow range, a clear trend emerged for each of the three prices in the second half of 2024. The leading index DAX, which tracks the large companies, performed significantly better than the SDAX, the index of smaller companies, which also includes the SGL Carbon share. One reason for this is the interest of foreign investors, in particular, in large and well-known companies, while small and medium-sized companies have received less attention not only in Germany but also in other European countries. In the second half of 2024, SGL Carbon's share price continued to decline. In our view, the relative underperformance of SGL Carbon shares reflects not only the disinterest of large foreign investors in smaller companies, but also, and especially, the dampened business prospects in the semiconductor business, mostly for silicon carbide semiconductors, which are mainly used in electric vehicles. A further factor is the continuing uncertainty regarding the strategic options for the Carbon Fibers business unit.

Slight decline in market capitalization

The market capitalization of SGL Carbon declined during 2024 in line with the development of the share price. After €796.4 million in the previous year, it amounted to €489.4 million at the end of the reporting year. According to the index ranking list calculation by Deutsche Börse AG, SGL Carbon SE ranked 155th with a free float market capitalization of €214.2 million as of year-end 2024 (previous year: 151). The number of shares outstanding has remained constant over the past year at 122,341,478.

Market capitalization



Stable shareholder base

SKion GmbH remains the company’s largest shareholder with a shareholding of around 28.5%. In addition, based on the respective notifications of voting rights or other notifications, BMW AG and Volkswagen AG hold the following shareholdings subject to reporting obligations:

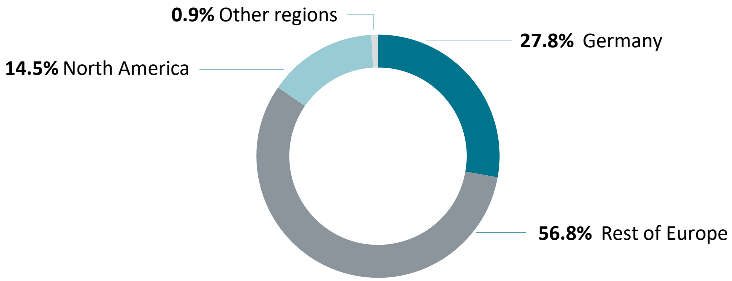
BMW AG	October 15, 2014 [1]	18.44 %
Volkswagen AG	February 6, 2018 [2]	7.41 %

[1] Date of the most recent voting rights notification
[2] Other notification

Overall, these anchor investors hold approximately 54% of the share capital. The relatively low free float of 46%, combined with rather low trading volumes, often leads to high price swings in both directions.

As per the March 2024 shareholder survey, institutional investors were geographically distributed as follows: around 27.8% of the shares are held by German investors, 56.8% in the rest of Europe and 14.5% in North America. Other regions such as Asia, Middle East and South America contribute 0.9% to the shareholder base.

Geographic distribution of institutional investors



The following table provides an overview of the shares held by the Board of Management and the Supervisory Board (reporting date: December 31, 2024)

Shares held by Board of Management and Supervisory Board	2024
Executive Board	
Dr. Torsten Derr	233,030
Thomas Dippold	116,750
Supervisory Board	
Members of the Supervisory Board in total	2,352
Total	**352,132**

Dividend development

Due to the distributable accumulated losses of SGL Carbon SE parent company in fiscal year 2024, the company will not be able to pay a dividend. With further growth, our company will operate more profitably on a sustainable basis. Only then will it be possible to distribute a dividend.

2024 Annual General Meeting

SGL Carbon SE’s Annual General Meeting took place on May 23, 2024, as a virtual annual general meeting.

The Annual General Meeting was broadcast using a password-protected AGM internet service, which shareholders or their representatives used to dial in. Shareholders connected electronically to the Annual General Meeting had the right to exercise their shareholder rights in full at the meeting. In particular, the video communication enabled shareholders to exercise their right to speak and ask questions. The AGM internet service also allowed shareholders to exercise their voting rights by mail, have their voting rights exercised in accordance with the instructions they had given through the voting rights representative appointed by the company, submit statements in response to agenda items and object to resolutions of the Annual General Meeting.

Of the company’s share capital of €313,194,183.68, divided into 122,341,478 shares, a total of 79,844,383 shares were represented at the 2024 virtual Annual General Meeting, which corresponds to 65.26% of the registered share capital. All items on the agenda were approved with an overwhelming majority.

In addition, the speech given by the chairman of the Board of Management at that time, Dr. Torsten Derr, was broadcast publicly on the SGL website. The speech and all AGM voting results are available to shareholders and interested parties on the SGL website (at www.sglcarbon.com/Hauptversammlung).

The next Annual General Meeting of SGL Carbon SE will take place on May 21, 2025.

In-depth capital market communication

At the end of the reporting period, SGL Carbon shares were covered, analyzed and rated as follows by seven German and international financial analysts (previous year: seven). All analysts rated the stock Buy or Add. (as of December 31, 2024)

A summary of the analysts who regularly cover SGL Carbon is available on SGL Carbon's Investor Relations website under the "Share" menu item.

Analyst coverage (as of December 31, 2024)

Alphavalue
Berenberg
Deutsche Bank
HSBC
Jefferies
Kepler Cheuvreux
Stifel

SGL Carbon provides all capital market participants with transparent, timely and comprehensive information on the Company's business situation and future prospects. Many discussions with investors were held in person again in 2024. Around 200 one-on-one meetings were held with analysts and investors in Germany and abroad.

The following topics were at the center of the investor meetings: the impact of lower growth rates for electric cars on our graphite business with components for the production of semiconductors, in particular silicon carbide-based semiconductors. The reasons for and progress of our evaluation of strategic options for the Carbon Fibers business unit were also discussed with capital market participants. The investors were also informed about the development and expectations for the other two business units of SGL Carbon. Equally interesting were the new appointments to the board. An increasingly important topic in discussions with investors was the company's sustainability strategy: ambitions and measures to improve ESG performance. Ambitions and measures to improve ESG performance were of particular interest.

As usual, capital market conferences and roadshows were central instruments for intensive exchange with institutional investors. In total, SGL Carbon took part in 10 investor conferences and three roadshows in 2024. Quarterly reports and the conference calls held on the same day are further tools for providing capital market participants with comprehensive information in a timely manner. The conferences are broadcast live on SGL Carbon's Investor Relations website and are also available as a recording.

The Investor Relations website offers a wide range of information, in particular for private investors and interested third parties. In addition to the financial reports, further documents such as presentations, press and ad hoc announcements as well as information on capital market's sales and earnings expectations are made available to SGL Carbon there. All reports on share transactions by the Board of Management and Supervisory Board as well as voting rights reports are also available online. Interested parties also have the option to be included on the mailing list for financial reports or press releases.

We look forward to hearing from you!

Key data of SGL Carbon SE shares

Trading venues	Xetra, Berlin, Dusseldorf, Frankfurt, Hamburg, Hannover, Munich, Stuttgart
German securities identification number (WKN)	723 530
International Securities Identification Number (ISIN)	DE 000 723 5301
Stock index	SDAX
Market segment	Prime Standard

Optimization of the financing structure in 2024 by repayment of the utilized term loan facility

After successfully completing the refinancing measures in the summer of 2023, SGL Carbon had two outstanding convertible bonds in the 2024 fiscal year, as well as a drawn credit line of €75 million (term loan facility), which was repaid in full during the year. Overall, SGL Carbon reported lower net financial debt of €108.2 million as of December 31, 2024, compared to the previous year (€115.8 million). This is primarily due to the positive free cash flow.

The leverage ratio was unchanged at 0.7 as of December 31, 2024, compared to the end of the previous year (December 31, 2023: 0.7). SGL Carbon has a comfortable maturity profile with maturities in 2027 and 2028 for the two outstanding convertible bonds. Furthermore, SGL Carbon has an undrawn, unsecured syndicated credit line of €100.0 million, which matures in March 2027 as of the balance sheet date.

An overview of SGL Carbon SE bonds

As in previous years, the prices of both convertible bonds issued by SGL Carbon were again very volatile last year. This was largely due to changes in the SGL share price. Thus, the increase in the share price in June 2024 to a level slightly below the conversion price of the bond (€8.33) maturing in 2027, led to an increase in the price to around 110% of the nominal value. The convertible bond maturing in 2028, which has a higher conversion price of €9.71, was unable to benefit to the same extent from the increase in the share price. At the end of 2024, the two financial instruments, the convertible bond 2027 (nominal volume €101.9 million, interest rate 5.75% p.a., maturing on September 21, 2027) and the convertible bond 2028 (nominal volume €118.7 million, interest rate 5.75% p.a., maturing on June 28, 2028), were trading slightly below their nominal values, as SGL shares were trading significantly below the annual peak in June 2024 at the end of the year.

Convertible bonds

WKN	ISIN	Coupon	Maturity
A30VKB	DE000A30VKB5	5.75%	September 21, 2027
A351SD	DE000A351SD3	5.75%	June 28,. 2028

Performance of the convertible bond (matures on September 21, 2027)

Performance of the convertible bond (matures on June 28, 2028)

Group Management Report

Slight decline in sales by 5.8% to €1,026.4 million (previous year: €1,089.1 million), particularly due to the ongoing weak demand in the Carbon Fibers (CF) business unit.

Adjusted EBITDA of €162.9 million (previous year: €168.4 million) also slightly lower due to the decline in sales.

Free cash flow of €38.7 million positive despite high capital expenditure of €97.3 million (previous year: €95.6 million). Net debt further reduced to €108.2 million (previous year: €115.8 million). Full repayment of the term loan facility of €75 million. Equity ratio stable at 41.5% (previous year: 41.1%).

In this Group Management Report, we provide detailed information about the business development and its framework conditions in the reporting year and explain in detail the net assets, financial position and results of operations. We also provide an outlook on the probable development along with its main opportunities and risks.

Group Fundamentals

Group business model

Business activity and company structure

SGL Carbon is a technology-based company and a global leader in its focus markets in the development and manufacture of materials and products made from special graphite, carbon fibers and composites. With its sophisticated and in some cases customized solutions, SGL Carbon serves many industries that are shaping future trends: mobility (especially electromobility), semiconductor technology, LED, solar and wind energy, and fuel cells. We also develop customer-oriented solutions for the chemical industry and numerous other industrial applications with our 4,394 employees plus 117 apprentices at 29 sites in Europe, North America and Asia. We strive to grow with products and technologies that benefit society and reduce the impact on the environment.

SGL Carbon SE, based in Wiesbaden (Germany), is listed on the Frankfurt Stock Exchange. The shares are listed in the Prime Standard market segment of the German Stock Exchange. Together with its subsidiaries, SGL Carbon SE forms the management holding company SGL Carbon (a detailed overview of the shareholdings of SGL Carbon SE can be found in the Notes to the Consolidated Financial Statements under Note 32).

The operative business of SGL Carbon is managed by four business units with their own responsibility for financial results: Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS). Together with the central functions that are bundled in the Corporate reporting segment, the four operating business units make up the company's five reporting segments.

The Board of Management defines the Group's strategy and decides on financing and resource allocation. The globally active business units are responsible for the development, production and marketing of their products and solutions, while all service and administration activities are bundled in the central functions.

Our business units[4]

Graphite Solutions (GS) business unit

Graphite Solutions (GS) generates the highest sales and earnings among all of SGL Carbon's business units. GS develops, produces and markets a wide range of graphite-based solutions and products. Tailor-made graphite materials and components are manufactured, cleaned, impregnated and sometimes further refined with special coatings based on the needs of our customers. Key customers in the GS business unit come from the semiconductor, LED and solar industries, the automotive and transport segment including fuel cells, and various other industrial applications.

The focus here is on products with a high added value. Components made of synthetic specialty graphite, some with highly specialized coatings, play an important role along the entire value chain of silicon and silicon carbide-based semiconductors, for example. The growth of single crystals requires heating elements and crucibles made of synthetic graphite as well as hard and soft felts for heat insulation, while wafer carriers with silicon carbide coating enable the further processing of semiconductors. High-performance silicon carbide semiconductor components in particular are increasingly in demand in sustainable growth fields such as electromobility and renewable energy infrastructure. Gas diffusion layers are essential parts of fuel cells – another key technology for modern energy infrastructure. Durable graphite materials are used in the latest wind turbines. Solutions for the automotive industry and other processing industries are produced using graphite-based bearing and pump components, as well as sealing rings. Expanded graphites based on natural graphite are also used in a large number of industries. Furthermore, GS was still

[4] The section "Our business units" is also part of the SGL Carbon SE Group Sustainability Statement 2024. It contains information on ESRS 2 SBM 1 para. 40a i.

one of the few European suppliers of graphite anode material for lithium-ion batteries, which are required for electric vehicles, among other things. Economic conditions and lower-cost competition, particularly from Asia, led SGL Carbon to close its research and development activities in graphite anode materials in mid-2024. Production will also be discontinued in 2025.

The main raw materials in the GS business unit are petroleum cokes and pitches. SGL Carbon sources these raw materials primarily on the basis of framework agreements with global suppliers with whom the company has long-standing business relationships. The production of graphite is an energy-intensive process. The bulk of the energy required for the manufacturing processes, mainly electricity and natural gas, is covered by contracts, some of them long-term, with national and local energy supply companies.

	Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions
Products	• Synthetic fine grain graphite • Expanded graphite • Porous graphite • Graphite-based felts and foils • Gas diffusions layers as part for fuel cells • Graphite coatings • Graphite specialties	• Components made of impermeable synthetic graphite • Graphite heat exchanger, synthesis equipment, columns and built-in components • Process solutions • Spare parts, maintenance, services	• Precursor and acrylic fibers • Nonwovens and woven textiles • Preimpregnated materials • Carbon fibers • Thermoplastic composite materials	• Composite components e.g. underfloor panels, battery boxes, leaf springs • Friction materials and components • Insulation materials
Markets	• Semiconductor and LED • Industrial Applications • Automotive and Transport • Solar • Battery materials • Chemicals	• Chemicals	• Wind Energy • Automotive and Transport • Textile Fibers / Applications • Industrial Applications • Aerospace	• Automotive and Transport • Aerospace • Industrial Applications

Process Technology (PT) business unit
The Process Technology (PT) business unit focuses on the construction and repair of components and large systems for industrial applications. In addition to individual components and equipment, PT also offers complete systems and engineering know-how: from hydrochloric acid synthesis to concentration and dilution systems for a wide variety of acids, to absorption and desorption systems. The main focus is on the design and manufacture of graphite heat exchangers, syntheses, columns and column internals as well as pumps and systems that are exposed to corrosive media. Using heat exchangers helps ensure that energy is used efficiently, thereby reducing a plant's overall energy consumption. The "Spare parts and services" product segment is becoming increasingly important. PT provides support with commissioning, operation and maintenance, system expansions and even taking back used equipment and system parts to ensure long-term customer loyalty. The chemical industry is one of the business unit's most important customer groups. The systems and expertise of PT are also used in other industries with corrosive and caustic processes.

Carbon Fibers (CF) business unit
The Carbon Fibers (CF) business unit focuses not only on the production of textile fibers but also on the production of SGL's own carbon fibers, forming the basis for all processing stages of composite applications. Carbon fibers are industrially manufactured fibers that are refined in such a way that they consist almost exclusively of carbon. They are microscopic and about eight times thinner than human hair. In order to make them usable for various applications, 1,000 to 60,000 filaments are combined into a kind of thread.

Due to their unique properties, such as high tensile strength and rigidity combined with low weight, they enable a wide range of innovative lightweight solutions for various industries and are increasingly being used as a substitute for classic materials such as fiberglass. CF's most important markets, in addition to the automotive industry, are the wind industry and a wide range of applications in a wide variety of industries. The Carbon Fibers business unit covers the entire value chain, starting with the polymerization of the main raw material through the production of carbon fibers to the manufacture of fabrics and pre-impregnated materials. The main raw material is acrylonitrile (ACN), which is initially processed into acrylic fibers, a polyacrylonitrile (PAN) precursor, and into carbon fibers in further production processes. The production of these carbon fibers is an energy-intensive process. SGL Carbon built a biomass plant at its Lavradio site in Portugal to reduce the use of fossil fuels. Given the increasing global overcapacity in carbon fibers and the associated persistent competitive and price pressure, SGL Carbon is currently reviewing all options for the CF business unit.

The joint venture Brembo SGL Carbon Ceramic Brakes, which is recognized using the equity method, is allocated to the CF business unit. The joint venture with the Italian Brembo S.p.A. develops and produces carbon-ceramic brake discs, especially in the market segment for luxury vehicles and sports cars. In addition to its expertise in carbon fiber processing, CF also supplies the joint venture with carbon fiber products that form the basis of the carbon-ceramic brake.

Composite Solutions (CS) business unit

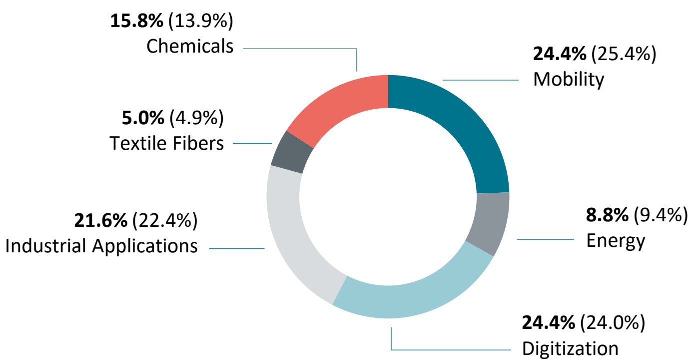
The Composite Solutions (CS) business unit bundles composite solutions based on carbon fibers and fiberglass. For high-tech applications that require high strength and rigidity at a low weight, these solutions are practically invaluable. They also offer excellent thermal protection. Composite components, which are usually customized, are used primarily in the automotive industry.

Based on many years of experience, knowledge and competence from the areas of design and engineering up to fully automated series production, small to medium construction volumes can be custom-made. These are used in medical technology as well as large-volume automotive applications. The Composite Solutions business unit focuses in particular on battery housing applications and GRP leaf springs, as well as on various types of carbon friction materials for the automotive industry.

Major sales markets[5]

The following graphic shows the main sales markets of SGL Carbon:

Sales by market segments 2024 (2023)



Sales by market segments 2024 (2023)

SGL Carbon's Group revenue in the 2024 fiscal year was €1026.4 million, of which 24.4% was generated with customers in the Digitization market segment (2023: 24.0%). Our largest market segment includes specialty graphite products for the semiconductor industry and LED customers. Over the past two fiscal years, products for silicon carbide-based semiconductors, used primarily in electric vehicles, have become increasingly important for the Graphite Solutions business unit.

For the similarly sized Mobility market segment, we produce a wide range of solutions from almost all business units, primarily for customers in the automotive industry. After 25.4% in the previous year, the revenue share of this market segment decreased to 24.3% in 2024.

Similarly, the revenue share contributed by the "Energy" segment decreased from 9.4% in the 2023 fiscal year to 8.8% in the 2024 fiscal year, primarily due to continued weak demand from our wind energy customers. Revenue from customers in the solar energy sector is also attributed to this market segment. Against the backdrop of a change in capacity allocation in connection with the increased demand for products for the semiconductor industry, the revenue share in the solar energy sector fell from 1.8% to 1.4% in 2024, thus also contributing to the decline in revenue in the Energy market segment.

The development, production, sales and marketing of products for electric vehicles, LED and solar applications is in line with our strategy of not only wanting to reduce CO_2 emissions in our own business activities, but also to grow with products that are designed to help mitigate climate change.

With a share of sales of 21.7% (previous year: 22.4%), the Industrial Applications market segment, which covers a wide range of applications in various industries, is SGL Carbon's third-largest market segment. The contribution to sales from customers in the chemical industry increased to 15.8% compared to the previous year (13.9%), which is due in particular to the increase in sales in the Process Technology (PT) business unit. Products made by the business unit include heat exchangers, which are employed to more efficiently use energy and thus reduce our customers' energy consumption and CO_2 emissions.

Textile Fibers for a wide range of industrial applications remains the smallest market segment at 5.0% (2023: 4.9%).

The sales shares by specific market segment of the four business units are presented in the segment reporting section.

[5] The section "Major sales markets" is also part of the 2024 Group Sustainability Statement of SGL Carbon SE. It contains information on ESRS 2 SBM 1 para. 40a ii.

Objectives and strategies

In an increasingly difficult market environment, with geopolitical challenges and stagnating or even declining demand expected in some of our markets, digitization, the fight against climate change and increasing demand for climate-friendly and resource-efficient products and solutions remain the global challenges of our time. We see these changes as opportunities to continue to sustainably align SGL Carbon's business model and successfully shape the future of the company. In doing so, we combine our economic goals with our sustainability ambitions.

The long-term objective of SGL Carbon is to increase the enterprise value through sustainable, result-oriented growth. Generating the capital costs, having sufficient financial capacity and maintaining an adequate financing structure are necessary prerequisites for guaranteeing long-term entrepreneurial ability to act. In addition to ensuring our financial strength, we want to contribute to environmental and climate protection, as well as to social development. This includes responsibility for our employees, our supply chains, customer data and information security, as well as unconditional compliance with laws, regulations and standards. The Group strategy of SGL Carbon is aimed at achieving these objectives.

Corporate strategy

Our mission is to create the best solutions for our customers by developing cutting-edge carbon-based products and thereby contributing to a sustainable future. With its materials, products and services, SGL Carbon is already serving markets that are helping shape the future trends of environmental and climate protection as well as digitization. We therefore focus increasingly on future markets that support these trends and offer corresponding growth opportunities: mobility (including electromobility and fuel cell vehicles), renewable energy industries (solar, wind energy) and the semiconductor industry

Transformation through restructuring

In fiscal years 2020 to 2022, fundamental transformation through restructuring was at the forefront of the strategic focus. Our goal was to improve SGL Carbon's economic performance and create the basis for future growth. Key areas of focus included an extensive cost-cutting program combined with an improvement in the company's liquidity. At the same time, structures and processes were simplified. In order to meet the dynamic requirements of customers faster and in a more focused manner, two heterogeneous business units with very different customer structures and few synergistic effects were split into today's four business units responsible for financial results.

Improvement

All global production sites were subjected to an efficiency and cost review to further improve profitability starting in the restructuring phase. According to the analysis carried out, site-specific measures were defined in order to increase the performance of the individual sites. Every production site must operate economically and contribute to the profitability of SGL Carbon. Sites were sold if they did not meet performance criteria even after the measures were implemented. Others, in turn, were expanded when performance improved.

This prompted the decision to sell the site in Pune (India) and the operational business activities of Composite Solutions at the site in Gardena (USA) at the end of 2022. The transactions closed in the first half of 2023.

Analysis of the sites also encompassed organic capacity expansion. Series production was expanded in Innkreis (Austria) where battery boxes, underbodies, leaf springs and other products are manufactured from composite material for the automotive industry. The expansion of capacity for materials and products for the semiconductor industry has also begun.

To improve financial capacity, the company's net debt was reduced from €286.5 million at the end of 2020 to €108.2 million as of December 31, 2024. This reduced the gearing from 1.3 to less than 0.2. The equity ratio also increased significantly from 17.5% to 41.5%.

The restructuring of the debt instruments not only reduced debt from €428.3 million (December 31, 2020) to €256.2 million as of December 31, 2024, but also significantly extended the maturity profile.

Acceleration

While the “improvement” phase was particularly focused on increasing profitability, the “acceleration” phase is primarily focused on profitable growth. That is why – as early as the beginning of 2023 – we started investing in the expansion of production capacity for the products in which we see particular growth and margin potential. The phase will focus on the organic expansion of production capacity.

One of SGL Carbon’s fastest-growing and most attractive markets is the semiconductor industry, for which the Graphite Solutions business unit supplies components for high-temperature processes. In particular, demand for specialty graphite products for the production of silicon carbide-based semiconductors increased in 2023 and until mid-2024. We directed around €35.4 million in the 2023 fiscal year and around €40.0 million in the 2024 fiscal year from our own funds and customer payments toward expanding capacity for materials and products for the semiconductor industry.

Focus

We decided to suspend our “acceleration” phase due to the further deterioration of the economic environment with high energy and labor costs, the increasing risk of regional trade barriers and growing political uncertainty, coupled with weak demand in some of our key markets.

Silicon carbide-based semiconductors are primarily needed in electric vehicles. Growth in the electric vehicle sector was already much slower than originally expected in the second half of 2024. Customer demand for silicon carbide semiconductors was also revised downward. Experts still expect demand for electric vehicles to increase in 2025, but far below initial expectations. Demand for silicon carbide semiconductors will increase on a delayed basis as our customers will first draw down their inventories.

As expected, demand from the wind industry remained weak in the Carbon Fibers business unit in the 2024 fiscal year. The build-up of new capacity for carbon fibers, particularly in Asia, has also led to increased price pressure, suggesting that lower margins are also expected in this business in the future. As a result, SGL Carbon decided at the beginning of 2024 to evaluate all strategic options for this business unit.

In the 2025 fiscal year, SGL Carbon’s strategic focus will be on consolidating our existing operating business and securing our profitability. This includes strict cost management and a review of all product areas for future performance and profitability.

We will use this year to consolidate our high-margin products and solutions and to generate new growth opportunities for SGL Carbon in order to continue the “acceleration” phase as soon as possible.

Improvement in the efficiency and performance of SGL Carbon is always in line with our ESG strategy. Through binding objectives and measures, we are anchoring sustainability even more firmly in our corporate strategy, processes, structures and new projects. Sustainable management, the development of products designed to protect the environment and climate, and ethically impeccable action are key success factors for further improving the economic performance of SGL Carbon.

Corporate culture as a success factor

Cultivating our corporate culture has been a focus of our internal efforts in recent years. Our “Formula Carbon” work guideline is designed to reinforce an approach that focuses on efficiency and economic performance. The following principles guide us:

- Business comes first
- Dare to be simple
- Keep promises
- Act quickly, think differently

Additional measures were initiated to continue the systematic development of the corporate culture. The initiative to improve SGL’s performance culture has defined five values as the basis for our collaboration and our actions:

- Integrity and honesty
- Respect and esteem
- Responsibility
- Trust
- Passion for success

We have been exploring the importance of these values for employees and the extent to which they have been adopted in a Group-wide employee survey conducted at least once a year since their introduction at the end of 2022. The aim of our performance culture is to continuously improve both our economic performance and our corporate culture. Further information on the “Performance Culture” initiative can be found in the sustainability statement in the “Own workforce” section of this Annual Report.

Corporate governance

SGL Carbon’s corporate governance aims to secure and increase the economic and sustainable performance and profitability and therefore the enterprise value of SGL Carbon. SGL Carbon assesses its success based on defined financial performance indicators: We measure our sustainability ambitions using selected non-financial performance parameters relating to the environment, social welfare and corporate governance (environmental, social and governance, ESG).

Management and control

A description of the relationship between the Board of Management and the Supervisory Board can be found in the Corporate Governance and Compliance Report (unaudited). The Board of Management determines the Group’s strategic orientation. Fundamental business decisions of importance are made at two levels of management – the Board of Management and the heads of the business units. In addition, central functions support the Board of Management and provide Group-wide services for all business units and companies. The Supervisory Board advises and monitors the Board of Management in managing the company.

Internal control system

SGL Carbon’s internal control systems support the overarching corporate objective of a long-term and sustainable increase in company value taking into account our own sustainability ambitions. Significant management tools include monthly management reporting based on the annual plan, which covers both the actual development and the forecast development for the rest of the year. The target/actual deviation analyses and the monthly rolling forecast incorporate new findings on business development, including key assumptions. In addition to annual planning, we also do medium-term planning which covers a period of four years. Planning is done by the four business units and all relevant corporate functions based on centrally defined key parameters. Corporate Controlling consolidates the operational planning and derives from its personnel, investment and financial plans for the Group. The budgeted figures, including target/actual comparisons and the current forecast, are regularly presented to the Supervisory Board. The non-financial performance indicators are also regularly captured, evaluated and reported to the Board of Management and the Supervisory Board.

In addition to monthly management reporting, the top management levels and commissioned steering groups hold regular meetings in which they control and monitor special investment projects, possible transactions and defined areas of responsibility such as personnel issues, occupational safety, compliance and environmental and climate protection.

Financial control key performance indicators

SGL Carbon uses the following key performance indicators to determine and monitor financial success:

In addition to sales, adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, adjusted for one-off effects and non-recurring items) is the most important key performance indicator for measuring SGL Carbon’s profitable growth. By using it, we depict the sustainable cash-effective earning power of the business units and the Company.

We are also providing our earnings forecast for the 2025 fiscal year on the basis of adjusted EBITDA. The following effects are adjusted:

- Impairment losses (IAS 36) and amortization of purchase price allocations (IFRS 3) and assets held for sale (IFRS 5);
- Restructuring expenses;
- Proceeds from the sale of land and buildings;
- Income from insurance compensation, to the extent that this is not offset by corresponding expenses in the respective reporting period;
- Other significant one-off effects that do not reflect operational business development.

Free cash flow and net debt is used to manage the Group's liquidity and financial strength. SGL Carbon's profitability is measured on the basis of ROCE (return on capital employed). ROCE is defined as adjusted earnings before interest and taxes (adjusted EBIT) divided by average capital employed (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for using the equity method and working capital). With ROCE of 11.4% in the 2024 fiscal year, we have slightly exceeded our target for 2024 of 10 to 11%.

The variable remuneration of senior management (first three levels after the Board of Management) is based, among other things, on adjusted EBITDA and cash generation (short-term incentive) and return on capital employed (ROCE) (long-term incentive). Other target variables for the short-term incentive (STI) include both individual personal targets for each manager and a Group-wide sustainability goal. In the 2024 fiscal year, this target was the achievement of a lost time injury rate of less than 2.2. Further information on the remuneration structure can be found in the audited remuneration report.

Supplementary financial key performance indicators are the leverage ratio, as the ratio of net financial debt to adjusted EBITDA, as well as the equity ratio. The target is ≤ 2,5 for the medium-term leverage ratio and ≥ 30% for the equity ratio. As of December 31, 2024, the targets for the leverage ratio (0.7) and the equity ratio (41.5%) were achieved.

These financial management indicators are increasingly being supplemented by non-financial parameters.

Non-financial performance indicators

In addition to the financial key figures, the enterprise value and success of SGL Carbon is also determined by non-financial performance indicators. We view sustainable and socially oriented management and action as an essential part of our corporate strategy. We have therefore set ourselves ambitious non-financial targets that we measure using performance indicators including the following:

- Occupational safety, in particular the frequency of accidents. The key indicator here is the lost time injury rate (LTI rate). The LTI rate measures lost-time injuries per million hours worked. We intend to reduce the LTI rate by 5% each year compared to the base year of 2022. The LTI rate was 1.5, well below our target of 2.2 for 2024.

- Energy consumption and CO_2 emissions, as well as energy intensity as the ratio of energy consumption to adjusted sales (economic output). As an energy-intensive company at various locations worldwide, we strive to reduce our energy consumption and CO_2 emissions out of ecological and economic responsibility. SGL Carbon has therefore set itself targets for CO_2 reduction and developed a long-term roadmap to climate neutrality by 2038. We also aim to improve our energy intensity by 1% each year.

- Workforce diversity is another factor in SGL Carbon's success. One factor used to measure diversity is the percentage of women in senior management. At the end of the 2024 fiscal year, the number of employees was 4,394 plus 117 apprentices, of whom 45.5% worked in Germany and 54.5% abroad. The share of women in the top three management levels under the Board of Management was 21% as of December 31, 2024. This means that we have achieved the target ratio of 20% set for 2025.We intend to maintain this level in the coming years.

To improve the performance culture and thus employee satisfaction, we have been conducting a Group-wide employee survey and defining a performance culture index since late 2022. This will be improved through targeted measures and regularly reviewed by means of employee surveys.

In close consultation with the various stakeholder groups and based on legal requirements, SGL Carbon has developed a meaningful portfolio of non-financial key figures to make its sustainability progress measurable. See the sustainability statement in this Annual Report for more details.

Non-financial Group report

Further information on sustainability, environmental and climate protection, as well as other important ESG aspects, can be found in the sustainability statement in this Annual Report. The sustainability statement also represents the separate non-financial Group report of SGL Carbon SE, which was subjected to a limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Research and development

Research and development activities are customer-oriented and take place in the operating business units

Research and development activities are carried out in the four business units. This further strengthens the proximity of development to the customer and focuses strategic research and development projects with more intensity on near-term market opportunities.

The development activities of the business units derive directly from the strategic objectives of the product groups or business lines and are shaped by the market trends, customer requirements and market environment in each case.

Highlights from the business units (unaudited)

BU Graphite Solutions – successful continuation of the development strategy

Digitization, mobility and energy are the strategic market segments of the GS business unit. The development projects aim to continuously meet the high demands of our customers in these market segments.

In the Electronic and Industrial Solutions business line, the focus is on applications in the semiconductor industry. The properties of the products made of isostatic graphite, porous graphite and insulation materials made of hard and soft felt have been further developed with regard to the tight specifications of semiconductor processes. This has a positive influence on the optimized use of raw materials and the lifespan of the products in customer processes. Innovative coating solutions, which are essential for the efficiency of epitaxy processes in the semiconductor industry, among other things, round off the comprehensive product range of the Electronic and Industrial Solutions business line.

The Mechanical Solutions business line develops electrical contact materials, among other things. Higher-performance wind turbines and new automotive applications are the focus of its development activities.

The BU GS is working on gas diffusion layers for the next generation of fuel cells and electrolysis applications. In addition, bipolar plates are another development focus of the Fuel Cell Components business line.

For applications in sealing technology, the business line was able to realize expanded graphite products with a novel surface treatment system. This innovative approach allows for a reduction of leakage rates while simultaneously improving non-stick properties. The production of PFAS-free products is another key development topic.

The Battery Solutions business line focused on the development and industrialization of graphite anode materials made of synthetic graphite for use in lithium-ion batteries. In July 2024, SGL decided to discontinue these activities due to a lack of prospects for commercial success.

Across product groups, alternative raw materials, material cycles and energy-efficient production processes are being investigated to secure the long-term supply of raw materials and to conserve resources in manufacturing.

Process Technology (PT) business unit – achieving market leadership through technological innovation

Technological differentiation from the competition remains a key success factor and thus a long-term objective of the PT business unit. Continuous development and innovation at various levels contribute significantly to achieving this objective. Competitiveness is strengthened through product refinements, cost optimization and compliance with new requirements and regulations. Product refinements enable access to new applications and markets.

For example, as part of a research project funded by the Bavarian Hightech Agenda, we are working with strategic partners to develop the fundamentals for evaluating inhomogeneous materials using artificial intelligence. The results inform the development of novel calculation methods and standards for the mechanical design of pressure-bearing components made of materials such as graphite. Material savings can help optimize costs and conserve resources.

In addition to improving resource efficiency, key principles for the PT business unit's development activities include reducing emissions and waste streams and using alternative and renewable energy sources.

Carbon Fibers (CF) business unit – focus on technologies to improve sustainability

The CF business unit continued to participate in new research projects in concrete reinforcement in the past year. The substitution of metallic materials with innovative, carbon fiber-based system solutions offers significant potential for CO_2 reduction in the construction industry.

Activities also focused on research into pressure vessels for hydrogen, which is required as an energy source for fuel cells. This is where the business unit's new fiber types are slated to be used in the future.

Composite Solutions (CS) business unit – future field e-mobility

The CS business unit's core activities are in composite components for automotive applications in the mobility sector. With the switch to climate-friendly drives, the automotive industry is currently undergoing the greatest transformation since its inception; completely new applications such as battery housings and underbody protection components demand innovative solutions. Composite materials, which SGL Carbon has been producing successfully for many years in small and large series using highly efficient processes, are often very well suited for this purpose.

In order to be a technical leader and provide our customers with the support they need, we have closely aligned internal development to the needs of our customers. Although the previously mentioned battery housing applications are subject to stringent requirements in terms of impact and fire exposure, they can be solved particularly well with composite materials. Our internally developed test benches and pilot plants have enabled us to develop materials and components at the highest level over the past year. This means we can already answer the most important customer questions, create initial component designs and establish precisely defined development objectives in the inquiry phase of a project. We supplement our material expertise with component design know-how, system knowledge and simulation capabilities so that we can offer our customers solutions up to the finished product from a single source. As a result of this consistent innovation work, for instance, a battery housing component manufactured in a newly developed process chain based on powdered phenolic resins and continuous glass fiber reinforcement was awarded the prestigious Innovation Prize of the Reinforced Plastics Industry Association (AVK). We then offer such pre-developed solutions to our customers in response to new inquiries, quickly and precisely adapting them to the individual case.

In the area of sustainable composites, fiber-reinforced composites with a reduced carbon footprint and improved recyclability, we consistently drove forward our development last year. For example, a three-year research project was conducted with various industry and research partners with the aim of developing a battery housing that can be manufactured in a particularly resource-efficient way and can be recycled more easily. The intensive collaboration with various companies from the recycling industry for reprocessing fiber composite components was continued and expanded to include new approaches.

Sustainability forms the central plank for current and future development. All development activities are checked to see how they contribute to improving the sustainability of our products. The aim is to offer composite components with a significantly smaller carbon footprint in line with our own sustainability objectives as well as those of our customers.

Industrial cooperation and research networks as the key to success (unaudited)

SGL Carbon continues to be an active member of the executive committees of the international scientific carbon societies.

In addition, SGL Carbon is an active member of Composites United e.V. This association of companies and research institutions covers the entire value chain of high-performance fiber composites in Germany, Austria and Switzerland.

SGL Carbon is also represented on the board of the DAI - Deutsches Aktieninstitut.

In addition, SGL Carbon is a member of the Working Group on Carbon (Arbeitskreis Kohlenstoff, AKK) and is represented on its board. This is an independent interest association in both the German Ceramic Society and the European Carbon Association that aims to promote research in the field of carbon.

Economic Report

Overall economic and industry-specific underlying conditions

Economic conditions

According to analyses conducted by the International Monetary Fund (IMF) in January 2025 and the OECD (December 2024, OECD Economic Outlook), the global economy remained resilient, inflation continued to fall, and global trade began to recover. Lower inflation boosted real household income growth and spending, although consumer confidence in many countries has not yet returned to pre-pandemic levels. Labor market pressures continued to ease, although unemployment generally remained at or near historic lows. Real interest rates remained restrictive, but lower nominal returns triggered the first signs of a revival in the interest-sensitive housing and credit markets. Total inflation has now moved closer to the central banks' 2% targets again in a growing number of advanced and emerging market economies despite continued pressures in the services sector.

According to January 2025 IMF and December 2024 OECD analyses, global GDP growth rose by 3.2% in 2024. According to the OECD, low inflation, steady employment growth, and less restrictive monetary policy have helped to support demand despite the necessary tightening of fiscal policy in many countries. Some differences across countries are likely to persist in the near term but will narrow as solid growth in the United States and Brazil fades and the recovery in Europe accelerates. Strong domestic demand in India and Indonesia, as well as recently announced stimulus packages in China and Japan, should support continued strong growth in Asia.

According to IMF calculations, 2024 growth in developed economies was unchanged year-over-year at 1.7%, while developing and emerging markets showed significantly stronger growth of 4.2% (2023: 4.4%), than in the developed economies.

Growth in the United States remained robust at 2.8% in 2024 according to the IMF despite sharp interest rate hikes in 2022 and 2023. Private consumption growth was solid in 2024, reflecting strong real wage growth. Growth in public consumption also continued, led by subnational governments, which are in a strong fiscal position thanks to stable tax revenues and historically high federal aid provided during the pandemic. Investment growth was strong in some sectors, which the OECD believes may reflect the effects of new industrial policies enacted in recent years, although residential investment remained subdued, hurt by higher interest rates. At the same time, total inflation continued to fall from its peak of 7.2% in June 2022 to 2.4% in September 2024 according to the US Bureau of Labor Statistics. In the following months to December, the inflation rate rose slightly to 2.9%. This brings the overall inflation rate closer to the Federal Reserve's 2% target, due in part to falling energy prices.

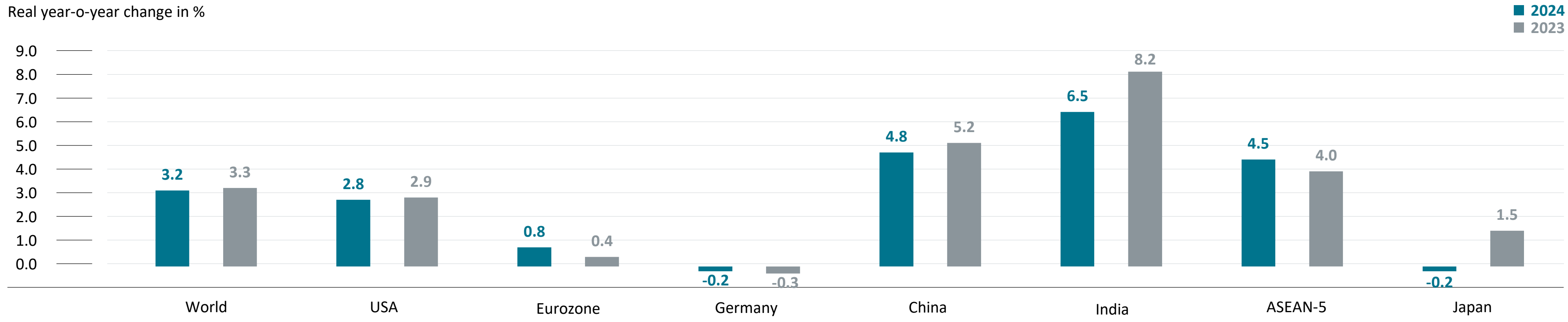
In the eurozone, growth bottomed out at 0.4% in 2023. According to the IMF's analysis, GDP growth in October 2024 was weaker than forecast in April and July. For 2024 as a whole, the IMF calculated that growth was 0.8%, driven by improved export performance, particularly in goods.

Germany's economy shrank by 0.2% in 2024, according to IMF calculations, following a decline of 0.3% in the previous year. According to the OECD's analysis, economic activity has been dampened overall by high uncertainty and continued weakness in the manufacturing sector, caused in part by weak external demand. In addition, Germany is suffering under the weight of budget consolidation and a sharp decline in real estate prices.

China's economic growth slowed to 4.8% in 2024 (2023: 5.2%), according to the IMF analysis. The OECD attributes the slowdown in growth to a decline in real estate investment due to ongoing market weakness. Infrastructure investment increased moderately, while manufacturing investment remained robust on the back of strong export demand. Industrial production was solid, driven by high-tech industries. Consumption growth is sluggish due to the persistently high savings rate.

Although there may still be some setbacks on the path to price stability, the IMF expects total global inflation to continue to decline, from an average of 6.7% in 2023 to 5.7% in 2024. In developed economies, inflation fell to 2.6% in 2024 from 4.6% a year earlier, a more pronounced decline than in emerging and developing economies, where inflation fell marginally to 7.8% from 8.1%.

Gross domestic product in 2024 (2023) at a glance



Source: IMF, World Economic Outlook (Update), January 2025

Development of important customer industries

Market segment: Mobility

Automotive industry: global growth in 2024, additional growth with increasing electrification also expected in 2025

Following the significant decline in 2020 (minus 16.2%), the automotive industry recovered in the following years, though to this day it has not yet returned to pre-pandemic levels of 2019. According to industry experts at S&P Global, global vehicle production grew by +1.7% to 88.2 million vehicles in 2024. Further growth of the same magnitude is forecast for the following year, 2025, which would correspond to a sales volume of 89.6 million units.

After moderate global growth in 2024, with only small percentage differences between regions, significant differences between major sales regions are expected in 2025. In Europe, sales are expected to remain almost unchanged at +0.1%, while the United States is expected to grow at a rate of +1.2%, roughly the same as last year. China is expected to grow at a strong +3.0%.

Global battery electric vehicle (BEV) growth will be strong at +29.9%, with markets developing as follows: Europe +20.4%, USA +36.0%, China +19.7%.

OEMs are expected to continue to expand their model ranges, with an increasing proportion of electrified vehicles and their own platforms for these models or drive types.

The use of composite materials in battery housings for electrified vehicles was further expanded during the year and will continue to gain influence. Composite materials also play an important role in fuel-powered vehicles since the use of these materials can further reduce fuel consumption and therefore also CO_2 emissions.

Work is also continuing on hydrogen-powered vehicles as an additional drive solution. In this case, composite materials have proven themselves as a fuel cell material and also as a structural application in Type 4 pressure tanks.

Market segment: Energy

Lithium-ion battery: sustained demand for electromobility
Lithium-ion batteries (LIB) are key components for the growing electromobility in the automotive industry. They are also increasingly important for storing the electricity produced by renewable energy installations. The need as well as the demand for high-performance batteries for electric vehicles is high and therefore the automotive industry has now become the most important driver of this market, in terms of volume and technological advancement.

The industry source EV-Volumes.com forecasts that battery electric vehicles and plug-in hybrids will reach approximately 17.7 million units in 2024, representing a sales increase of approximately 25% compared to the previous year.

SGL Carbon is one of the few European suppliers of synthetic graphite anode materials (GAM) for lithium-ion batteries, and our versatile production process enables us to flexibly adapt our products to special application requirements. However, the operating environment for our GAM business continues to be unfavorable. SGL Carbon has therefore decided to discontinue the production of GAM in the future.

Wind industry: expansion of wind energy – quo vadis
The historic decision at COP28 to triple the share of renewable energy by 2030 to accelerate the energy transition in line with the Paris Agreement showed how much the world depends on wind energy to achieve climate targets.

There is a consensus among policymakers and international institutions that the installation of readily available technologies – particularly wind and solar photovoltaics – must be accelerated if we are to achieve a cleaner, more modern and more flexible energy system within the required timeframe. This represents both a unique opportunity and a unique challenge for the wind industry.

In essence, the goal is to accelerate wind energy installations from 117 GW in 2023 to at least 320 GW per year by 2030. This tripling of annual wind turbine installations would enable the world to harness around 3 TW of cumulative wind energy capacity by the end of the decade.

In 2023/24, there were clear signs that the wind industry market was recovering, with inventories being reduced and production rates following record installation rates in 2023. Nevertheless, the mood is only cautiously optimistic, with a clear focus on the Asian market, which offers more security.

The investment efforts required by all stakeholders to manage this growth are closely linked to a secure political environment, long-term support and the opportunity to set up the growth business profitably. The fact that elections have been/will be held in many core markets in 2024/2025 creates uncertainty in the industry. In the US, in particular, we are beginning to see a reversal in energy policy.

Almost all Western OEMs in the wind industry have experienced years of low earnings in the COVID-19 and post-COVID-19 era and are therefore cautious in their investments, making intensive use of the opportunities offered by the global supply chain to reduce costs.

In addition to being the leader in many areas of the global supply chain, the Chinese account for well over 50% of the onshore and offshore market in 2023 (and are mainly served locally by national OEMs). All OEMs now have large components or key semi-finished products manufactured in China for export to take advantage of the cost benefits. Production facilities in Europe and America were closed and supply chains reorganized. Unfortunately, the same is true for carbon fiber. SGL now faces the full brunt of competition from Asia, which is flooding the market with overcapacity and extremely low prices.

Nevertheless, the outlook for the wind industry as such in Europe and Asia is good, as long as the countries adhere to the agreed upon climate targets, and promises average growth rates of around 9%. On the other hand, there are risks of changes in political leadership, protective tariffs, and possibly even trade wars.

Solar / polysilicon: continued growth in photovoltaic systems
The market for polysilicon plays a crucial role in the solar energy sector since polysilicon is a key component in the production of solar modules. Renewable energy targets set by various governments and organizations, as well as the declining cost of photovoltaic components and systems, have led to increased demand for solar energy capacity, which in turn creates a growing need for polysilicon.

According to estimates by the International Energy Agency (IEA), approximately 43% of global electricity generation capacity from renewable sources comes from photovoltaics. Global photovoltaic installations are expected to have increased by roughly 31% to approximately 2117 GW in 2024.

Therefore, the demand for polysilicon is expected to be high in the future to support the expansion of renewable energy.

With components made of special graphite, SGL Carbon offers solutions for the highly sensitive process of crystal growth in the manufacturing of solar cells for the photovoltaics industry. These include heaters, crucibles and heat shields made of high-purity fine-grain graphite or carbon fiber-reinforced carbon as well as insulation components made of graphite felts.

Fuel cells: attractive niche with growing market sales
Fuel cells are gaining importance as part of the global energy transition. According to MarketsandMarkets (MaM), a market research outfit, government measures and subsidies for research and development as well as applications such as the introduction of a new generation of fuel cell vehicles play a key role in the growth of the fuel cell market. Rising demand for fuel cell vehicles will be one of the factors driving the fuel cell market. MaM estimates global sales in the hydrogen fuel cell market at approximately USD200 million (2023: USD100 million).

SGL Carbon develops and produces carbon-based products for polymer electrolyte membrane (PEM) fuel cells, including, for example, gas diffusion layers (GDL) and foils as separator plates for fuel cells and redox batteries (expanded graphite).

Market segment: Digitization

Semiconductor / polysilicon: upward trend after slowdown in 2023
The semiconductor industry is the second big processor of polysilicon after the photovoltaics industry. Smartphones, computers, power supply units, LEDs, the internet, solar cells – all of these only work with semiconductors.

The number of PC shipments rose slightly by 1.3% (2023: minus 14.8%) to around 245.3 million units in 2024, according to preliminary results. Gartner expects PC demand to pick up in 2025, driven by updates to PC operating systems and demand for PCs for artificial intelligence.

In a recent publication based on preliminary data, the International Data Corporation (IDC) forecasts 1.24 billion smartphone shipments, which corresponds to an increase of 6.2% for 2024. This strong growth follows two years of sharp declines and is fueled by pent-up demand for new equipment.

According to preliminary results from Gartner, global semiconductor sales increased by 19% in 2024 (2023: minus 11.7%), supported by increased demand for semiconductors used in artificial intelligence and the recovery of electronics manufacturing. Demand from the automotive and industrial sectors, on the other hand, remains weak.

According to predictions by SEMI, the association for the microelectronics industry, sales of semiconductor manufacturing equipment by OEMs reached USD 113 billion in 2024, up 6.5% compared to 2023. After a decline in 2023 (minus 6.1%), sales are expected to increase in 2025 and 2026, supported by demand from both the front-end and back-end segments.

With components made of specialty graphite, SGL Carbon offers solutions for the manufacture of semiconductors. Examples include graphite crucibles, heating elements, and susceptors made of graphite as well as silicon carbide-coated products and special graphite felts for thermal insulation.

LED: an energy-saving solution in traditional lighting applications
LEDs are durable, economical, ecofriendly, and flat. They replace conventional technologies and make a large number of innovative applications possible in lighting and electronics, in automotive engineering, and in various industrial processes including medical uses.

According to TrendForce’s latest industry report, 2024 will see a recovery in the global LED market, with an estimated revenue of USD13 billion (plus 3% compared to 2023). This upturn is primarily driven by demand in various sectors, including automotive lighting and displays, general/architectural/agricultural lighting, LED video screens, and UV/IR LEDs.

With components made of specialty graphite, SGL Carbon offers solutions for the manufacture of LEDs. Silicon carbide-coated susceptors (rotating wafer carriers) made of graphite are essential for quality.

Market segment: Chemicals

Slight recovery in the global chemical industry driven by China after the slump in the previous year
According to calculations by the German Chemical Industry Association (VCI, as of January 2025), after bottoming out at +1.6% in 2022, global chemical industry growth recovered to +2.2% in 2023 and +4.7% in 2024 (January to November 2024). The increase in global growth was mainly due to the Asian region, particularly China. The world's largest chemical producer grew 9.1% in the first 11 months of 2024, down from 9.6% in 2023. Growth in North America's largest chemical market, the United States, continued to decline in 2024, falling to minus 0.4% (2023: minus 0.2% growth). In the countries of the European Union (EU-27), growth rebounded to 1.9% in 2024 (Jan.-Nov.) after a sharp decline of 8.5% in 2023.

According to VCI analyses, Germany showed a slight recovery with 2.9% growth from January to November 2024, following the double-digit percentage decline in chemical production in 2023 (minus 12.1%). The German chemical industry continues to be particularly hard hit by the weak economy and structural problems. In particular, high energy costs have led to a further deterioration in Germany's competitive position in the international arena. According to the Ifo Institute, capacity utilization in Germany's chemical industry was at 75.4% in 2024 and thus still well below the normal capacity utilization rate of 82% to 85%. According to the VCI, production of petrochemicals and their derivatives and of polymers in Germany rose by 8.0% and 2.3%, respectively. Inorganic basic chemicals also recovered by a significant 7.2%. Only fine and specialty chemicals continued to decline, falling 2.4%. Overall, cyclical product groups such as petrochemicals and inorganic basic chemicals are showing the strongest signs of recovery. These products were affected by particularly sharp declines in 2023.

SGL Carbon's business involving chemical plant investments (Process Technology business unit) is typically late-cycle and has also benefited from maintenance orders that normally take place during periods of lower capacity utilization.

Significant events for the business development

Impairment testing at Carbon Fibers (CF)

A review of the mid-term plan updated in the fourth quarter of 2024 shows significant deviations from the last mid-term plan, mainly due to the continued weakness of the wind and automotive industries in the CF reporting segment. As a result, SGL Carbon tested the cash-generating unit CF for impairment. This resulted in a non-cash impairment of property, plant and equipment in the amount of €76.5 million, which was recognized in the income statement in the fourth quarter of 2024. The net realizable value of certain inventories such as spare parts and finished and semi-finished goods was also reviewed in connection with this impairment test. This resulted in an additional impairment charge of €11.1 million. In addition, the contract for the 49% interest in Fisigen S.A. (Lavradio, Portugal), which expires in March 2025, was remeasured. Based on present planning, there is no further need for SGL Carbon to continue the joint venture. The review of the carrying amount of the investment resulted in an impairment of €3.6 million. In total, the impairments in the CF business unit amount to €91.2 million.

On February 18, 2025, the Board of Management with the approval of the Supervisory Board announced the restructuring of the loss-making CF business unit. In this context, please refer to the notes to the consolidated financial statements under Note 34 "Subsequent events".

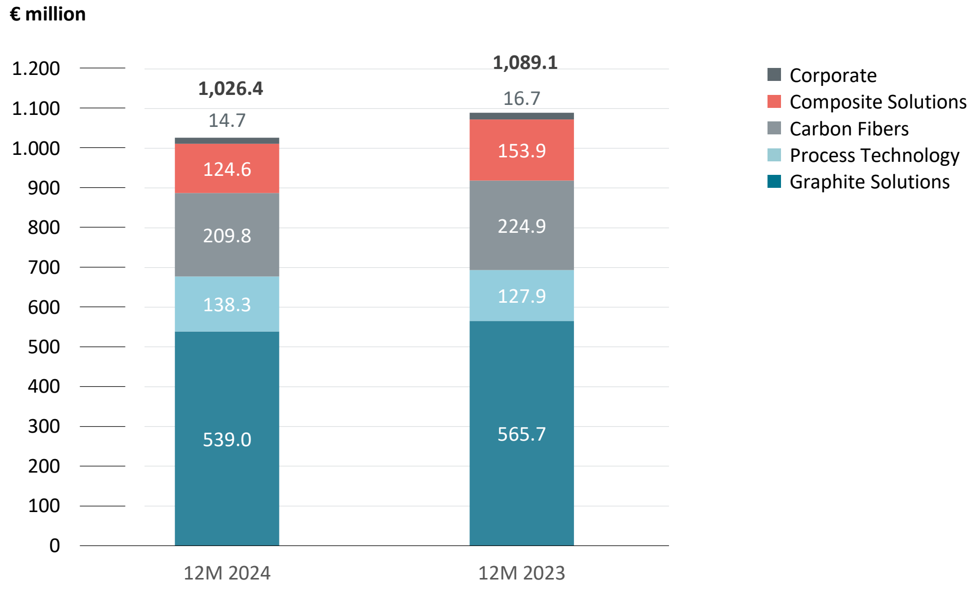
Discontinuation of our graphite anode material activities (GAM) – Graphite Solutions (GS) reporting segment

In July 2024, SGL Carbon decided to discontinue the development activities of the Battery Solutions business line in the GS reporting segment and to close the laboratory in Meitingen due to the poor likelihood of the development project becoming commercially successful. Meanwhile, our main customer's contract was not extended beyond the first quarter of 2025. We also do not expect any change in the market environment and the acquisition of new customer orders in the medium term.

The operating environment for our GAM business remains unfavorable. We are nowhere near full capacity, and new orders are not expected in the medium term. We have therefore decided to discontinue production of GAM. The discontinuation of R&D activities and the Battery Solutions laboratory in Meitingen, Germany, as well as the planned closure of the production site in Poland in 2025 will result in a write-down of fixed assets and inventories totaling €14.1 million, expenses for personnel measures of €3.7 million and other provisions for contractual obligations of €2.0 million in the 2024 fiscal year.

Group business development

Group sales revenue development



Sales declines affect three out of four business units

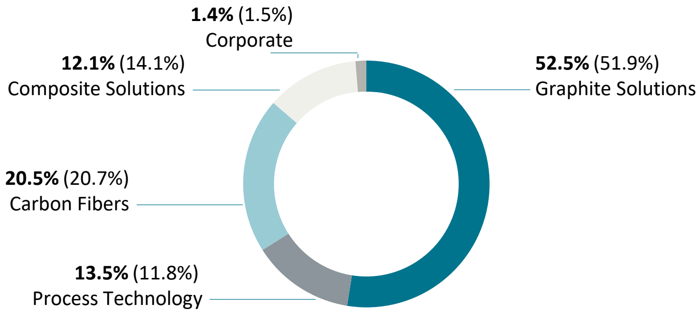
SGL Carbon generated consolidated sales revenue of €1,026.4 million in the 2024 fiscal year (2023: €1,089.1 million). This represents a slight decrease of €62.7 million or minus 5.8% compared to the same period of the previous year. Adjusted for currency translation effects, the decline in sales revenue was 5.3%. Currency translation effects result from the currency translation of foreign subsidiaries whose functional currency differs from the functional currency of the Group (euro). These currency translation effects were negative throughout the fiscal year and resulted primarily from a weaker Japanese yen and Chinese renminbi against the euro.

While price and product mix effects had a positive impact, the trend in volumes was slightly downwards, mainly due to weak demand in the Graphite Solutions (GS) and Carbon Fibers (CF) business units. In addition, the termination of a supply contract at Composite Solutions (CS) resulted in lower volumes.

These volume effects were only slightly offset by positive price effects in the GS, PT and CS business units. After significant increases in demand from the semiconductor industry in previous years, business with these customers showed a moderate percentage decline in 2024. Demand for carbon fibers for the wind industry declined only slightly in 2024 following a steep drop in the previous year. Process Technology (PT) was the only business unit in which volumes and prices trended upward in the 2024 fiscal year.

The largest share of consolidated sales revenue is attributable to the GS business unit with 52.5% (2023: 51.9%). At 20.5%, CF's contribution to sales was almost the same as in the previous year (20.7%). Process Technology performed well and contributed 13.5% (2023: 11.8%) to consolidated sales revenue. The termination of a supply contract with an automotive customer reduced the CS business unit’s share of sales to 12.1% from 14.1% in the previous year. Corporate sales revenue remained virtually unchanged at 1.4% (2023: 1.5%).

Sales by business unit 2024 (2023)



Three of the four operating business units recorded a decline in sales in the 2024 fiscal year. The largest contribution to the decline in sales came from the CS business unit at €29.3 million, followed by GS at €26.7 million. Sales in the CF business unit also declined to €15.1 million. PT, previously the smallest business unit, increased its sales by a total of €10.4 million due to the positive development of its operating business, while Corporate saw only a slight decline of €2.0 million.

If sales are broken down by SGL Carbon market segments, Mobility and Industrial Applications were the main contributors to the decline in sales. The decline in sales in the Mobility market segment (minus €27.3 million, or minus 9.9%, in sales) is due to the termination of a supply contract with a North American automotive customer at CS and generally soft demand in the automotive market. The Industrial Applications market segment (minus €21.0 million, or minus 8.6%, year-over-year), which serves a large number of customers in a variety of industries, suffered from the cyclical weakness in demand. The Energy (minus €12.1 million, or minus 11.8%) and Digitization (minus €11.1 million, or minus 4.2%) market segments contributed to the revenue decline to a lesser extent. While the Textile Fibers market segment remained almost stable compared to the previous year (minus €1.4 million, or minus 2.6%), sales to customers in the chemical industry (Chemicals market segment, plus €10.2 million, or 6.7%) developed favorably. A detailed presentation of the revenue performance of the individual business units can be found in the segment information in this Group management report.

Regional development of consolidated sales revenue: Increase in European sales share

Europe was again the core focus of SGL Carbon's business with sales revenue of €472.5 million, representing 46.0% of the total (2023: 45.0%). Germany continued to be the largest single market with a share of €263.9 million, or 25.7% of the total (2023: 26.0%). With sales revenue of €279.0 million, Asia was again the second-largest region, with a slightly lower sales share of 27.2% (2023: 27.8%). Sales revenue in the USA region decreased slightly to €226.5 million and fell to a share of 22.1% (2023: 22.3%).

Sales revenue by target region

€m	2024	Share	2023	Share	Change
Germany	263.9	25.7%	282.9	26.0%	- 6.7%
Europe excluding Germany	208.6	20.3%	207.5	19.0%	+ 0.5%
USA	226.5	22.1%	243.5	22.3%	- 7.0%
China (incl. Hongkong)	134.2	13.1%	180.5	16.6%	- 25.7%
Other Asia	144.8	14.1%	121.5	11.2%	+ 19.2%
Rest of world [1)]	48.4	4.7%	53.2	4.9%	- 9.0%
Total	**1,026.4**	**100.0%**	**1,089.1**	**100.0%**	**- 5.8%**

[1)] Latin America, Africa, Canada, Australia

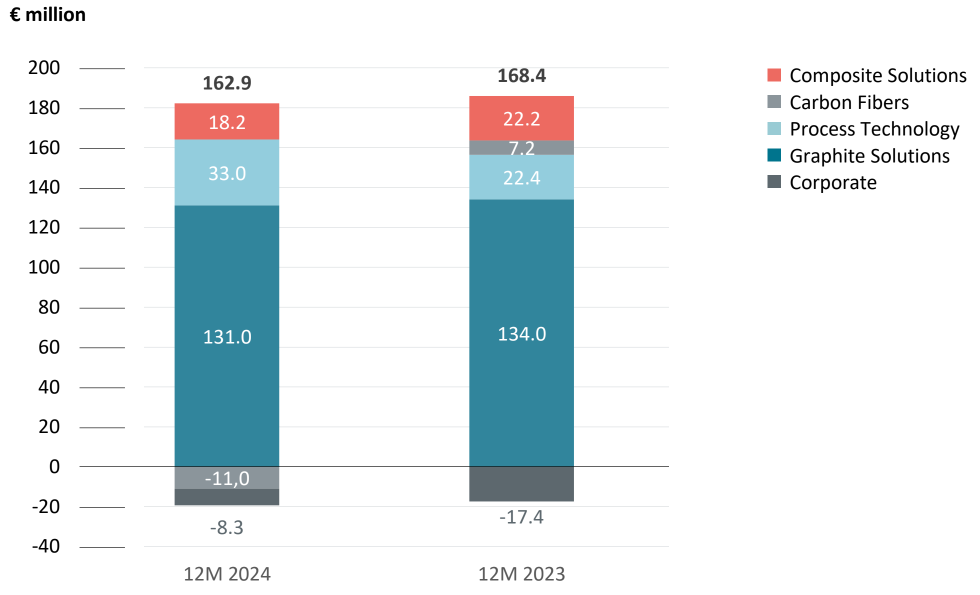
Financial performance of the Group

Thanks to strict cost management, adjusted EBITDA declined only a slight 3.3% to €162.9 million (2023: €168.4 million) despite a 5.8% decline in revenue. The pleasing business development in the PT business unit, which in some cases exceeded expectations, was unable to fully compensate for the decline in earnings in the GS, CF, and CS business units. Despite the decline in demand in three out of four business units, the adjusted EBITDA margin actually increased slightly to 15.9% (2023: 15.5%) due to changes in the product mix of the GS and PT business units and the receipt of a compensation payment at CS. In light of the challenging conditions due to the continuing weakness in demand in the carbon fiber business and the generally weaker automotive business, which indirectly affected our high-margin semiconductor business in the GS business unit, earnings performance in the 2024 fiscal year is all the more pleasing.

With a slight decrease of 2.2% to €131.0 million (2023: €134.0 million), adjusted EBITDA in the GS business unit grew faster than sales revenue (-4.7%) as more and more production capacity was used for higher-margin specialty graphite products for the semiconductor industry. The PT business unit also performed very well, with adjusted EBITDA increasing by €10.6 million year-on-year to €33.0 million, representing an increase of nearly 50%. CF's adjusted EBITDA decreased significantly, falling €18.2 million from €7.2 million in the previous year to minus €11.0 million in the period under review. This was mainly due to lower fixed cost absorption as a result of low capacity utilization and the partial shutdown of production capacity and the associated idle capacity costs. The CS business unit's earnings were adversely affected by the termination of a supply contract with a major North American automotive customer and a general weakening of demand in the automotive industry. A compensation payment for the terminated supply contract limited the decline in earnings. As a result, adjusted EBITDA fell by €4.0 million from €22.2 million in the previous year to €18.2 million in the 2024 fiscal year. Strict cost management, particularly for indirect costs, as well as lower expenses for variable salary components increased the adjusted EBITDA in the Corporate reporting segment by €9.1 million to minus €8.3 million.

A detailed presentation of the earnings situation in the business unit can be found in the results of operations of the reporting segments in this Group Management Report.

Earnings development – EBITDA adjusted



The trends presented are also reflected in the Group's consolidated income statement.

Income Statement (presentation adjusted)

€m	2024	2023	Change
Sales revenue	1,026.4	1,089.1	−5.8%
Cost of sales	−793.6	−852.3	−6.9%
Gross profit	**232.8**	**236.8**	**−1.7%**
Selling expenses	−91.3	−99.3	−8.1%
Research and development costs	−25.7	−29.7	−13.5%
General and administrative expenses	−34.7	−37.1	−6.5%
Other operating income/expense	7.3	20.5	−64.4%
Result from investments accounted for At-Equity	15.8	18.3	−13.7%
EBIT pre	**104.2**	**109.5**	**−4.8%**
Non-recurring items and one-off effects	−118.5	−52.9	> 100%
EBIT	**−14.3**	**56.6**	-
Financial result	−32.6	−34.2	−4.7%
Result before income taxes	**−46.9**	**22.4**	-
Income tax expense / income	−32.5	19.3	-
Non-controlling interests	−0.9	−0.7	28.6%
Consolidated net result (attributable to the shareholders of the parent company)	**−80.3**	**41.0**	-
Earnings per share, basic (in €)	−0.66	0.34	-
Earnings per share - continuing operations, diluted (in €)	−0.66	0.34	-

Improved gross margin

Compared to the decline in sales (minus 5.8%), the cost of sales fell disproportionately by minus 6.9% to €793.6 million, resulting in an increase in the gross margin from 21.7% to 22.7%. Lower energy costs and factor cost savings in all business units had a positive earnings impact on the gross margin in the 2024 fiscal year. There was a negative impact from both volume effects due to lower sales revenue and from margin effects related to the product and customer mix in the GS and CS reporting segments. The underutilization of our production capacity in the CF business unit led to idle capacity costs and lower absorption of fixed costs. In the PT business unit, by contrast, price effects had a positive impact on margins. Overall, the positive margin effects resulted in a slight increase in gross margin.

Selling, R&D and administrative expenses

With a decrease of 8.1%, selling expenses fell slightly faster than sales revenue to €91.3 million (2023: €99.3 million). The lower selling expenses compared to the previous year were mainly due to lower delivery volumes in the CF business unit and, to a lesser extent, in the GS business unit. Lower personnel and freight costs also contributed to the decline.

Research and development costs decreased by 13.5% to €25.7 million (2023: €29.7 million). This is mainly due to the cessation of R&D activities in GAM in mid-2024.

In the 2024 fiscal year, general administrative expenses decreased again by 6.5% to €34.7 million. General administrative expenses also include the variable compensation components of the management level, the amount of which is based primarily on the earnings performance of the Company. The further reduction in administrative costs is therefore mainly due to lower expenses for long-term variable salary components.

Other operating income and expenses

Other operating income and expenses that cannot be allocated to functional costs amounted to net income of €7.3 million in 2024 (2023: net income of €20.5). The loss from foreign currency effects declined to €1.2 million in the 2024 fiscal year (2023: loss of €2.4 million). Conversely, income from public grants for projects only amounted to €3.9 million in the reporting period (2023: €13.5 million) because the energy cost subsidies were eliminated and the incentives for developing graphite anode material expired at mid-year. In addition, income from the release of provisions and accruals totaling €4.1 million was included in the 2023 fiscal year.

Result from investments accounted for At-Equity

Due to the weaker business development of our joint venture Brembo SGL (BSCCB), net income from investments accounted for using the equity method decreased by a significant 13.7% to €15.8 million in the 2024 fiscal year (2023: €18.3 million). BSCCB is one of the leading manufacturers of carbon ceramic brake discs, which are mainly used in sports and luxury vehicles.

One-off effects and non-recurring items

We use adjusted EBITDA and adjusted EBIT as our key earnings indicators. The key earnings figures are adjusted for the following effects:

- Effects of impairment (IAS 36), purchase price allocation (IFRS 3) and write-downs of assets held for sale (IFRS 5)
- Income / expenses from restructuring
- Proceeds from the sale of land and buildings
- Proceeds from insurance claims, except where offset by costs incurred in the reporting period
- Other material one-off effects that do not reflect the development of the business.

One-off effects and non-recurring items that are not included in adjusted EBITDA or adjusted EBIT amounted to a net total of minus €118.5 million (2023: minus €52.9 million).

These mainly include the impairment of assets in the CF business unit totaling €91.2 million (2023: €44.7 million). In addition to impairment losses of €76.5 million on property, plant and equipment, impairment losses of €11.1 million were recognized on inventories and €3.6 million on the investment in the joint venture Fisigen S.A. in Lavradio, Portugal. In addition, an impairment loss of €4.8 million was recognized on specific property, plant and equipment at the CS business unit due to the cancellation of an order in the previous year.

The effects of purchase price allocations amounting to minus €1.2 million (2023: minus €1.3 million) relate to the amounts capitalized or recognized as liabilities from the acquisition of the SGL Composites companies.

Restructuring costs of €19.0 million were incurred in the 2024 fiscal year. This includes restructuring expenses of €19.8 million related to the discontinuation of our GAM activities. This total amount includes write-downs to the lower realizable value of property, plant and equipment and inventories of €12.1 million and €2.0 million, respectively, charges of €3.7 million for personnel measures related to the closure and €2.0 million for the early termination of an energy supply contract. Restructuring costs also include €2.3 million in expenses for personnel measures in the CF business unit and €3.1 million in income from the reversal of restructuring provisions related to the remediation of the former Griesheim site following the reduction in expected costs. No restructuring costs were incurred in the 2023 fiscal year.

One-off effects totaled minus €7.1 million (2023: minus €2.1 million) and primarily include consulting expenses for strategy projects of minus €3.1 million, an expected contractual penalty of minus €2.0 million to be imposed on a supplier due to a shortfall in the volume purchased by the CF business unit and other one-off effects of minus €2.0 million, including personnel measures in the GS business unit in China.

The cumulative negative currency effects of €1.6 million from the disposal of the sites in India and Gardena were expensed as a one-off effect in the 2023 fiscal year. In addition, other one-off effects of minus €0.5 million were incurred, mainly from consulting costs for a strategy project.

The overview below shows the influence of the one-off effects and non-recurring items on the determination of the key financial indicators.

	2024	2023
EBIT	**−14.3**	**56.6**
-/+ Income / expenses from restructuring	19.0	0.0
+ Impairment and PPA-Effects	92.4	50.8
+/- one-off effects	7.1	2.1
EBIT pre	**104.2**	**109.5**
+ Amortization/depreciation expense on other intangible assets, property, plant and equipment and investment property	58.7	58.9
EBITDA pre (= EBIT pre plus depreciation and amortization)	**162.9**	**168.4**

Adjusted EBIT almost at previous year's level despite weak CF

Based on a slightly lower adjusted EBITDA (minus 3.3%) and considering slightly lower depreciation of property, plant and equipment and other assets compared to the previous year of €58.7 million (2023: €58.9 million), due to the impairment in the CF business unit in 2023, adjusted EBIT in the reporting period fell slightly by 4.8% to €104.2 million compared to €109.5 million in the previous year.

Considering non-recurring items and one-off effects totaling minus €118.5 million (2023: minus €52.9 million), EBIT amounted to minus €14.3 million (2023: €56.6 million). The significant decline is mainly due to the impairment losses at the CF business unit (€91.2 million) and the discontinuation of GAM activities (€19.8 million).

Financial result improved as a result of lower financial debt

€m	2024	2023	Change
Interest income	5.5	5.1	7.8%
Interest expense on financial debt and other interest expenses	−17.1	−20.7	−17.4%
Imputed interest convertible bonds	−5.9	−4.2	40.5%
Imputed interest financing lease and contract liabilities	−6.6	−3.3	100.0%
Interest expense on pensions	−6.9	−7.6	−9.2%
Interest expense, net	**−31.0**	**−30.7**	**1.0%**
Amortization of refinancing costs	−2.0	−3.1	−35.5%
Foreign currency valuation of Group loans	−0.1	0.0	-
Other financial income/expense	0.5	−0.4	-
Other financing result	**−1.6**	**−3.5**	**−54.3%**
Financial result	**−32.6**	**−34.2**	**−4.7%**

The net financial result in 2024 was minus €32.6 million, a slight improvement compared to the previous year (minus €34.2 million). This is due to lower interest cost from pensions and financial liabilities as well as an improvement in the other financial results.

Interest income benefited from the higher interest rate level for financial investments and increased slightly to €5.5 million (2023: €5.1 million).

Interest expenses for financial liabilities include, in particular, interest from the convertible bond 2022/2027 issued in September 2022 for €101.9 million, the convertible bond 2023/2028 issued in June 2023 for €118.7 million with an interest coupon of 5.75% in each case and the utilization of the variable-interest term loan facility since July 2023 in the amount of €75.0 million. The term loan facility was repaid in full in three installments in the 2024 fiscal year. In addition, further financial liabilities of €20.0 million were drawn for the expansion of BSCCB production capacities in Meitingen in the second half of 2024 in order to achieve interest advantages over the term loan facility. The corporate bond with an interest rate of 4.625% was repaid in July 2023 and is therefore only included in the interest expenses for 2023 on a pro rata basis. The average cash interest rate increased arithmetically to 5.65% p.a. in 2024. (2023: 5.32% p.a.).

The non-cash imputed interest on the convertible bonds is established by approximating the below-market coupon with the comparable market interest rate at the time the convertible bonds were issued. Due to the issuance of another convertible bond in September 2023, the accrued interest component for convertible bonds increased significantly from €4.2 million in the previous year to €5.9 million in the 2024 fiscal year. The imputed interest on lease liabilities and the increase in non-current customer prepayments also resulted in non-cash interest expenses of €6.6 million, which are reported separately in the net financial result (2023: €3.3 million). Due to lower discount rates, the interest expense on pensions in the 2024 fiscal year was €6.9 million, well below 2023's expense of €7.6 million.

For further information on issued convertible bonds, please refer to Note 25 to the Consolidated Financial Statements.

Overall, the other financing result was minus €1.6 million (2023: minus €3.5 million). In addition to the non-cash expenses for amortizing the refinancing costs of €2.0 million (2023: €3.1 million), the other financial result includes currency effects on intra-Group loans, which totaled minus €0.1 million in the fiscal year (2023: €0.0 million). The valuation of the repayment options included in the financial liabilities resulted in a gain of €0.2 million in the 2024 fiscal year (2023: minus €0.8 million).

Group tax expense impacted by valuation adjustment of deferred taxes

The total tax expense for the 2024 fiscal year amounted to €32.5 million (2023: tax income of €19.3 million). This development was mainly due to valuation adjustments on deferred tax assets amounting to minus €20.0 million (2023: €31.0 million), based on weaker earnings prospects in the USA. At €11.6 million (2023: €11.7 million), current tax expenses were slightly below the previous year's level and result from the positive operating earnings contributions of several Group companies.

For further information, please refer to Note 11 to the Consolidated Financial Statements.

Result attributable to non-controlling interests virtually unchanged

Non-controlling interests in the consolidated net result (minority interests) comprise the share of income attributable to minority shareholders. Minority interests in the SGL Carbon Group in the 2024 fiscal year related in particular to SGL Gelter (Spain), SGL Quanhai (China) and SGL A&R Immobiliengesellschaft in Lemwerder. The result attributable to non-controlling interests of minus €0.9 million (2023: minus €0.7 million) increased compared to the previous year due to the improved business development at SGL Gelter.

Consolidated net result affected by impairment losses

Despite solid business performance overall in 2024, SGL Carbon's consolidated net result is clearly negative at minus €80.3 million (2023: €41.0 million), mainly due to impairment losses in the CF business unit and the Battery Solutions business line. As described above, the non-recurring items and one-off effects totaled minus €118.5 million (2023: minus €52.9 million) and weighed on the Group's earnings. In addition, higher tax expenses (minus €32.5 million; 2023: €19.3 million) due to the valuation adjustment of deferred taxes also had a negative impact on the consolidated net result. Based on an average number of shares of 122.3 million, basic earnings per share for 2024 amounted to minus €0.66 (2023: €0.34). When calculating diluted earnings per share, the potential new shares to be created from the 2023/2028 convertible bond and the 2022/2027 convertible bond must generally be taken into account. There is no dilutive effect on earnings per share due to the loss situation in the 2024 fiscal year. Diluted earnings per share for the year under review accordingly amounted to minus €0.66 (2023: €0.34).

Net result of SGL Carbon SE

SGL Carbon SE, the parent company of the SGL Group, reported a net loss of €110.3 million for the 2024 fiscal year (2023: net income of €68.9 million) in accordance with the German Commercial Code. The net loss for the year is primarily due to the assumption of losses under existing profit and loss transfer agreements. The main factors influencing this development were the impairment of financial assets of €144.1 million (2023: reversal of impairment losses of €174.3 million) at an indirect subsidiary and the assumed loss of SGL Technologies GmbH of €27.4 million. The profit transfer from SGL Carbon GmbH of €62.4 million had a positive counteracting effect.

The accumulated loss brought forward from the 2023 fiscal year increased from €601.2 million to €711.5 million due to the net loss for the year. Together with the share capital and the capital reserves and retained earnings, the distributable accumulated loss results in equity of SGL Carbon SE of €839.9 million as of December 31, 2024 (2023: €950.1 million).

Financial performance of reporting segments

Reporting segment Graphite Solutions

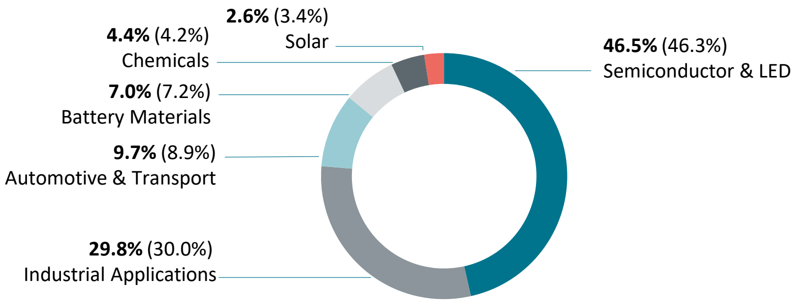
€m	2024	2023	Change
Sales revenue	539.0	565.7	–4.7%
EBITDA pre	131.0	134.0	–2.2%
EBIT pre	97.4	104.6	–6.9%
EBIT	76.9	104.6	–26.5%
EBITDA pre margin	24.3%	23.7%	0.6%-points
Capital expenditures in intangible assets and property, plant and equipment	60.5	57.4	5.4%
Headcount (Year end)	2,477	2,594	–4.5%

SGL Carbon's largest business unit, Graphite Solutions (GS), increased its profitability in the reporting year despite a slight decline in sales and earnings. The first half of 2024 still saw a 1.3% increase in sales in this business unit, but the second half was impacted by the slowdown in demand in the Semiconductor & LED market segment. Sales for the fiscal year totaled €539.0 million, down 4.7% from the prior year (€565.7 million). The decrease is primarily due to the performance of two market segments, Semiconductor & LED and Industrial Applications. Compared to the previous year, sales from semiconductor & LED industry customers decreased by 4.2% and industrial applications customers by 5.3%. Despite the decline in demand in the second half of 2024, the semiconductor industry remains the most important sales driver for GS with a share of 46.5%.

The customer structure within the Semiconductor & LED market segment remained almost unchanged from the previous year. In particular, customer demand for specialty graphite materials and components for the production of high-performance silicon carbide-based (SiC) semiconductors remained at a very high level due to the strong first half of the year, accounting for 63% of total segment sales (previous year: 61%).

Demand for specialty graphite components used in the production of SiC semiconductors in the second half of 2024 was significantly lower than expected due to significantly lower demand for electric vehicles than the automotive industry had anticipated a year ago. In addition, demand was negatively impacted by customers' tendency to hold high inventories of such products. SiC semiconductor customers continued to build inventories of graphite components in anticipation of higher growth in 2023 and into the first half of 2024. In the first half of 2024, sales from Semiconductor & LED customers was down 13.1% compared to the same period in the prior year, while it declined by 20.2% in the second half of 2024.

GS business unit sales revenue by market segment 2024 (2023)



Despite the slowdown in the second half of 2024, SiC semiconductors are the next generation of semiconductors. They are more powerful, smaller, extremely efficient, and lose less energy. They are used mostly in the field of electromobility, in wind and solar energy, and wherever higher-performance semiconductors are required. For example, SiC semiconductors can significantly increase the range of an electric vehicle or shorten its charging time. The GS business unit also supplies important components essential for high-temperature processes for the manufacture of semiconductors.

Comparable components are also used in the solar industry. Since some of the production capacity was needed to supply the semiconductor industry, sales in the Solar market segment decreased by 26.2% in the reporting period (down €5.1 million). Sales in Automotive & Transport increased slightly while sales in the other market segments – Industrial Applications, Chemicals and Battery Materials – declined by single-digit percentages. The Semiconductor, Industrial Applications and Solar market segments account for around 80% of the GS business unit's sales revenue.

Due to positive effects from changes in the product mix, adjusted EBITDA fell by 2.2%, a smaller decrease than that seen in sales (down 4.7%). Accordingly, adjusted EBITDA of €131.0 million in the reporting year was slightly below the previous year's figure (2023: €134.0 million). Positive price effects from the aforementioned product mix change, combined with lower energy and raw material costs, were partially offset by lower capacity utilization in the second half of the year. The adjusted EBITDA margin improved year-over-year to 24.3% (prior year: 23.7%).

Higher energy and manufacturing costs compared to international competitors, as well as a migration of battery projects from Europe, are hindering the successful development and commercialization of European graphite anode materials. Against this background, SGL Carbon is discontinuing the further development of graphite anode materials after three years of intensive and costly development work. The cessation of R&D activities and the closure of the battery application laboratory resulted in the impairment of production facilities and inventories. Likewise, the production facilities for the anode materials at our sites in Poland were restructured and an impairment loss recognized. The related personnel measures resulted in a non-recurring item of minus €19.8 million, which, together with other one-off effects of minus €0.7 million, had a negative impact on the EBIT of GS. Accordingly, GS's EBIT after non-recurring items/one-off effects amounted to €76.9 million, down 26.5% compared to the same period in the prior year (prior year: €104.6 million).

Capital expenditures in the GS business unit totaled €60.5 million in 2024, and were therefore, as expected, above the previous year (2023: €57.4 million). Capital expenditures were primarily made in new systems and machines for our semiconductor focus market, especially for SiC applications. Most of the capital expenditures were used to expand capacity at GS's semiconductor-related sites in Bonn, Meitingen, St. Marys (USA) and Shanghai (China). Almost all production steps were expanded, from green production to cleaning and machining. The following expansion measures were started or continued in 2024:

- Expansion of SiC coating capacity for semiconductor customers at the St. Marys site (USA).
- Continuation of new plant construction for the production of soft felt at the Meitingen site, which began in 2022. Graphite felts are used as insulation materials in high-temperature processes, including in the semiconductor industry.
- Expansion of purification capacity by up to 100% at the St. Marys (USA), Shanghai (China) and Bonn sites.
- Increase in machining capacities at the Bonn and St. Marys (USA) sites.

In the 2024 fiscal year, we received advance payments of around €46 million, especially from SiC customers, to expand our production capacity (2023: around €70 million). The customer prepayments are linked to purchase agreements that ensure the utilization of our capacities.

Reporting segment Process Technology

€m	2024	2023	Change
Sales revenue	138.3	127.9	8.1%
EBITDA pre	33.0	22.4	47.3%
EBIT pre	31.5	21.0	50.0%
EBIT	31.5	21.0	50.0%
EBITDA pre margin	23.9%	17.5%	6.4%-points
Capital expenditures in intangible assets and property, plant and equipment	2.3	1.5	53.3%
Headcount (Year end)	485	473	2.5%

The Process Technology (PT) business unit continued its positive business development in the 2024 fiscal year, in line with the two previous years. After an increase in sales of 21.9% in 2022 and 20.3% in 2023, PT benefited from the continued good order situation and increased its sales by 8.1% to €138.3 million. All three regions in which PT operates – EMEA, America and Asia – contributed to this development. The PT business unit’s main customers are from the chemical industry. PT benefited from the realization of major projects and the expansion of the service business in 2024. However, other industries with corrosive processes, such as the semiconductor and battery industries, are also increasingly using PT’s expertise and product solutions. From order entry to order delivery, PT can sometimes take several months, as components are developed and built individually and are tailored to the customer.

The high level of order entry in the first half of 2024 weakened slightly in the second half of the year.

The overall positive development of PT is also reflected in adjusted EBITDA. This increased from €22.4 million in the same period of the previous year to €33.0 million, which corresponds to an increase of almost 50%. The high capacity utilization, continued strict cost management and focus on high-margin orders combined with stable income from the service business are reflected in the business unit’s profitability and led to an improvement in the adjusted EBITDA margin from 17.5% in the previous year to 23.9% in the 2024 fiscal year. Energy costs play only a minor role in PT. This means that PT has more than quadrupled its adjusted EBITDA margin in the past three years, from 5.4% in fiscal year 2021 to 9.3% in 2022, 17.5% in 2023 and 23.9% in 2024.

As in the previous year, there were no non-recurring items or one-off effects in the PT business unit in the 2024 reporting period, so EBIT is the same as adjusted EBIT.

Capital expenditures in the business unit totaled €2.3 million in fiscal 2024 (2023: €1.5 million). The largest single project (just under €1 million) involved a capital expenditure for a replacement machine at the Meitingen site. PT's capital intensity is significantly lower than that of the other business units because due to project-based contract manufacturing and the service business.

Reporting segment Carbon Fibers

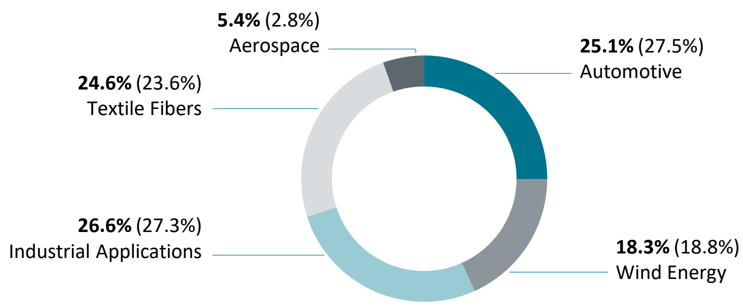
€m	2024	2023	Change
Sales revenue	209.8	224.9	−6.7%
EBITDA pre	−11.0	7.2	-
EBIT pre	−20.7	−7.6	>100%
EBIT	−117.1	−52.5	>100%
EBITDA pre margin	−5.2%	3.2%	−8.4%-points
Capital expenditures in intangible assets and property, plant and equipment	3.1	12.0	−74.2%
Headcount (Year end)	937	1,056	−11.3%

Sales revenue in the Carbon Fibers (CF) business unit continued to decline in fiscal 2024, falling 6.7% to €209.8 million (2023: €224.9 million). The decrease was primarily due to continued weak demand from the wind industry and increased competitive pressure from global overcapacity. We responded to weak demand by further adjusting capacity in the carbon fiber business.

Sales to customers in the wind industry declined by a further €3.9 million (-9.4%) from an already low level. In the 2024 reporting period, the Automotive and Industrial Applications market segments also recorded a decrease in sales of €9.2 million (-14.9%) and €5.5 million (-9.0%), respectively. Only the smallest segment, Aerospace, increased its sales significantly.

Due to the variety of applications, Industrial Applications is the largest market segment of Carbon Fibers, accounting for around 27% of sales, followed by Automotive customers at around 25%. Customers in the Automotive segment declined during the year due to the weak economy since the share of automotive customers was 27.5% in the previous year. The Textile Fibers market segment is at a similar level with a share of almost 25%.

CF business unit sales revenue by market segment 2024 (2023)



Continued weak demand meant that wind energy accounted for only about 18% of Carbon Fibers sales. The smallest market segment, Aerospace, generates around 5% of CF's sales.

The Carbon Fibers business unit continues to be impacted by overcapacity in virtually all product areas and high price pressure for these commodity products. We responded to the continued decline in demand for carbon fibers for the wind industry by adjusting our production capacity as early as the second half of 2023. The shutdown of production lines and the resulting inability to absorb fixed costs is reflected in the earnings performance of Carbon Fibers in particular.

Adjusted EBITDA of the Carbon Fibers business unit, including the joint venture's earnings contribution, fell by €18.2 million year-on-year to minus €11.0 million (2023: €7.2 million). The lack of fixed cost absorption resulted in high idle capacity costs and, combined with shrinking margins on commodity products, had a corresponding negative impact on adjusted EBITDA.

Activities accounted for using the equity method (primarily the joint venture with Brembo for the production of carbon-ceramic brake discs, Brembo SGL Carbon Ceramic Brakes, BSCCB) contributed €15.8 million (2023: €18.3 million) to the adjusted EBITDA of the Carbon Fibers reporting segment in the 2024 fiscal year. The significantly lower earnings contribution in 2024 is mainly due to lower earnings contributions from BSCCB as a result of financing of a significant capacity expansion there. Excluding the contribution from BSCCB, which is accounted for using the equity method, the adjusted EBITDA of Carbon Fibers would have been minus €27.0 million (2023: minus €10.9 million).

The continued challenging business situation at CF prompted management to review all strategic options for the business unit, including a possible partial or complete sale of the business unit. The previously initiated structured transaction process was still ongoing at the end of 2024. Operationally, production capacity was further adjusted to the lower demand during the year and a restructuring program was initiated for the CF business unit. As part of this program, staff was reduced, particularly at the sites in Muir of Ord (Scotland) and Lavradio (Portugal).

In the course of preparing the new mid-term plan a need to recognize an impairment loss of €60 million to €80 million on CF's fixed assets was identified. The loss was finalized in December 2024 at €76.5 million. In addition, the value of CF inventories was adjusted by €11.1 million at the end of 2024. Together with an impairment loss of €3.6 million on the Fisigen joint venture, the total impairment loss amounted to €91.2 million, which, together with the expenses of €0.2 million for the continuation of the purchase price allocation, were classified as non-recurring items. In addition, restructuring costs of €2.3 million were incurred at CF's Muir of Ord (Scotland) and Lavradio (Portugal) sites, further increasing non-recurring items. Expenses for an expected contractual penalty of minus €2.0 million to be paid to a supplier due to the acceptance of a smaller quantity, as well as other costs of €0.7 million, were recorded as a one-off effect in 2024. In total, non-recurring items and one-off effects amounted to minus €96.4 million, which additionally reduced CF's earnings before interest and taxes (EBIT).

Taking into account the non-recurring items and one-off effects, EBIT in the CF business unit in 2024 was minus €117.1 million (2023: minus €52.5 million, including an impairment of €44.7 million).

In the 2024 reporting year, the business unit's capital expenditures totaled €3.1 million and were thus significantly below the previous year's level (2023: €12.0 million). In contrast to the pure maintenance investments in 2024, the previous year included the construction of a biomass facility as a substitute for a natural gas-powered plant for the production of steam at the plant in Portugal.

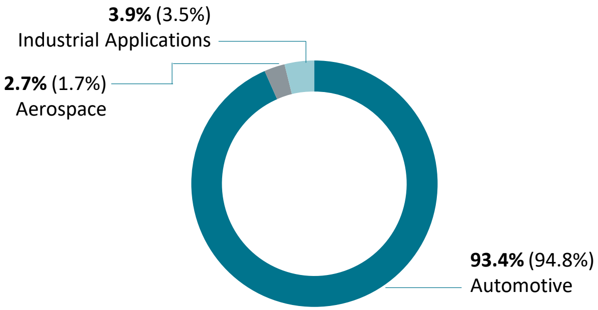
Reporting segment Composite Solutions

€m	2024	2023	Change
Sales revenue	124.6	153.9	–19.0%
EBITDA pre	18.2	22.2	–18.0%
EBIT pre	11.5	15.7	–26.8%
EBIT	10.6	9.9	7.1%
EBITDA pre margin	14.6%	14.4%	0.2%-points
Capital expenditures in intangible assets and property, plant and equipment	7.5	5.3	41.5%
Headcount (Year end)	388	432	–10.2%

Sales in the **Composite Solutions** business unit were €124.6 million in the reporting period, a decrease of 19% (2023: €153.9 million). The decline is largely due to the early expiration of a project-related supply contract with an automotive customer. The business unit also develops and produces customized vehicle components made from various composite materials for customers in Europe and North America. Lower sales in the automotive industry have impacted demand for our products.

The Automotive market segment accounts for around 94% of sales in 2024, making it the dominant customer segment for Composite Solutions. Industrial Applications (3.9%) and Aerospace (2.7%) are relatively small.

CS business unit sales revenue by market segment 2024 (2023)



As a result of lower volumes and product mix effects, adjusted EBITDA for Composite Solutions decreased by €4.0 million or 18.0% year-on-year to €18.2 million (2023: €22.2 million). It should be noted that adjusted EBITDA includes a compensation payment of €3.0 million from a customer for a supply contract that was terminated prematurely. The adjusted EBITDA margin remained almost constant at 14.6% compared to the previous year (2023: 14.4%). After depreciation and amortization of €6.7 million (2023: €6.5 million), the adjusted EBIT amounted to €11.5 million.

The non-recurring items and one-off effects in the reporting year amounting to minus €0.9 million (2023: minus €5.8 million) include expenses for the continuation of the purchase price allocation, while 2023 included, in addition to the purchase price allocation, expenses for impairment losses of €4.8 million on property, plant and equipment due to the early termination of a customer's contract. Taking into account the non-recurring items and one-off effects, EBIT amounted to €10.6 million in the reporting period (2023: €9.9 million).

Capital expenditures in the CS business unit amounted to €7.5 million, which was higher than in the previous year (2023: €5.3 million). The main focus of capital expenditures was on expanding the product range for large-scale solutions at the production site in Innkreis, Austria.

Reporting segment Corporate

€m	2024	2023	Change
Sales revenue	14.7	16.7	−12.0%
EBITDA pre	−8.3	−17.4	−52.3%
EBIT pre	−15.5	−24.2	−36.0%
Capital expenditures in intangible assets, property, plant and equipment and investment property	23.9	10.9	>100%
EBIT	−16.2	−26.4	−38.6%
Headcount (Year end)	107	121	−11.6%

The Corporate segment includes income from the rental of buildings and the provision of services to third parties. Sales in the **Corporate** reporting segment decreased by 12.0% year-over-year to €14.7 million (2023: €16.7 million). This decrease is mainly due to the sale of the sites in Gardena (USA) and Pune (India), which had a positive impact on the same period of the previous year in 2023. In the 2023 comparatives, the sales of the two sites have been reclassified from their respective business units to the Corporate reporting segment. The operating activities of the Gardena (USA) site were sold on February 16, 2023, and those of the Pune (India) site on April 28, 2023.

Adjusted EBITDA for the Corporate segment improved to minus €8.3 million from minus €17.4 million in the prior-year period. The improvement of €9.1 million was mainly due to savings in indirect costs and lower expenses for variable salary components. The absence of negative operating earnings contributions from the divested activities in Gardena and Pune also had a positive impact on earnings.

EBIT includes negative one-off effects from expenses resulting from the review of strategic options for the Carbon Fibers business unit in the amount of €3.0 million, expenses related to the sale of the Gardena site totaling €0.4 million, which were largely offset by the positive non-recurring item of €3.1 million from the partial reversal of a provision for dismantling and disposal costs at the former Frankfurt/Griesheim site and other one-off effects totaling minus €0.4 million. EBIT of minus €16.2 million (2023: minus €26.4 million) includes the balance of one-off effects and non-recurring items of minus €0.7 million.

Corporate capital expenditures increased significantly to €23.9 million in 2024 (2023: €10.9 million). This is mainly due to the new construction project for BSCCB at the Meitingen site (€19.1 million). The joint venture with brake specialist Brembo S.p.A. (Italy) manufactures high-performance carbon-ceramic brake systems for premium-class private and commercial vehicles. To meet the increased customer demand, BSCCB's production capacity at the Meitingen site is being further expanded.

Otherwise, as in previous years, investments in the Corporate segment are mainly attributable to maintenance investments and purchased software licenses.

Financial position

Financial management

SGL Carbon's financial management is conducted centrally in order to control liquidity, interest rate and exchange rate risk as best as possible, to ensure compliance with financial covenants, to optimize borrowing costs and to take advantage of economies of scale. The activities of financial management essentially include cash and liquidity management, Group financing via bank and capital market products, money supply for Group companies, customer credit management and the management of interest rate and currency risks.

The primary objective of financial management is to maintain the financial strength of SGL Carbon and ensure solvency at all times. Group Treasury — a centralized function at the Group holding company SGL Carbon SE — controls the activities of financial management worldwide and is supported in its activities by employees in the subsidiaries.

Liquidity management

Operational liquidity management is coordinated and controlled centrally. Control is carried out in close cooperation with the national and international subsidiaries. To the extent that it is legally and economically possible, the majority of cash in freely convertible currencies is concentrated in the Group holding company, SGL Carbon SE, using global cash pooling structures and is used for liquidity balancing between the Group companies. The majority of internal trading and clearing processes are automated via the centrally managed in-house cash center and processed without the need of external bank accounts. Here, the Group holding company acts as a clearing center for participating companies. The number of companies participating in the central in-house cash center came to 27 at the end of 2024 (2023: 26). Where permitted, the weekly payments of supplier invoices are also processed via the global payment factory, meaning the Group's global outflow of liquidity is managed centrally. In the 2024 fiscal year, an average of approximately 99% (2023: 99%) of global supplier payments were processed centrally.

In addition to annual financial planning — which usually extends over a period of five years — liquidity planning is carried out at intervals of one day to one year. The combination of financial and liquidity planning, the free liquidity available, the unutilized credit line and other measures ensure that SGL Carbon has sufficient liquidity reserves at all times. As an additional element of liquidity management, the enterprise has concluded factoring agreements under which trade receivables are regularly sold to factoring partners. The enterprise can thus react flexibly to cash flow fluctuations during the year and meet all payment obligations in good time at all times.

Cash and cash equivalents are invested taking into account the provision of sufficient liquidity for cash flow fluctuations during the fiscal year and the financial stability and systemic importance of SGL Carbon's business partners. In addition, the performance and the success of cooperation with business partners are taken into account when investing funds.

Market price risks

When necessary, SGL Carbon uses both primary and derivative financial instruments to limit financial market price risks, in particular exchange rate and interest rate risks. Derivative financial instruments are only used to minimize and control financial risks. In terms of currency management, SGL Carbon concentrates on hedging the transaction risk from expected future operating cash flows. Here, the following key risk positions are considered:

- US dollar – euro
- Japanese yen – euro
- Euro – Polish zloty
- Chinese renminbi – euro
- Euro – British pound

Foreign currency forwards and, in some cases, standardized ("plain vanilla") option transactions are regularly used as hedging instruments to hedge against currency risks. Various currency forward transactions were concluded in the 2024 fiscal year to hedge the exchange rate risk for that fiscal year and the following year. Due to the use of only fixed-interest financing instruments, there is currently no interest rate risk. The held liquidity (€148.0 million as of December 31, 2024) also creates a natural hedge against interest rate risks for variable financing instruments. Therefore, no interest rate hedges were carried out in 2024. In individual cases, energy or raw material price derivatives are also concluded to hedge against price risks. Details on this and the impacts of hedging transactions can be found in the Notes to the Consolidated Financial Statements Note 28.

Debt financing analysis

Group financing is based on the strategic business plans of the operating business units and central Group planning. The financing of SGL Carbon at the end of 2024 consists primarily of the outstanding amount of the 2023/2028 convertible bond issued in 2023 for €118.7 million (coupon: 5.75%, maturing in 06/2028), the 2022/2027 convertible bond issued in 2022 for €101.9 million (coupon: 5.75%, maturing in 09/2027), and various bilateral loans totaling €35.6 million, some of which have remaining terms until 2033. The €75.0 million term loan drawn in the previous year was repaid in full in the 2024 fiscal year. In November 2023, the company also signed a mortgage-backed credit line of €20 million for the construction of a leased production building at the Meitingen site. This credit line was fully drawn as of the balance sheet date. In February 2025, as in the previous year, the company exercised an option to extend the term of its €100 million syndicated credit line. This extends the term of the syndicated credit line, which was not drawn as of the balance sheet date, by an additional year to March 2028.

At the end of the 2024 fiscal year, the SGL Group therefore had available credit lines for working capital and capital expenditures totaling €100.0 million (2023: €120.0 million). Liquidity totaled €148.0 million as of December 31, 2024 (2023: €199.4 million).

Certain real estate, IT equipment and vehicles have been partially financed through leases. Details can be found in Note 25 in the Notes to the Consolidated Financial Statements.

Free cash flow clearly positive

The cash flow statement shows the change in SGL Carbon's cash and cash equivalents in the reporting period. The cash inflows and outflows are classified as operating activities, investing activities and financing activities. Free cash flow is defined as cashflow from operating activities less cash flow from investing activities. The reported liquidity include the balance sheet items cash and cash equivalents, and time deposits.

Free cash flow declined from €95.6 million in the previous year to €38.7 million but remained clearly positive despite an increase in capital expenditure. Details are included in the consolidated cash flow statement in the consolidated financial statements.

Liquidity and capital resources

€m	2024	2023	Change
Cash flow from operating activities			
EBIT	−14.3	56.6	-
Non-recurring items and one-off effects	118.5	52.9	-
Depreciation/amortization expense	58.7	58.9	−0.3%
Changes in working capital	3.9	41.1	−90.5%
Income taxes paid	−12.1	−13.1	−7.6%
Miscellaneous items	−34.4	−32.6	5.5%
Cash flow from operating activities	**120.3**	**163.8**	**−26.6%**
Cash flow from investing activities			
Capital expenditures in intangible assets, property, plant and equipment and investment property	−97.3	−87.1	11.7%
Dividends received and capital repayments from investments accounted for At-Equity	15.0	10.7	40.2%
Proceeds from the sale of intangible assets and property, plant & equipment	0.7	8.2	−91.5%
Cash flow from investing activities excluding term deposits	**−81.6**	**−68.2**	**−19.6%**
Free Cash flow	**38.7**	**95.6**	**−59.5%**
Changes in time deposits	47.2	−65.0	-
Cash flow from financing activities	−90.5	−121.7	−25.6%
Effect of foreign exchange rate changes and other changes	0.4	−1.8	-
Cash and cash equivalents at beginning of year	134.4	227.3	−40.9%
Cash and cash equivalents at end of year	**130.2**	**134.4**	**−3.1%**
Time deposits at end of year	17.8	65.0	−72.6%
Total liquidity	148.0	199.4	−25.8%
Net change in total liquidity	**−51.4**	**−27.9**	**−84.2%**

Cash flow from operating activities of €120 million

In the 2024 fiscal year, the cash flow from operating activities was €120.3 million (2023: €163.8 million). In addition to the stable operating business, the decrease was mainly due to changes in net working capital, which operationally decreased by €3.9 million (2023: decrease of €41.1 million). Taxes paid amounting to €12.1 million decreased slightly (2023: €13.1 million). The miscellaneous items also exclude the result of companies accounted for using the equity method and other non-cash earnings components.

Cash flow from investing activities

At €97.3 million, investments in the 2024 fiscal year were higher than the previous year's level (€87.1 million). As a result of the good order situation and stable demand for specialty graphite components for the semiconductor industry, capital expenditures were made in the expansion of capacity for this product segment. Part of the capital expenditures volume is covered by customer prepayments. Accordingly, the capital expenditures volume was significantly higher than the depreciation of fixed assets of €58.7 million (2023: €58.9 million). Further disclosures on capital expenditure are given in the "Capital expenditure, depreciation and amortization" section.

The cash proceeds from dividends from investments accounted for At-Equity were €15.0 million (2023: €10.7 million) were above the previous year's level despite the planned expansion investments of the BSCCB joint venture. Due to the planned demand for carbon ceramic brakes, BSCCB will expand its production capacity by approximately 70% at its sites in Meitingen (Germany) and Stezzano (Italy).

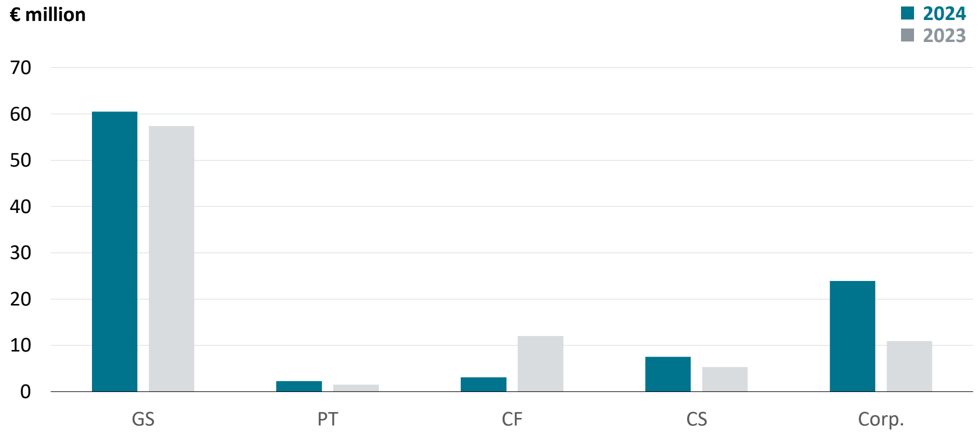
The received purchase price payments for the sold sites in Gardena (USA) and Pune (India) led to a cash inflow of €7.8 million in the 2023 fiscal year.

Due to the increase in capital expenditures in the fiscal year, the net cash outflow from investing activities increased substantially from minus €68.2 million in 2023 to minus €81.6 million in 2024.

Capital expenditures, depreciation and amortization

€m	2024	2023
Capital expenditures in intangible assets, property, plant and equipment and investment property	-97.3	-87.1
Depreciation/amortization expense	58.7	58.9

Capital expenditures by business unit



The payments for capital expenditures in the 2024 fiscal year mainly related to the following projects:

- Expansion of BSCCB production capacity along with infrastructure capital expenditures at the Meitingen site
- Capacity increase of purification systems for the semiconductor industry in St. Marys (USA)
- Extension of processing and post-processing capacities for the semiconductor industry in Bonn (Germany)
- Construction of plants for the production of novel battery modules in Ort (Austria)
- Capacity increase for a second soft felt plant in Meitingen
- Expansion of production capacity for manufacturing graphite for nuclear energy plants in St. Marys (USA)

Details of the capital expenditure can be found in the sections on the respective reporting segments.

Cash flow from financing activities

In the reporting year, the cash flow from financing activities was minus €90.5 million (2023: minus €121.7 million). The main reason for this is a cash outflow from the repayment or borrowing of financial liabilities of €59.1 million (2023: €82.9 million). This amount comprises the cash outflows from the early repayment of the term loan facility of €75.0 million taken out in 2023 and the repayment of bank loans in the amount of €4.1 million (2023: €5.0 million). On the other hand, there were cash inflows of €20.0 million from the drawing of a mortgage-backed credit line for the construction of the BSCCB production facility.

Interest paid of €21.1 million (2023: €25.2 million) was lower than the previous year due to the lower debt, while payments on lease liabilities were slightly up year-on-year at €9.5 million (2023: €8.5 million).

The other financing activities included dividend payments to non-controlling interests of fully consolidated subsidiaries in the amount of €0.8 million (2023: €0.4 million). In the previous year, this item included payments for the refinancing of the convertible bonds issued in the 2023 fiscal year and the extension of the syndicated credit line and the term loan facility totaling €4.7 million.

Liquidity for the repayment of financial liabilities

Despite the positive free cash flow of €38.7 million, the available liquidity decreased to €148.0 million at the end of the 2024 fiscal year (2023: €199.4 million), mainly due to the reduction of debt of €59.1 million and interest and lease payments of €30.6 million.

Contractual payment obligations

The most important contractual payment obligations comprise the repayment of borrowings, purchase obligations and obligations from leasing agreements. At the end of 2024, the obligations from borrowings totaled a nominal €256.2 million (2023: €315.2 million). These consist of liabilities to banks of €35.6 million, the convertible bond issued in 2022 with a nominal value of €101.9 million, and the convertible bond issued in 2023 with a nominal value of €118.7 million. The two convertible bonds mature in September 2027 and September 2028 respectively, at which point they will either be repaid or, if the bondholders exercise their conversion rights, will lead to the creation of up to 24.5 million new bearer shares.

Financial trade obligations, derivative financial instruments, lease liabilities and other financial liabilities amounted to €238.6 million as of December 31, 2024 (2023: €249.0 million). Of this amount, a total of €102.8 million (2023: €83.0 million) had a remaining term of more than one year. Liabilities for income taxes and other liabilities amounted to €28.5 million at the end of 2024 (2023: €26.3 million). Further details can be found in the Notes to the Consolidated Financial Statements under Note 25.

As of the reporting date, obligations for orders in connection with investment projects totaled €36.6 million (2023: €55.9 million). In the 2023 fiscal year, a long-term contract was concluded for the purchase of a primary material until 2029 with a purchasing volume of €207 million over the entire term.

Net assets

The following table shows selected key figures for the Group's net assets:

Overview of net assets

€m	Dec. 31, 24	Dec. 31, 23
Total assets	1,336.9	1,472.6
Equity attributable to the shareholders of the parent company	554.9	605.3
Equity ratio	41.5%	41.1%
Working Capital	283.2	306.0
Capital Employed	884.8	941.8
Return on capital employed ($ROCE_{EBIT\ pre}$)	11.4%	11.3%
Net financial debt	108.2	115.8
Leverage Ratio	0.7	0.7
Gearing	0.19	0.19

Balance sheet structure

€m	Dec. 31, 24	Dec. 31, 23	Change
ASSETS			
Non-current assets	663.0	715.6	−7.4%
Current assets	673.9	757.0	−11.0%
Total assets	**1,336.9**	**1,472.6**	**−9.2%**
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company	554.9	605.3	−8.3%
Non-controlling interests	9.7	9.6	1.0%
Non-current liabilities	529.0	583.3	−9.3%
Current liabilities	243.3	274.4	−11.3%
Total equity and liabilities	**1,336.9**	**1,472.6**	**−9.2%**

Assets

Non-current assets decreased in the reporting year to €663.0 million (2023: €715.6 million). Significant changes resulted from the impairment of €76.5 million recognized for the CF business unit in the 2024 fiscal year and from the written-down deferred US taxes of €20.0 million. Capital expenditures in excess of depreciation had the opposite effect.

The capital expenditures volume of €97.3 million was offset by depreciation on fixed assets of €58.7 million in the 2024 fiscal year, which led to an increase in non-current assets of €38.6 million. On the other hand, the impairment on property, plant and equipment at the CF business unit recognized in the fiscal year reduced fixed assets by €76.5 million. Foreign currency translation, particularly due to the stronger US dollar, increased non-current assets by €18.4 million (2023: decrease of €8.5 million). The carrying amount of investments accounted for using the equity method decreased by €2.9 million, mainly due to the impairment of the joint venture Fisigen S.A. in Lavradio (Portugal) and the necessary write-down of the carrying amount of the investment.

Current assets decreased by €83.1 million to €673.9 million (2023: €757.0 million) primarily due to the liquidity used to repay debt. Adjusted for currency effects of €13.9 million, current assets decreased by €97.0 million.

Working Capital

€m	Dec. 31, 24	Dec. 31, 23	Change
Inventories	345.6	373.6	–7.5%
Trade receivables and contract assets	146.1	150.9	–3.2%
Trade payables and contract liabilities	–208.5	–218.5	–4.6%
Working Capital	**283.2**	**306.0**	**–7.5%**

Working capital as disclosed in the balance sheet decreased by 7.5% or €22.8 million to €283.2 million as of December 31, 2024 (December 31, 2023: €306.0 million). Due to the reduction in inventories at the CF business unit based on the slump in demand from the wind industry, inventories in particular decreased substantially by €28.0 million, thus contributing significantly to the decrease in net working capital. After adjusting for currency and IFRS 15 effects, inventories decreased by €29.0 million. Furthermore, trade receivables and contract assets decreased by €4.8 million or 3.2%; however, the adjustment for currency effects and in particular for IFRS 15 effects resulted in an operational increase of €4.5 million. The decline in trade payables by €35.2 million more than offset the further increase of customer prepayments in contract liabilities by €25.2 million and counteracted the reduction in net working capital. After adjusting for the non-cash effects of currency translation and the non-cash effects of IFRS 15, the effective decrease in working capital was €3.9 million (2023: decrease of €41.1 million).

Liquidity fell by €51.4 million or 25.8% to €148.0 million (2023: €199.4 million) due to the repayment of debt. Due to the impairment of the CF business unit and the reduction in cash and cash equivalents, total assets as of December 31, 2024, fell significantly compared to the previous year's reporting date to €1,336.0 million (2023: €1,472.6 million).

Equity and liabilities

Equity attributable to shareholders decreased by €50.4 million or 8.3% to €554.9 million as of December 31, 2024 (2023: €605.3 million). This decrease is essentially based on the negative consolidated net result of €80.3 million. Other effects that impacted equity related to the actuarial adjustment of pension provisions in Germany and the USA of €8.4 million after tax effects (2023: minus €9.3 million) and currency effects of €23.5 million (2023: minus €11.1 million), mainly due to the stronger US dollar and the stronger Chinese renminbi.

Despite the decrease in equity attributable to shareholders, the equity ratio increased slightly to 41.5% at the end of the reporting year (2023: 41.1%) due to the lower total assets (excluding non-controlling interests).

	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
December 31, 2023	**605.3**	**9.6**	**614.9**
Dividends	--	**–0.8**	**–0.8**
Net result for the year	–80.3	0.9	–79.4
Other comprehensive income	29.9	0.0	29.9
Comprehensive income	**–50.4**	**0.9**	**–49.5**
December 31, 2024	**554.9**	**9.7**	**564.6**

Non-current liabilities decreased by €54.3 million to €529.0 million (2023: €583.3 million). This decrease was mainly due to the repayment of the €75.0 million term loan facility, which was partially offset by the drawdown of a €20.0 million bank loan. The repayment of the term loan facility extended by the company's core banks was made using existing liquidity. This was offset by a €21.9 million increase in non-current contract liabilities, in particular from received customer prepayments.

The pension provisions, which are included in non-current liabilities, decreased from €206.1 million at the end of the 2023 fiscal year to €195.6 million as of December 31, 2024, or by 5.1%. This was mainly due to the adjustment of the discount rates to the higher long-term interest rate level. The discount rate increased by 0.1 percentage points to 3.4% in Germany and by 0.7 percentage points to 5.6% in the USA, resulting in a total measurement effect of negative €8.4 million.

Non-current contract liabilities in the 2024 fiscal year included customer prepayments of €86.1 million received for the long-term financing of the order backlog for the semiconductor industry in the GS business unit (2023: €64.2 million).

Current liabilities fell to €243.3 million at the end of the 2024 fiscal year (2023: €274.4 million). This is mainly due to the decrease in current liabilities from trade payables and contract liabilities by €31.9 million to €122.4 million (previous year: €154.3 million), largely due to weak business development at the CF business unit. In addition, current provisions decreased by €5.3 million, mainly because of the reduction of provisions for restoration obligations at the Griesheim site, which will be paid out in 2025.

Adjusted for currency effects of €5.5 million and the compounding of customer advance payments of €5.1 million, there was an operational reduction in current and non-current trade payables and contract liabilities of €20.6 million.

Net financial debt

€m	Dec. 31, 24	Dec. 31, 23	Change
Carrying amount of current and non-current financial liabilities	231.3	282.8	−18.2%
Remaining imputed interest for the convertible bond	21.9	27.8	−21.2%
Accrued refinancing cost	3.0	4.6	−34.8%
Total financial debt (nominal amount)	**256.2**	**315.2**	**−18.7%**
Liquidity	**148.0**	**199.4**	**−25.8%**
Net financial debt	**108.2**	**115.8**	**−6.6%**

At the close of 2024, financial debt totaled €256.2 million, with this figure made up as follows:

- Convertible bond 2023/2028 of €118.7 million
- Convertible bond 2022/2027 of €101.9 million
- Liabilities to banks of €35.6 million

For the reconciliation to the carrying amount of €231.3 million shown in the balance sheet, the net remaining imputed interest of the outstanding convertible bonds of minus €21.9 million (2023: minus €27.8 million) and the total refinancing costs of minus €3.0 million (2023: minus €4.6 million) must be taken into account. Financial debt is split by maturity in the consolidated balance sheet and reported accordingly under the items “Interest-bearing loans” and “Current portion of interest-bearing loans”. Changes in financial debt are explained in the section “Cash flow from financing activities”.

Net financial debt decreased slightly by €7.6 million (-6.6%) to €108.2 million as of December 31, 2024. This reduction was due to the positive free cash flow of €38.7 million, less the interest paid of €21.1 million and lease payments of €9.5 million. Together with the minus €59.1 million in net cash from the assumption and repayment of debt and the other payments for financial activities of minus €0.8 million, as well as exchange rate differences of €0.4 million, this led to a decrease in liquidity of €51.4 million to €148.0 million (2023: €199.4 million).

The leverage ratio as the ratio of net financial debt to adjusted EBITDA was 0.7 as of December 31, 2024 (2023: 0.7) and has not changed, in particular due to the lower net financial debt. Gearing (net financial debt / equity attributable to shareholders of the parent company) was 0.19 at December 31, 2024 and has not changed from the previous year (2023: 0.19).

Return on capital employed (ROCE)

€m	2024	2023
Capital Employed		
Intangible Assets incl. Goodwill	34.5	35.4
Property, plant and equipment	461.3	517.5
Investment Property	40.5	14.7
Investments accounted for At-Equity	65.3	68.2
Working capital	283.2	306.0
Capital employed as of 31.12. of the financial year	**884.8**	**941.8**
Capital employed as of 31.12. of the prior year	**941.8**	**988.9**
Average capital employed	**913.3**	**965.4**
ROCE $_{\text{EBIT pre}}$	11.4%	11.3%

The return on capital employed (ROCE $_{\text{EBIT pre}}$) remained unchanged from the previous year at 11.4% (2023: 11.3%). This was due in particular to the reduction in average capital employed, while earnings fell slightly. The return on capital would have decreased to 10.8% after adjusting for the write-down of the CF business unit.

Assets not recognized and off-balance sheet financing instruments

Various assets of SGL Carbon are not recognized in the balance sheet. Due to the application of IFRS 16, all material leased or rented assets have been recognized on the balance sheet since 2019. Since IFRS 16 was introduced, off-balance-sheet assets comprise leases for IT equipment, motor vehicles, photovoltaic systems and other property, plant and equipment that are of low value or are used only for a short period.

The volumes of these non-recognized assets and off-balance-sheet financing instruments have no material impact on the presentation of the net assets, financial position and results of operations. Further details can be found in this regard in the Notes to the Consolidated Financial Statements under Note 26.

Unrecognized intangible assets also include the enterprise's brand name and that of SGL Carbon's products. In addition, SGL Carbon's long-standing supplier and customer relationships are of considerable value. On the one hand, they stabilize the course of business and make the enterprise less dependent on short-term market fluctuations. And on the other hand, this intensive cooperation enables joint research and development projects in which the expertise and development capacities of the companies involved are bundled.

Funding status of pension obligations

As of December 31, 2024, the Group's retirement benefit obligations amounted to €343,3 million compared to €339.8 million at the end of 2023. The funding status of the retirement benefit obligations (i.e., the difference between the present value of the retirement benefit obligations and the fair value of plan assets) was minus €193,1 million as of December 31, 2024, compared to minus €203.6 million as of December 31, 2023. The change was essentially due to the increase in the pension interest rates in Germany and the US and the concurrent increase in fund assets due to higher market values. The actuarial losses from defined benefit plans recognized in equity in retained earnings decreased by €8.4 million after taxes. The level of fund assets to finance pension obligations increased significantly from €137,9 million at the end of the previous year to €153,1 million as of December 31, 2024, due to higher market values and contributions, partly because of the stronger US dollar exchange rate.

Further information on the impact on the balance sheet and income statement, and on pensions and similar obligations can be found in Note 23 in the Notes to the Consolidated Financial Statements.

Overall assessment of the 2024 fiscal year by the Board of Management

2024 was another challenging year for SGL Carbon. Like the previous year, 2024 was characterized by geopolitical conflict, a weak economy, and generally high inflation and interest rates. Structurally higher energy prices, pronounced weak growth, and over-regulation in Europe pose a particular challenge to European companies' competitive edge. In addition, some of our sales markets have become increasingly less dynamic than expected at the beginning of the year. This was particularly true in the automotive and semiconductor industries.

We performed well in this challenging environment, achieving our 2024 targets overall. After a strong start in the first half of 2024, the second half started to show signs of weakening business development due to lackluster demand in some of our sales markets. This particularly affected the Semiconductor market segment, not to mention the ongoing difficult situation in the wind industry. Lower than expected sales of electric vehicles, which primarily require silicon carbide-based power semiconductors, also curtailed demand for SGL Carbon's specialty graphite products. In contrast, other SGL business units, such as Process Technology, bucked the general economic trend and achieved their best-ever results.

Overall, Group revenue of €1,026.4 million in 2024 was slightly below the previous year's level (minus 5.8%) while adjusted EBITDA, a key operating figure, was in the lower end of our expected range (€160 to 180 million) at €162.9 million.

SGL Carbon has undergone a transformation in recent years. Not only are we in a better financial position, but our business model has also become more resilient. We want to help shape the future in industries that are important for the challenges ahead, such as climate change and digitization through innovative, cutting-edge carbon-based products.

We used the year 2024 to make significant investments in additional future growth. We invested a total of €97.3 million, almost two thirds of which went into the Graphite Solutions business unit and in particular into expanding production capacities for specialty graphite products for the semiconductor industry.

Given the ongoing weak demand from the wind industry, the increasing overcapacity of carbon fibers, and the related high price pressure, we had already decided in early 2024 to explore all options for the loss-making Carbon Fibers business unit. In early 2025, with the approval of the Supervisory Board, we made the decision to restructure the Carbon Fibers business unit. This will entail significantly reducing Carbon Fibers operations and focusing on a profitable core of the business. Individual solutions are being developed for all Carbon Fibers sites, including the closure of unprofitable sites.

Despite the decline in demand and the lower than expected growth in some of our sales markets, we remain confident in the long-term trends of digitization and sustainability. We therefore intend to focus on the markets that will significantly reflect future trends such as climate-friendly mobility, renewable forms of energy and digitization with our innovative and customer-oriented products.

An important goal in the past two years and thus also in the reporting year was to stabilize our balance sheet structure and, in particular, to consistently achieve a positive free cash flow. As a result, we further increased the company's equity ratio from 41.1% to 41.5%. Our net debt once again decreased from €115.8 million to €108.2 million. This means that our leverage ratio remained at 0.7 (2023: 0.7), compared to 3.1 at the start of the transformation at the end of 2020. Our financial stability was also further strengthened by the early repayment of the term loan facility in 2024. The historically low level of debt at SGL Carbon demonstrates the success of this strategy.

Objectives largely achieved for the fiscal year

At the end of March 2024, we expected sales revenue to be at the previous year's level (€1,089.1 million) and adjusted EBITDA to fall within a range of €160 – 170 million, considering the prevailing conditions at the start of 2024 as well as the valid forecasts for our market segments. Despite the slowing growth in our key semiconductor market segment in the second half of 2024, and the increasingly uncertain economic environment, we have successfully achieved our objectives. We responded to the continued decline in demand for carbon fibers for the wind industry by adjusting our production capacity in 2024 and announced a restructuring of the business unit at the beginning of 2025. The shutdown of production lines and the resulting inability to absorb fixed costs is reflected in the earnings performance of Carbon Fibers in particular. In the fourth quarter of 2024, this resulted to a further impairment of assets in the Carbon Fibers business unit. The exceedingly stable business development in the Group's other business units, Graphite Solutions and Composite Solutions, as well as the significant improvement in Process Technology and the savings in the Corporate reporting segment made up for most of the earnings lost in the CF business unit. Overall, it was a satisfactory fiscal year for SGL Carbon.

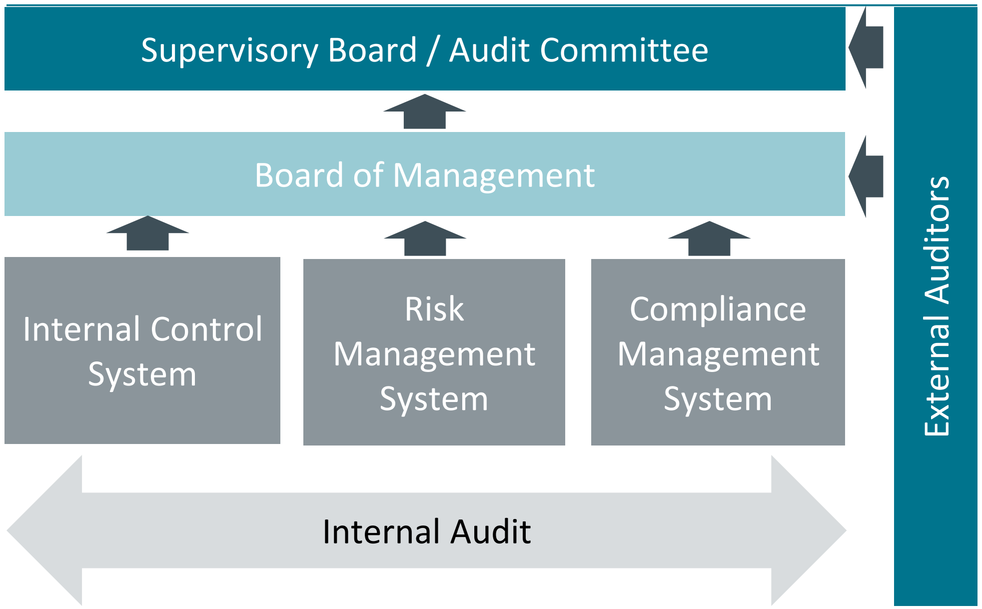
SGL Carbon's business development in the 2024 fiscal year has demonstrated the resilience of our business model and our ability to respond rapidly and efficiently to changes in our operating conditions thanks in part to our broad-based product portfolio.

In the 2025 fiscal year, SGL Carbon's focus will be on consolidating our existing operating business, concentrating on revenue generation and securing our profitability. This includes strict cost management and a review of all product areas for future performance and profitability.

Opportunities and Risks Report

Structural fundamentals

Corporate governance organization of SGL Carbon



In addition to the internal control system and compliance management, risk management is an integral component of corporate governance at SGL Carbon. The internal control system is designed to mitigate risks in the company's operating processes by implementing appropriate controls. The risk management system is used to identify and assess risks and opportunities and to respond appropriately to ensure that the company's objectives are achieved. The compliance management system deals with processes and measures to ensure compliance with legal requirements and internal policies. Both the risk management system and the internal control system of SGL Carbon are based on the currently valid COSO framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The compliance management system is certified as, and follows, the international standard ISO 37301:2021.

The involvement of the Internal Audit department as well as external auditors ensures process-independent monitoring of the governance systems.

The Board of Management of SGL Carbon is responsible for implementing suitable systems and monitoring them. Furthermore, the Supervisory Board monitors the effectiveness of the systems through the Audit Committee.

Risk management system

Risk management strategy

SGL Carbon's risk strategy is aimed at ensuring the company's long-term continued existence as a going concern and attaining the planned financial and non-financial targets and outlooks. In addition to the early identification of risks, opportunities for profitable growth should also be systematically recognized and used. Our aim is to avoid or limit risks through suitable control measures. Where possible and economically viable, risks should be transferred to third parties, for example by taking out insurance policies. Only viable risks are taken that are proportionate to the expected opportunities. One of the most important priorities is that the company has sufficient liquidity reserves available at all times.

The principles of risk management are anchored in a group-wide guideline and ensure the uniform implementation of the risk strategy. Therefore, the requirements for the early risk detection system in accordance with the German Stock Corporation Act [Aktiengesetz] have also been complied with and satisfied. The management of non-financial risks is also integrated into the risk management system.

Risk management organization

At Group level, the chief financial officer is responsible for the adequacy and effectiveness of the risk management system. Organizationally, the Board of Management is supported by Group Controlling, which coordinates the risk management process at Group level. Group Controlling defines principles, processes, reporting channels and responsibilities, ensures that the group-wide risk management guidelines are up-to-date and continuously develops the risk management system. The primary responsibility for opportunities and risks lies with the heads of the business units and central departments.

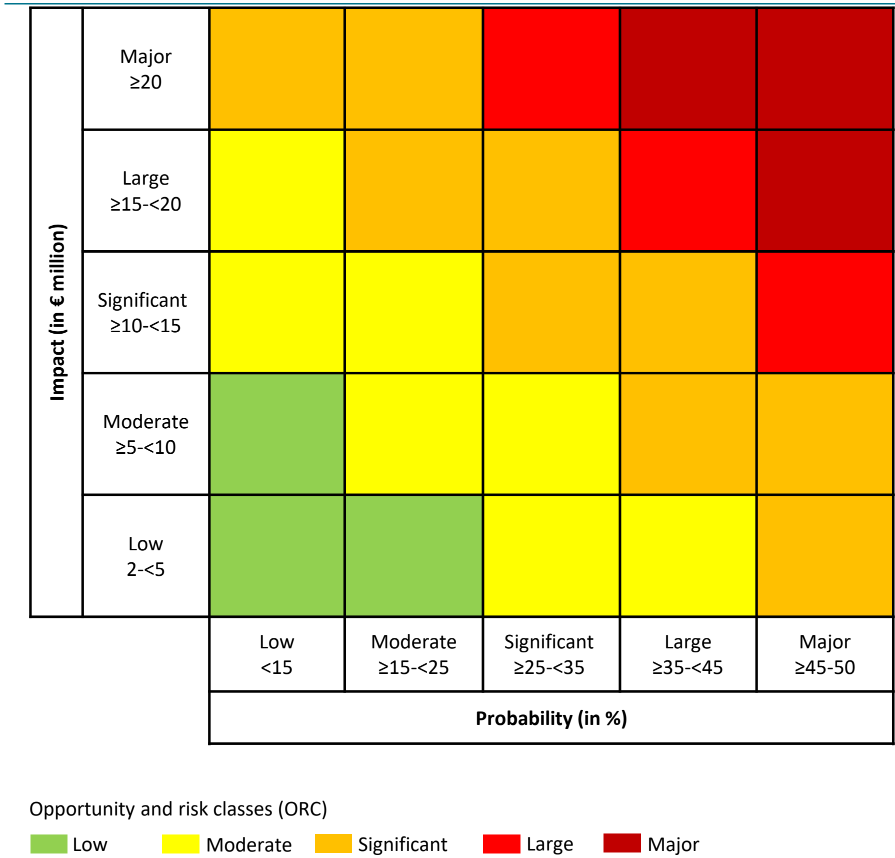
Risk management processes

The risk officers carry out a comprehensive risk inventory once a year as part of budget planning. This also includes risks from non-financial matters such as environmental, social and governance (ESG) issues as well as risks related to sustainability reporting. Individual risks exceeding defined value limits are systematically recognized and measured and then uniformly aggregated. The risk inventory covers the entire planning horizon of five years. Opportunities, on the other hand, are only recognized for the first planning year. For identified risks, the risk strategy is defined and – where possible – countermeasures are specified. The risk assessment is then updated on a quarterly basis. Material new risks or risks that threaten the company as a going concern are immediately reported to the Board of Management or Group Controlling via ad hoc reporting, regardless of the defined reporting intervals.

Opportunities and risks are measured uniformly according to the specifications of the Group's risk management. We consider risks to be any negative deviation from the budgeted results and opportunities to be positive deviations beyond the budgeted results.

The identified opportunities and risks are assessed based on the dimensions of impact and probability of occurrence. In addition to cash flow, EBIT is also targeted. The measurement always follows a net analysis after taking countermeasures into account. The classification is based on opportunity and risk classes (ORC) based on impact and probability. The classification is shown in the following matrix.

Classification matrix



Group Controlling reports a summary of the aggregated risks of the business and central department to the entire Board of Management on a quarterly basis. The Supervisory Board is also regularly informed at meetings about the material risks within the Group.

Non-financial risks are also included as part of risk aggregation in the overall risk position and compared with the risk-bearing capacity. The risk management software recommended by the certification according to IDW PS 981 was implemented in 2024. Risks are recorded in this risk management software based on standardized templates and a uniform process. Business unit-specific reports are automatically generated for visualization purposes. The overall risk position is calculated using a Monte Carlo simulation.

Risk management monitoring

The risk management system is monitored by the Supervisory Board via the Audit Committee. In 2022, a voluntary external review of the risk management system was also performed in accordance with Audit Standard 981 of the Institute of Public Auditors in Germany (IDW PS 981). In 2023, Internal Audit conducted a review of the adequacy and effectiveness of the risk management system in a specific audit. The adequacy and effectiveness of the risk management system were confirmed in both audits. Moreover, improvement measures were initiated to implement findings from the audits, such as introduction of risk management software as mentioned above. A regular review of SGL's risk management system is performed by external auditors or internal audit at least every two years.

Internal control system

Internal control system structure

The internal control system (ICS) includes the principles, processes and measures to ensure the effectiveness and profitability of business activities and the correctness of accounting in compliance with the relevant legal regulations. This also includes the protection of assets by preventing and uncovering damage to assets. A non-financial Internal control system was implemented during the reporting period. It defines clear responsibilities for data collection, aggregation, validation and control. Detailed information on the processes and control mechanisms of the non-financial Internal control system can be found in the General Information (ESRS 2 Governance) section of the sustainability statement as part of this Annual Report.

The establishment, maintenance and further development of the internal control system is performed by the central internal control system department on behalf of the chief financial officer and is supported by the corporate sustainability department for the non-financial control section. The control design is determined on the basis of a risk assessment carried out at least once a year. Responsibility for the implementation and documentation of the control lies with the respective process owner. Risk and control documentation is based on uniform Group standards. Local responsibles have been nominated in all of the main companies to act as local contacts for all internal control system -related issues and support those responsible for processes and controls in their tasks. The central IT department acts as a point of contact for all IT issues and designs the IT controls.

Accounting process and consolidation processes

The accounting processes and the preparation of the consolidated financial statements, as well as the consolidation of the material non-financial values and key figures, are the responsibility of the Group Accounting & Tax department, which reports directly to the chief financial officer.

The consolidated financial statements are based on the IFRS Accounting Manual which regulates the group-wide uniform application of the accounting and measurement principles in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Changes in accounting regulations are continuously monitored, their impact assessed and relevant changes in the financial organization communicated.

The consolidated financial statements are prepared using SAP-based consolidation software based on a uniform chart of accounts. Operational accounting is mainly carried out in three regional shared service centers. The responsibility for the completeness and correctness of the separate financial statements lies with the local finance managers in the respective countries or companies. The separate financial statement data is automatically loaded into the consolidation system via an interface. The data is validated by rules established in the system. In addition, Group Accounting checks the data for plausibility and correctness of content. Statements of completeness are obtained from the main companies on a quarterly basis to ensure the complete recognition of items subject to accounting and disclosure requirements. The principles of segregation of duties are consistently implemented in the accounting-relevant processes.

A Significant Contracts Policy ensures that material contracts are always reviewed by Group Accounting regarding their impact on the balance sheet. Furthermore, external specialists are consulted in the case of special topics.

Internal control system monitoring

The Audit Committee is regularly informed about the status of the internal control system as part of its monitoring tasks. The effectiveness of the internal control system is monitored via a continuous control self-assessment by the central internal control system department. Internal Audit also includes selected internal controls in its audits and provides suggestions for improvement.

A regular review of SGL's internal control system is performed by external auditors or internal audit at least every two years.

The internal control system has its limitations, regardless of how carefully the systems are designed. In particular, subjective judgments, faulty controls or other circumstances can limit the effectiveness and reliability of the internal control system, so even the group-wide application of the systems used can only provide sufficient certainty with regard to the correct, complete and timely recognition of items in the consolidated financial statements.

Compliance management system (unaudited)

The compliance management system (CMS) of SGL Carbon aims to reduce the risk of legal violations. The Chief Compliance Officer of the Group is responsible for the compliance management system. The structure of the Compliance Management Systems was designed according to national and international standards such as IDW PS 980 and ISO guideline 19600:2016 and is certified according to ISO 37301:2021. Over the past fiscal year the CMS underwent a regular surveillance audit as part of the ISO certification process.

Additionally, the existing anti-bribery management system was certified in 2023 to the ISO 37001:2016 standard. The compliance management system and anti-bribery management system were certified as being lastingly effective. A regular surveillance audit was performed in the past fiscal year. Detailed information on the SGL compliance management system and the anti-bribery management system can be found in the Corporate Governance Declaration, the Corporate Governance and Compliance Report and in the separate Non-Financial Group Report (CSR Report) (all unaudited) that are part of this Annual Report.

Overall statement by the Board of Management on the governance systems (unaudited)

No facts have come to our attention that speak against the adequacy and effectiveness of the risk management system, the internal control system and the compliance management system in all material respects.

Material opportunity and risk areas

Risk factors that impact the business activities of SGL Carbon are reflected in the opportunities and risk areas presented below. If these areas also contain opportunities, they are explicitly stated. The risks stated here can occur individually or cumulatively. Additional risks that are not yet known, or risks that are currently classified as not material could also impair SGL Carbon's business activities. Unless explicitly stated, the risks described below relate to all of the Group's business units.

The opportunities and risks are divided into the following categories:

- Opportunities and risks from external framework conditions
- Opportunities and risks from operational activities
- Financial opportunities and risks
- Legal opportunities and risks
- Non-financial opportunities and risks.

The table shows the classification of SGL Carbon's risks into the defined opportunity and risk classes and therefore reflects the possible impact on the development of the Group's net assets, financial position and results of operations, should they occur. The statements relate to the 2025 fiscal year.

Category / Risk	Opportunity and risk class (ORC)
Opportunities and risks from external framework conditions	
Opportunities and risks of future macroeconomic development	Large
Opportunities and risks of price and volume development	Large
Opportunities and risks from operational activities	
Risks from the restructuring of the business unit Carbon Fibers	Major
Risks in production	Large
Opportunities and risks of the raw material markets	Significant
Opportunities and risks in the energy markets	Moderate
Opportunities and risks from the graphite anode material business	Moderate
Risks from cyberattacks and information technology	Moderate
Financial opportunities and risks	
Financial position risks	Large
Impairment risks	Significant
Opportunities and risks from exchange rate fluctuations	Low
Risks from pension plans	Low
Legal opportunities and risks	
Legal risks and risks from divestments	Significant
Tax risks	Moderate
Non-financial opportunities and risks	
Environmental and climate risks	Large
Social risks	Significant
Governance risks	Moderate

Another difficult year came to an end for SGL Carbon. The opportunities and risks in 2025 arising from external conditions remain a priority with an unchanged risk assessment. Changes compared to the previous year result in particular from the planned restructuring activities of the business unit Carbon Fibers (CF). Compared with the previous year additional changes resulted in particular in the area of risks in production. These risks are no longer classified as major for the Group in the 2025 fiscal year. This modified assessment is largely the result of the current significant drop in demand for graphite components for the silicon carbide (SiC)-based semiconductor industry.

Opportunities and risks from external framework conditions

Opportunities and risks of future macroeconomic development (ORC: large)
In view of the weakening inflation, global trade began to recover in 2024. Economic growth is expected to remain almost unchanged in 2025 compared to the previous year. However, the global economic outlook for 2025 remains subject to significant risks. Increased geopolitical tensions represent a significant short-term risk. Uncertainty associated with global trade policy has increased significantly in recent months and is adding to concerns. A rise of protectionist measures, such as a new wave of tariffs, could exacerbate trade tensions, reduce investment, reduce market efficiency, distort trade flows and again lead to disruptions in supply chains. The risk of renewed inflationary pressure, also as a result of new import tariffs, could prompt central banks to raise key interest rates and intensify monetary policy divergence. Higher interest rates could exacerbate fiscal, financial and external risks for an even longer period.

Global inflation is expected to continue to decline in 2025, to 4.2%, according to the International Monetary Fund (IMF) January 2025 outlook. Commodity prices have stabilized and are falling in some cases, but price inflation for services remains high in many countries, partly due to rapid salary increases. Salaries are still catching up with the jump in inflation in 2021–22. Inflation in almost all major economies is expected to be back on track at around 2% by the end of 2025 or beginning of 2026. Low inflation, steady employment growth and a less restrictive monetary policy will help to support demand, despite the slight headwind from the necessary tightening of fiscal policy in many countries.

The different factors may have a negative impact on our net assets, financial position and financial performance. On the contrary, if the overall economic trend turns out better than expected, this may also create opportunities for our business.

Opportunities and risks of price and volume development (ORC: large)
According to IMF calculations, growth in the eurozone appears to have reached a low in 2023 and increased in 2024. A further increase in growth is predicted for 2025, supported by stronger domestic demand. Despite the expected below-average growth in Europe, our largest market, downward revisions in other regions could limit our business prospects in individual markets and thus lead to sales/volume risks. We contain sales risks resulting from dependency on individual markets and industries by rigorously aligning our

businesses with industries that support the trends of the future. Our diversified product and customer structures help insulate us from regional crises in our sales markets.

In the Graphite Solutions (GS) business unit, delayed growth in sales of electric vehicles and the associated delay in our focus market of semiconductors could continue to have a negative impact on volume development in 2025. As in 2024, the price and volume risks in the Carbon Fibers business unit remain high due to the persistently weak demand in the wind energy market.

Due to the continued increase in competitive pressure in some of our markets, there is a risk that we will have to accept lower prices in order to regain volume. This could result in both opportunities and risks, particularly in the Graphite Solutions business unit's focus market of semiconductors.

Opportunities and risks from operational activities

Risks from the restructuring of the business unit Carbon Fiber (CRK: major)
In accordance with our reporting in the notes to the consolidated financial statements under Note 34 “Subsequent events”, with the approval of the Supervisory Board the restructuring of the loss-making business unit CF was announced on February 18, 2025, which involves a significant reduction of CF's business operations and focus on a profitable core. However, as we are only at the beginning of the process, details and a schedule of the restructuring are currently being worked out. We expect one-off cash charges of approximately €50 million over the next two years. Due to the early planning stage and the associated uncertainty, risks may arise from higher charges - in particular from severance payments and settlements.

Risks in production (ORC: large)
In order to be able to realize the profitability-oriented growth in the medium term that SGL Carbon has set for itself, there is a risk that maintenance expenses could be higher than planned due to partly outdated facilities to ensure the availability of plants and avoid business interruptions. Furthermore, primarily in the scope of long-term supply contracts, delays in ramping up production or in customer qualification can lead to a delay in the realization of revenues.

In order to achieve the targeted free cash flow in 2025, the investment volume will be significantly reduced compared to 2024. Risks exist in particular in the fact that the production processes and the associated change in the production mix cannot be executed as planned due to factors such as technical problems with the facilities.

Due to the continued low demand, our production capacities were adjusted in 2024. If the production lines can only be restarted in stages this could have negative impacts on the financial position. In particular, there is a risk that the rejection or reallocation of capacity cannot be executed as planned or can only be implemented with a delay.

A production standstill at one or more locations could lead to delivery problems with regard to quantity and quality, which may also result in compensation payments to customers. Interruptions to production could be caused, among other things, by natural hazards at individual or multiple sites. In addition, supply bottlenecks in SGL Carbon’s supply chains can imply that avoiding production standstills could only be achieved with higher transport costs compared to the budget assumptions.

SGL Carbon also strives to optimize working capital relative to revenues. If this does not succeed as planned, this could negatively impact in particular the future free cash flow.

Opportunities and risks of the raw material market (ORC: significant)
We counteract the volatility on the raw material market with structured procurement concepts and the conclusion of medium- and long-term framework agreements. Appropriate strategic concepts are developed with the main suppliers on the basis of long-standing business relationships. An increase in raw material and transport costs compared to the budget can have a negative impact on the future net assets, financial position and results of operations. A lack of availability of individual raw materials can also have a negative impact on the economic development of SGL Carbon. Supply chain interruptions may also result from geopolitical discord, armed conflict and the consequences of climate change.

In the GS business unit in particular, a bottleneck in the supply of raw materials in the important graphite component product segment for the silicon carbide-based semiconductor industry would have a negative impact.

The CF business unit is characterized by price fluctuations for the raw material acrylonitrile and precursor. This results in opportunities and risks.

SGL Carbon strives to reduce the risks through a targeted procurement strategy that includes alternative suppliers as well as the targeted utilization of price opportunities. However, political developments in important procurement regions in particular can have a negative impact on the supply security of individual raw materials that are difficult to substitute.

Opportunities and risks in the energy markets (ORC: moderate)
We continuously monitor the situation on the energy markets. We discuss current developments in quarterly energy committee meetings and compare them to our projected requirements. Countermeasures include a targeted energy procurement strategy to stabilize costs in the medium term. We counter the risk of rising and volatile energy prices in part by hedging early. As an unhedged market, the US is more exposed to unfavorable spot market developments than in the previous year, which can lead to opportunities as well as risks compared to the planning.

We have also implemented energy price clauses in numerous customer contracts to protect our margin in the event of further increases in energy prices.

Opportunities and risks from the graphite anode material business (ORC: moderate)
SGL Carbon has decided to discontinue graphite anode materials activities in the GS business unit due to a lack of prospects for commercial success. This led to a devaluation of noncurrent assets and inventories, among other things. Further risks could arise from the closure of the activities in Poland.

Risks from cyberattacks and information technology (ORC: moderate)
In 2024, the cyber threat level has stabilized at a medium level. The threat posed by malware (ransomware) has reduced in intensity due to global technical countermeasures, although fraud attempts (payment frauds) by cybercriminals have increased noticeably. There is also a professionalization of the attack scenarios and of the attackers, which require structured and resilient preventive information security measures. The latter is also due to politically oriented groups or foreign authorities who are increasingly involved in obtaining financial resources from the business community in support of terrorist or military actions.

These types of attacks could have a significant adverse effect on our financial position and financial performance and require specialized technical and organizational countermeasures which are implemented and monitored by an experienced team.

In order to take adequate account of these and other risks, SGL Carbon operates a risk-oriented information security management system (ISMS) based on the globally recognized ISO 27001 standard and a dedicated IT risk management system as part of a Group-wide initiative. In 2024, SGL Carbon once again successfully passed various customer audits at a high level, including penetration tests without significant vulnerabilities, and is working intensively on programs to strictly secure computer endpoints, emergency response and restoring trustworthy conditions after cyber attacks.

Two TISAX certifications in the automotive industry with external audits for three SGL sites are also planned in 2025. Similarly, threat hunting will play a significant role and support our regular training of all employees to secure the company.

Financial opportunities and risks

Financial position risks (ORC: large)
SGL Carbon is adequately funded for the coming fiscal year by the syndicated credit line provided until March 2027, which was extended in February 2025 by one year until March 2028.

To achieve the targeted free cash flow in 2025, the business units must meet their working capital targets and capital expenditure budgets. If this is not the case, unexpected significant negative impacts on cash flow may arise.

In order to avoid risks associated with fraud in payment transactions, SGL Carbon relies on a consistent four-eyes principle and strictly separates the initial posting, approval and payment process. The employees involved in the process are regularly trained using examples such as “CFO fraud,” as a potential occurrence of fraud could cause major damage to the company.

Impairment risks (ORC: significant)
In accordance with our reporting in the notes to the consolidated financial statements under Note 34 “Subsequent events” with the approval of the Supervisory Board, the

restructuring of the loss-making CF business unit was announced on February 18, 2025, which involves a significant reduction of CF's business operations to focus on a profitable core. Individual solutions are being developed for all CF sites, including the closure of unprofitable sites. Depending on the measures taken, there are impairment risks for the carrying amount of the CF assets with a corresponding impact on net assets and financial position.

Opportunities and risks from exchange rate fluctuations (ORC: moderate)
The key financial figures are influenced by exchange rate fluctuations from SGL Carbon’s global business activities. Potential impacts of exchange rate fluctuations can be reduced by natural hedging within the Group. The transaction-related foreign currency risk is reduced by optimizing operational cash inflows and outflows in a foreign currency. The resulting foreign currency exposure is hedged using derivative financial instruments if the risks exceed certain materiality limits. Risk minimization is the overriding principle for all activities in connection with currency derivatives. In addition to the functional separation of trade, control and processing, also in this area regular risk analyses are carried out.

Besides transaction risks, there are translation risks arising from the translation of financial statement items denominated in local currency into the Group currency, the Euro. Translation risks are not hedged.

Risks from pension plans (ORC: low)
Retirement benefit obligations are subject to a multitude of valuation parameters. The amount of pension provisions is affected by changes in interest rates, longevity trends, salary increases and inflation rates in particular as well as the probability of acceptance of the capital option. Besides fluctuations in equity, this can lead to changes in pension plan payments and expenses. Financial risks, as well as opportunities, also arise from the management of pension plan assets. The amount of the pension fund fluctuates due to the volatility of the various asset classes on the capital market (interest-bearing securities, equities, real estate and other asset classes). If future rates of return on the pensions assets are lower than expected, budget deficits may arise and additional payments into pension plans may be required.

Legal opportunities and risks

Legal risks and risks from divestments (ORC: significant)
In the event of legal disputes, SGL Carbon recognizes provisions based on the probability of occurrence and external legal opinions. Actual utilization may deviate from our own estimates and impact the consolidated net result.

Due to the international orientation of its business activity, SGL Carbon is also confronted with various legal uncertainties. These include difficulties in enforcing contracts and outstanding claims in foreign legal systems, compliance with foreign trade law, international export and import restrictions and technology transfer law in various countries, as well as difficulties in global enforcement of patent protection for the Group’s own products.

In the case of divested businesses, it is common for the seller to be liable for transactions that took place before the date of disposal. This harbors the risk of possible burdens on the net result for businesses that have already been disposed of.

Tax risks (ORC: moderate)
SGL Carbon operates worldwide and is therefore subject to a wide range of national tax laws and regulations. Changes in tax law or in the taxation practices of individual countries in which SGL Carbon does business can lead to higher tax expenses and higher tax payments. We counter this with an ongoing analysis and evaluation of the tax environment. Although we assume that tax issues are always presented in accordance with the law, it cannot be ruled out that the tax authorities will come to different conclusions in individual cases. If corresponding risks are foreseeable, current tax liabilities for uncertain tax positions are recognized based on estimates. If the actual results deviate from the original estimate, this can impact the tax expense in the period in which the matter is finally decided.

Non-financial opportunities and risks

As part of our preparations for sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD), SGL Carbon conducted a materiality analysis in accordance with the European Sustainability Reporting Standards (ESRS) (EU No. 2013/34/EU amended by (EU) 2022/2464) in fiscal year 2023. The double materiality assessment includes an analysis of the impact of the SGL business model on the environment and society (inside-out perspective) as well as the identification and financial assessment of risks and opportunities (outside-in perspective). Risks and opportunities are assessed based on SGL Carbon’s internal risk management approach in order to classify ESG risks and opportunities within the company’s risk management system. The assessment considered the financial impact and likelihood of occurrence for all identified risks and opportunities. The financial impact and probability of occurrence were updated as part of the annual risk review with the support of the RMS software introduced during the reporting period.

Further details on the materiality analysis and the significant impacts, risks and opportunities in relation to the company's sustainability issues can be found in the sustainability statement based on the ESRS as part of this Annual Report.

Environmental and climate risks (ORC: large)
As an energy-intensive industrial company, we need natural resources and create emissions in the manufacturing of our products. In recent years, our stakeholders have significantly increased their expectations regarding reductions in our CO_2 emissions as well as resource conservation and reuse.

The greenhouse gas emissions associated with the manufacture of our products have negative impacts on climate change and/or can cause extreme weather events, health problems, ocean acidification or water scarcity. This can result in economic costs and excessive damage to humanity and the environment. SGL Carbon has set itself short-, medium- and long-term targets for CO_2 reduction (Scope 1 and 2) to reduce these negative impacts. Failure to meet our targets for limiting CO_2 emissions or failure to do so in a timely manner could result in a loss of customer orders, restricted access to financing instruments and a loss of attractiveness as an employer.

In response to the increasing impacts of climate change, regulators can react to changes in the legal framework, that could increase associated prices for greenhouse gas emissions and/or stricter regulations, which in turn can be associated with higher costs for SGL Carbon. Higher prices for greenhouse gas emissions and/or new regulations carry a financial risk for SGL Carbon. Stricter regulatory requirements could force SGL Carbon to make significantly higher investments in plant and machinery to meet regulatory targets.

We also need non-renewable raw materials to manufacture our products, which can have a negative impact on the environment. The use of these raw materials can lead to limited availability and, in the long term, to the depletion of resources and to environmental damage. To avoid the listed impacts, we are striving for more efficient use and for alternatives in the long term. The downstream non-recyclable waste or insufficient reusability of some of our products at the end of their life cycle leads to increased waste, which can have negative impact on the environment and climate. We are therefore also working on technical solutions for the reusability of our products. The aim is to reduce the negative impact of waste materials at the end of their life cycle. SGL Carbon’s performance could be affected by the regulation of material and raw material recycling or by an increase in water and waste management rates.

The development of environmentally and/or climate friendly products and solutions harbors potential growth opportunities for SGL Carbon. This also applies to prospects for growth in markets that SGL already serves and that support climate and environmental protection, such as climate-friendly transportation or the semiconductor industry.

Social risks (ORC: significant)
Being a technology-based company, SGL Carbon cares deeply about its workforce’s health and safety. The rate of workplace accidents and missed days is part of the management pay structure. All SGL Carbon sites held another global Occupational Safety Day in 2024.

Employees are a key pillar of the business success of SGL Carbon. The competition for highly qualified specialists and managers is intense and continues to grow, especially against the background of the demographic developments in many countries relevant to SGL Carbon. In order to achieve the strategic corporate objectives, SGL Carbon must be able to attract highly qualified personnel, further educate them in a targeted manner and retain them over the long term. The so-called millennials generation (Gen Y, Z) is increasingly coming on board and has already led to a profound change in the preferences of candidates and employees. To ensure our attractiveness as an employer, we have relied on measures such as the development of our SGL performance culture based on our five SGL values, regular employee surveys, flexible working time models and performance-related compensation since 2022. In addition, important key positions are identified and selected measures defined to retain critical knowledge carriers as part of our Group-wide succession planning process. To continuously cover the need for qualified experts, we use a vast array of recruiting tools such as active sourcing and target-group specific job platforms.

Governance risks (ORC: moderate)
To prevent violations of legal regulations, compliance training courses are held regularly to raise employees' awareness of possible risks. Corresponding rules of conduct are also defined in compliance guidelines. Possible violations can be reported via an anonymous whistleblower system and are consistently pursued by the central compliance department.

Risks in the supply chain exist with regard to violations of human rights or environmental standards by our suppliers. To prevent this, we require our suppliers to comply with our Business Partner Code of Conduct. Furthermore, we use an online tool to regularly survey and evaluate all relevant suppliers regarding compliance with social and environmental standards. The risk assessment also includes the company's own business activities. We implemented a human rights policy many years ago, and this was thoroughly revised in the past fiscal year. A group-wide training program was also implemented for all employees. In the past fiscal year, an annual report on compliance with corporate due diligence obligations in accordance with the German Supply Chain Due Diligence Act (LkSG) was prepared and approved by the Board of Management for the first time. Furthermore, the statement of human rights principles for the parent company and its largest subsidiary was signed and published by the Board of Management and management.

To prevent infringements of antitrust law, we have established an antitrust policy and a corresponding group-wide training concept which is implemented via our online learning platform.

SGL Carbon fosters and requires transparent and lawful execution of all company business. Violations can result in substantial financial penalties. SGL Carbon's principles for combating bribery and corruption are laid down in the SGL Anti-Corruption Program, which is applicable throughout the Group. The rules are set out in the anti-corruption guidelines, as well as in the Code of Conduct. SGL's anti-bribery management system has been externally certified to the ISO 37001:2016 standard since 2023 and underwent a scheduled surveillance audit in the past fiscal year.

Overall assessment by the Board of Management

We expect the global growth rate to remain almost unchanged from the previous year, but still below average in 2025. Differences between countries are likely to remain in the future, with upside risks in the United States and downside risks in most other economies. Geopolitical tensions and a worsening of protectionist measures could lead to significant downward risks. Global inflation is expected to weaken further, with commodity prices declining in some cases, but services price inflation is high in many countries. In addition, the global outlook continues to be subject to financial vulnerabilities due to high levels of debt and exaggerated asset valuations.

To achieve the targeted free cash flow at SGL Carbon in 2025, there are significant risks in the GS business unit that the production processes and the associated change in the production mix cannot be executed as planned. In particular, there are material risks in the CF business unit as well. The planned restructuring includes serious cash flow risks, particularly at this early stage of planning.

Environmental and climate-related risks, with a risk assessment of large, must also be considered material. The failure to achieve targets as well as higher costs and necessary capital expenditures to achieve targets could adversely affect SGL Carbon’s revenue and earnings. Opportunities emerge from the continued focus on sustainable growth markets such as semiconductors, renewable energies and e-mobility.

Based on the information currently available, we believe that no significant individual risks exist – neither now nor in the foreseeable future – that could jeopardize the company as a going concern. Even the cumulative consideration of the individual risks does not jeopardize the continued existence of SGL Carbon as a going concern. We see good opportunities to further expand our leading market positions thanks to our regionally diversified positioning. Ultimately, however, residual risks (net risks) remain in all entrepreneurial activities and cannot be ruled out even by comprehensive risk management.

Outlook

Overall economic trend

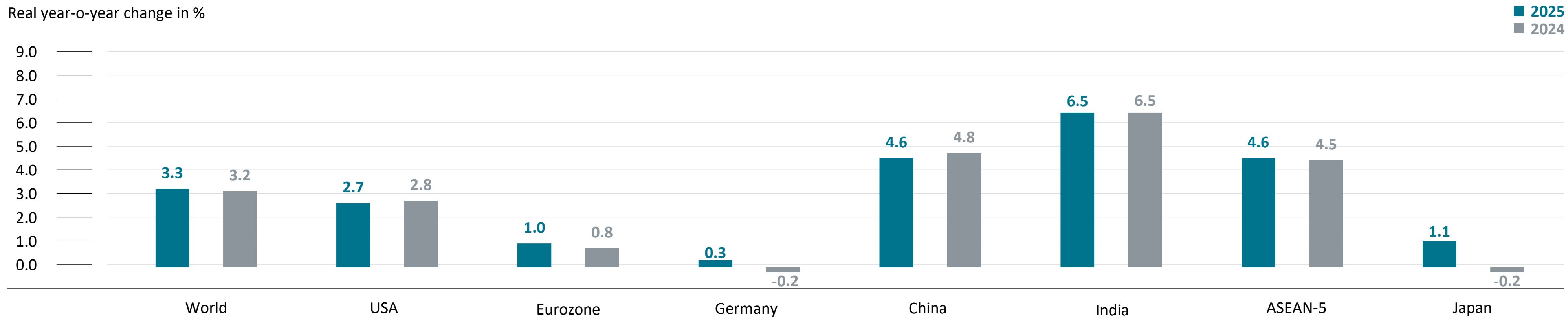
According to the latest forecasts by the International Monetary Fund (IMF), global economic growth in 2025 is expected to remain almost unchanged from the previous year at 3.3%. For the eurozone, the IMF forecasts growth of 1.0% in 2025, up from 0.8% in the previous year. In Germany, Europe's largest economy, economic output is projected to increase to 0.3% (2024: -0.2%). US growth will be 2.7% in 2025 (2024: +2.8%), according to current IMF estimates. The Asia-Pacific region, for its part, is expected to grow by around 4.6% (2024: +4.5%), with China growing by 4.6% (2024: +4.8%).

The world economy could experience a positive stimulus from the global decline in interest rates and the associated potential revival in business investment. The IMF also cites possible risks such as an escalation of regional conflicts, tight monetary policy, a lack of growth impetus from China, increased protectionism and geopolitical tensions.

According to IMF data from January 2025 (or OECD data from December 2024), global inflation is expected to slow from 5.7% last year to 4.2% in 2025. Commodity prices have stabilized and are falling in some cases, but price inflation for services remains high in many countries, partly due to salary increases. Inflation expectations for the euro area in 2025 are 2.1%, while inflation in the US is expected to reach 2.0%.

Experts predict that key interest rates in both the European Monetary Union and the United States will continue to fall in 2025. In the European Monetary Union, key interest rates are expected to fall from 3.0% at the end of 2024 to as low as 2.0% this year. The key interest rate in the US is forecast to be between 3.25% and 3.5% by the end of 2025. However, the IMF sees a risk of renewed inflationary pressures from new import tariffs that would drive up prices. If this happens, central banks might raise interest rates again.

Forecast gross domestic product in 2025 (2024) at a glance



Source: IMF, Global Economic Outlook (Update), January 2025.

Overall assessment of the Group's anticipated performance by company management

Expected global economic momentum remains moderate despite falling inflation rates and the beginning of a turnaround in interest rates in some countries. The war in Ukraine, geopolitical conflicts and potential trade barriers are weighing on the global economy. Economic growth for the 2025 calendar year is forecast at 3.3%, which is currently close to the historical average.

We expect varying developments in our major sales markets in 2025. Demand in the semiconductor industry, particularly for silicon carbide-based semiconductors, is expected to be lower than last year. This is primarily driven by lower than originally forecast growth rates for electric vehicles using SiC semiconductors and continued high inventories held by our customers. We do not expect demand to pick up before the second half of 2025.

We also expect the Automotive market segment to lose momentum and grow at a slower pace. In particular, potential tariffs on US imports could reduce demand for our products. Despite our diversified product portfolio and our associated presence in a large number of markets, we do not expect that other market segments will be able to fully offset the expected lower demand from the semiconductor and automotive industries.

The Group forecast and the forecast for the business units are based on the expectations and assumptions noted above regarding general economic and industry developments that we expect for our respective markets. In our planning, we have also assumed that the geopolitical pressures and global trade barriers will not continue to worsen.

We expect slightly lower energy prices but slightly higher raw material and especially personnel costs in the 2025 fiscal year. We therefore do not expect that factor costs will ease in 2025. We will address this concern with strict cost management.

However, we expect demand in our major sales markets to recover very slowly in the 2025 fiscal year. In the coming months, SGL Carbon's focus will be on consolidating our existing operating business and securing our profitability, along with restructuring the Carbon Fibers business unit. This includes not only concentrating on new sales opportunities but also strictly managing costs and reviewing all product areas for future performance and profitability.

Group performance

SGL Carbon's key financial performance indicators are sales and adjusted EBITDA. These two KPIs are supplemented by free cash flow and return on capital employed based on adjusted EBIT (ROCE $_{EBIT}$), which we regard as a long-term indicator of performance.

We expect varying developments in our major sales markets in 2025. We assume that demand for specialty graphite components for the semiconductor industry, which was the most important sales and earnings driver from previous years, will lose momentum and that there will be a decline in customer demand, particularly for silicon carbide-based (SiC) semiconductors. This is primarily driven by lower than originally expected growth rates for electric vehicles using SiC semiconductors. This has driven up our customers' inventories, which are expected to be further reduced in 2025. This will dampen demand for our products, particularly those used to manufacture SiC semiconductors. We expect this trend to continue in the first half of the year. A slight recovery in demand is expected no sooner than in the second half of the year.

Assuming stable demand in the Graphite Solutions (GS) business unit's other market segments, we expect GS sales to decline slightly overall due to the expected decline in semiconductor component sales. We also expect the GS business unit's adjusted EBITDA to decline slightly in 2025 due to lower sales and capacity utilization. However, the forecast for the adjusted EBITDA margin remains comparable to 2024 (24.3%).

We do not expect the weak demand situation in the textile and carbon fibers business to improve in 2025. Demand for carbon fibers for the wind industry is expected to remain weak in 2025. This, combined with high global overcapacity and strong price pressure, we expect the business unit Carbon Fibers (CF) to report a slight decline in sales and continued operating losses at a comparable level to the previous year.

The Process Technology (PT) business unit recorded an increase in sales of 8.1% in the 2024 fiscal year after reaching 20.3% in 2023. Its adjusted EBITDA increased from €9.9 million in 2022 to €33.0 million in 2024. We continue to expect a positive business development for PT, but a consolidation at a high level for the year 2025. We therefore expect a slight decline in sales in the PT business unit. In 2025, the EBITDApre margin is unlikely to reach the extraordinary high level of 23.9% that it achieved in 2024. We therefore also expect a decrease in adjusted EBITDA in the PT business unit.

We expect the Composite Solutions business unit to keep its sales nearly stable despite its dependence on the automotive industry. Due to the increasing price sensitivity of our automotive customers and lower capacity utilization, we expect adjusted EBITDA to be significantly lower in 2025. It should be noted that the 2024 figure includes a one-time compensation payment of €3.0 million due to the early termination of a customer contract.

Sales for the non-operating Corporate business unit comprises rental income and revenue from services supplied to third parties, as well as material and personnel charges for the central administrative functions. As in previous years, we expect adjusted EBITDA for the Corporate segment to be around minus €20 million in the 2025 fiscal year.

We generally expect a difficult economic environment and volatile momentum in our market segments for the 2025 fiscal year. Customer demand will also be affected by potential economic trade barriers between the US, China and Europe. Our forecast does not take account of these possible developments, as they cannot be adequately specified at present. Accordingly, we have assumed that the cost level in our sales markets will remain stable. Our forecast for the 2025 fiscal year considers all four business units, as we are only at the beginning of the restructuring phase for our Carbon Fibers business unit. Based on our assumptions regarding the development of key sales markets and customer demand, we expect Group sales in 2025 fiscal year, including all existing business units, to be slightly below the previous year's level (2024: €1,026.4 million).

Given the general conditions noted above, we expect energy prices to decrease slightly in 2025, which will be offset by higher personnel and raw material costs. We therefore expect factor costs to remain unchanged compared to the previous year.

Based on the assumptions and developments noted above, we expect adjusted EBITDA of between €130 and €150 million for the 2025 fiscal year considering all four business units and Corporate.

We also assume that the free cash flow at the end of the 2025 fiscal year - excluding payments for the restructuring of the CF - will be below the previous year's level but still positive (2024: €38.7 million). For 2025, we expect ROCE to be between 9% and 10% (2024: 11.4%) and net financial debt at a level almost unchanged compared to the previous year (2024: €108.2 million).

The following overview shows the outlook for 2025 for the Group's key performance indicators:

Group financial targets

€m	Actual 2024	Outlook 2025 [1]
Sales revenue	1,026.4	slightly below prior year
EBITDA pre	162.9	130 - 150
Return on capital employed (ROCE $_{EBIT}$)	11.4%	9- 10%
Free cash flow	38.7	significantly below prior year level; however positive

[1] "Slight" indicates a variation of up to 10%; "significant" indicates a variation of more than 10%

In fiscal year 2024, we decided to review all strategic options for the Carbon Fiber (CF) business. On February 18, 2025, the Board of Management and Supervisory Board of SGL Carbon announced a restructuring of the loss-making CF business unit. This includes a significant reduction of CF's business activities and a focus on a profitable core. Individual solutions are being developed for all CF sites, including the closure of unprofitable sites.

The joint venture Brembo SGL Carbon Ceramic Brakes S.p.A. (BSCCB), which is assigned to the Carbon Fibers business unit, is not affected by the restructuring.

SGL Carbon's group sales guidance for 2025 excluding the expected sales contribution from CF would be approximately €200 million lower. In contrast, the adjusted EBITDA for the remaining businesses excluding the operating adjusted EBITDA of CF would be between €155 – 175 million.

Furthermore, we expect the restructuring of CF to impact our free cash flow by up to €20 million in fiscal year 2025. Despite the potential negative impact, we continue to expect a slightly positive free cash flow in 2025. Due to the early stage of the restructuring, the impact on ROCE cannot be quantified at present.

Business trend in the reporting segments

Segment	KPI	Actual 2024	Outlook 2025 [1]
GS	Sales revenue	539.0	slight decline
	EBITDA pre	131.0	slight decline
PT	Sales revenue	138.3	slight decline
	EBITDA pre	33.0	significant decline
CF	Sales revenue	209.8	slight decline
	EBITDA pre	–11.0	slight improvement
CS	Sales revenue	124.6	constant
	EBITDA pre	18.2	significant decline
Corporate	EBITDA pre	–8.3	significant decline

[1] "Slightly" indicates a variation of up to 10%; "significantly" indicates a variation of more than 10%

Capital expenditures in future growth

At €97.3 million, capital expenditures in the 2024 fiscal year were higher than the previous year's level (2023: €87.1 million). We will slow down the expansion of production capacity for specialty graphite components for the semiconductor industry in the 2025 fiscal year due to expected lower demand for these products. The capital expenditures volume in 2025 will thus be significantly lower than in the previous year, in the range of €70 to €80 million.

Dividend development

While the positive earnings figures of the operating subsidiaries will impact the parent company SGL Carbon SE, in particular due to the accumulated losses totaling €711,5 million at SGL Carbon SE, it will not be possible to distribute a dividend.

Disclosures pursuant to Sections 289a and 315a HGB

The reporting required under Sections 289a and 315a HGB is covered in the following overview:

Composition of issued capital

As of December 31, 2024, the company had share capital of €313,194,183.68, divided into 122,341,478 no-par value shares, with a pro rata amount of €2.56 per share of the share capital (see Note 22).

Restrictions affecting voting rights or the transfer of shares

The members of the company's Board of Management are obligated to hold a fixed number of shares in SGL Carbon SE for the duration of their tenure on the Board; the Chairman of the Board of Management in the amount of their fixed annual salary, the other members of the Board of Management in the amount of 85% of their fixed annual salary. There are no other restrictions on voting rights or the transfer of shares. However, mandatory legal requirements, in particular under Section 71b AktG, which excludes voting rights for the company's own shares, as well as the exclusion of voting rights in cases of conflicts of interest pursuant to Section 136 (1) AktG, are unaffected by this.

Direct or indirect participation in the capital

The company has been notified of a direct or indirect interest in the capital that exceeds 10% of the voting rights as follows: (i) by SKion GmbH, Bad Homburg, Germany, through notifications of voting rights or notifications of proprietary transactions with a participation of approximately 28.55% at the end of 2024, and (ii) by Bayerische Motoren Werke Aktiengesellschaft (BMW AG), Munich, most recently by notification in connection with the capital increase in 2016 with a participation of approximately 18.26% at that time.

Holders of shares with special rights

No shares with special rights that grant controlling authority have been issued.

Type of voting rights control in the case of employee shareholdings

There are no voting rights controls for employees who hold shares in the company's share capital.

Statutory provisions and provisions of the Articles of Incorporation relating to the appointment and removal of members of the Board of Management and amendments to the Articles of Incorporation

The statutory provisions in Article 39 of the SE Regulation, Section 16 of the German SE Implementation Act [SE Ausführungsgesetz] and Sections 84, 85 AktG and Section 6 of the company's Articles of Incorporation apply to the appointment and dismissal of members of the Board of Management. In accordance with this, the members of the Board of Management are appointed and dismissed by the Supervisory Board. The members of the Board of Management are appointed for a maximum period of five years. Reappointments are permitted. The Supervisory Board may dismiss a member of the Board of Management if there is good cause for their dismissal. Good cause is, in particular, a gross violation of the duties of the Board of Management and a vote of no confidence by the Annual General Meeting. The Supervisory Board decides on appointments and dismissals at its own due discretion.

The Annual General Meeting makes decisions on changes to the Articles of Incorporation. Pursuant to Section 17 (4) Articles of Incorporation, such resolutions require a simple majority of the votes cast for the resolution, provided that at least half of the share capital is represented; this does not apply if a higher majority, including a higher capital majority, is required by law.

Authority of the Management Board to issue and buy back shares

The Management Board is authorized, with the approval of the Supervisory Board, to issue new shares from authorized or conditional capital (see Article 3 Articles of Incorporation and also Note 22).

Material agreements that are conditional on a change of control as a result of a takeover bid

As of December 31, 2024, the company had issued two convertible bonds (nominal amount €101.9 million) that will mature in 2027 and 2028 (nominal amount €118.7 million). Both convertible bonds entitle the bondholders in the event of a change of control to demand repayment of any outstanding bonds at par value (plus interest accrued up to that point) on a date to be determined by the company, which shall be no less than 40 and no more than 60 calendar days after the publication of the change of control. In addition, it is also possible to convert the bonds into shares, in which case an improved conversion ratio for the bondholder is applied, which is staggered in relation to the remaining term of the relevant convertible bond. A change of control is deemed to occur for both convertible bonds if one or more persons acquire control over the Company, where control means direct or indirect, legal and/or economic ownership of shares (within the meaning of Sections 29 (2), 30 WpÜG) which together grant more than 30% of the voting shares in the company. For both convertible bonds, the improved conversion ratio will also apply in the case of a public takeover offer if, at the end of the acceptance period, the acceptance rate of the offer exceeds 30% of voting shares, any minimum acceptance threshold for the offer in excess of this amount has also been reached, and no further offer conditions remain unfulfilled (other than conditions that can legally be met after the acceptance period has expired).

In the event of a change of control, the lenders of the company's revolving syndicated loan of €100 million which was drawn at the end of 2024 have the right to terminate their respective participation in the syndicated loan. A change of control exists when one or more persons (by means of acting in concert pursuant to Section 2(5) WpÜG) acquire control over the company, whereby control means (i) the right to directly or indirectly exercise more than 30% of the voting rights of the company at a Annual General Meeting, (ii) the right to appoint all or the majority of the Executive Board, (iii) to issue binding instructions to the Board of Management regarding the operational and financial strategy of the company, or (iv) the direct or indirect ownership of more than 50% of the company's share capital. However, it does not constitute a change of control if control is acquired by Dr. h.c. Susanne Klatten, BWM AG or Volkswagen AG or companies controlled by them.

Furthermore, the agreement regarding the joint venture Brembo SGL Carbon Ceramic Brakes S.p.A., in which SGL Carbon SE holds 50% of the share capital, provides for the right of the other party to tender its shares in this joint venture in the event of a change of control on one side (put option) or to acquire the shares of the party subject to a change of control in the joint venture (call option). A change of control exists (i) if a competitor of one of the parties to the joint venture directly or indirectly acquires 25% or more of the voting rights in the parties to the joint venture or SGL Carbon SE or (ii) if another third party directly or indirectly acquires 50% or more of the voting rights in one of the parties to the joint venture or SGL Carbon SE.

Compensation agreements with the Board of Management and employees in the event of a takeover bid

No compensation agreements have been concluded with the Board of Management and employees in the event of a takeover bid.

Corporate Governance Declaration, Corporate Governance and Compliance Report (unaudited)

Declaration of conformity with the German Corporate Governance Code

The Board of Management and the Supervisory Board of a listed European corporation (Societas Europaea) with its registered office in Germany are required by Art. 9 (1) (c) (ii) SE Regulation in conjunction with Section 161 German Stock Corporation Act to declare at least once a year whether the German Corporate Governance Code (GCGC) has been and is being complied with. In addition, reasons must be specified as to which recommendations of the code have not been or are not being applied. Since 2002, the Board of Management and Supervisory Board of SGL Carbon SE have regularly issued and published declarations of compliance. Each declaration of conformity will be made available to the public on the company's website (www.sglcarbon.com, under "Company/Corporate Governance") for a period of five years. The most recent declaration of conformity was issued and published in December 2024:

The Board of Management and Supervisory Board of SGL Carbon SE declare that:

SGL Carbon SE has fully complied with the recommendations of the German Corporate Governance Code ("Code") of the "Government Commission on the German Corporate Governance Code" in the version of April 28, 2022 (published on June 27, 2022), which were also published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette, since issuance of the last declaration of conformity in November 2023, and that SGL Carbon SE will continue to fully comply with these recommendations in the future, with the exception of the following deviations:

- With regard to recommendation B.3 of the Code, according to which the initial appointment of Board of Management members should be for no more than three years. As part of its personnel repositioning in 2020, the company appointed two new Board of Management members for a term of five years each. This decision was made in the interest of ensuring a stable management structure with continuity of personnel in order to better deal with challenges pending for the company. The Company intends to comply with this recommendation again in the future.
- In regard to recommendation C. 10 (1) of the Code, according to which the Chairperson of the Supervisory Board and the Chairperson of the Remuneration Committee should be independent of the company and the Board of Management: Prof. Dr. Richter is Chairman of the Company's Supervisory Board and its Personnel Committee and is also Managing Director of SKion GmbH, a major shareholder of SGL Carbon SE. However, the company considers the current composition of the Chairperson of the Supervisory Board and of the Personnel Committee to be appropriate. Prof. Dr. Richter is considered particularly suited for occupying both positions, and the company believes that the other shareholder representatives on the Supervisory Board, the majority of whom are independent, ensure that the board is sufficiently balanced.

In addition, SGL Carbon SE's Corporate Governance Principles largely comply with the non-mandatory suggestions of the German Corporate Governance Code.

Wiesbaden, December 3, 2024

Prof. Dr. Frank Richter (Chairperson of the Supervisory Board of SGL Carbon SE),
signatory for the Supervisory Board

Dr. Torsten Derr (Chairperson of the Board of Management of SGL Carbon SE),
signatory for the Board of Management

Composition and procedures of the Board of Management

The governance of SGL Carbon SE as a listed European company (SE) with its registered office in Germany is largely determined by Council Regulation EC No. 2157/2001 of October 8, 2001, the Statute of a European Company (SE Regulation), Germany's SE Implementation Act, the Agreement on the Involvement of Employees in SGL Carbon SE as well as the German Stock Corporation Act (AktG), the suggestions and recommendations of the German Corporate Governance Code and the Articles of Association of SGL Carbon SE.

SGL Carbon SE is subject to the dualistic system as per Art. 38 of the SE Regulation in conjunction with Section 5 of SGL Carbon SE's Articles of Association. The dualistic system is characterized by a separation of personnel between the management body (Board of Management) as the executive and management body and the supervisory body (Supervisory Board) as the monitoring body. The Board of Management and Supervisory Board of SGL Carbon SE work closely together for the benefit of the enterprise. Their shared goal is the sustained growth of the value of the company.

The Articles of Association specify that the Board of Management of SGL Carbon SE consist of several members; this number is determined by the Supervisory Board. As of December 31, 2024, the Board of Management consisted of two members and therefore no Board of Management committees were formed.

The Board of Management is responsible for managing SGL Carbon SE and the SGL Carbon Group in the interest of the company. The principle of overall responsibility applies, that is, the members of the Board of Management bear joint responsibility for management of the business; however, each member of the Board of Management is assigned responsibility for specific areas. More detailed information on the individual members of the Board of Management and their areas of responsibility can be found on the company's website (www.sglcarbon.com under "Company/About us/Board of Management"). Certain matters determined by the full Board of Management shall both be dealt with by the full Board of Management and require its approval. The Chairperson of the Board of Management coordinates the work of the members of the Board of Management.

The Board of Management develops the corporate and Group strategy and ensures its implementation in consultation with the Supervisory Board. In addition to long-term economic targets, corporate strategy and planning also take appropriate account of environmental and social objectives. The duties of the Board of Management also include managing and monitoring the operating activities of the Company and establishment and supervision of an appropriate and effective control and risk management system. The Board of Management ensures compliance with legal provisions, official regulations and internal policies, and it works to ensure that these rules and regulations are also complied with by Group companies. The Board of Management prepares the company's interim financial reports, the financial statements of SGL Carbon SE, the consolidated financial statements, the management reports of SGL Carbon SE and the SGL Carbon Group and the separate non-financial report for the SGL Carbon Group.

The Board of Management informs the Supervisory Board regularly, promptly and comprehensively in regard to all issues relevant to the company and the Group, particularly including strategy, planning, business development, the risk situation, risk management and compliance. In this context, the Board of Management addresses instances in which the business situation deviates from the established plans and targets. When important events of material significance for the company occur, the Board of Management shall inform the Chairperson of the Supervisory Board without delay, and the Chairperson of the Supervisory Board shall subsequently inform the Supervisory Board and convene a Supervisory Board meeting if required.

The composition and procedures of the Supervisory Board and its committees

Supervisory Board

According to Section 8 (1) of the Articles of Association, the Supervisory Board of SGL Carbon SE consists of eight members, with half of them being shareholder representatives and the other half employee representatives. The shareholder members are appointed by the Annual General Meeting of SGL Carbon SE, and the employee representatives are appointed by the SE Works Council in accordance with the agreement of the company with the employees on co-determination in the company. The Supervisory Board elects a Chairperson of the Supervisory Board from among its members and a Vice-Chairperson from among the shareholder representatives and employee representatives. If resolutions are to be adopted by a simple majority, the Chairperson of the Supervisory Board will cast the tie-breaking vote in the event of a tie, and if the Chairperson does not participate in the adoption of the resolution, the Vice-Chairperson who has been appointed to the

Supervisory Board as a shareholder representative will cast the tie-breaking vote. In addition, the Chairperson of the Supervisory Board coordinates the work of the Supervisory Board and represents the interests of the Supervisory Board to the outside world.

The Supervisory Board advises and monitors the Management Board in managing the company; this also includes advising and monitoring on sustainability issues. The Supervisory Board appoints and dismisses the members of the company's Board of Management, makes decisions regarding the remuneration system for Board of Management members and sets the individual remuneration for each member of the Board of Management. The remuneration system for the Board of Management and its approval by the Annual General Meeting is available on the company's website (www.sglcarbon.com, and available there under "Company/Corporate Governance"). At regular intervals, the Supervisory Board obtains reports from the Board of Management on the strategy, corporate planning, sales performance, profitability, business development, sustainability issues and the situation of the company, as well as on the internal control system, the risk management system and the compliance management system. It is directly involved in decisions that are of fundamental importance to SGL Carbon SE and the Group; these include the launch of new sectors or the discontinuation of existing ones and the issuance of bonds. Section 11 of the Articles of Association of SGL Carbon SE contains a catalog of transactions for which the Board of Management requires the approval of the Supervisory Board (the Articles of Association of SGL Carbon SE are available on the company's website (www.sglcarbon.com, under "Company/Corporate Governance")). Furthermore, under certain circumstances it is required under law that the Supervisory Board or the Audit Committee approve transactions with related parties in advance. The Supervisory Board is ultimately responsible for auditing the annual financial statements and management report of SGL Carbon SE, the consolidated financial statements and management report and the proposal for appropriation of unappropriated profits. The activities of the Supervisory Board in the 2024 fiscal year are explained in the "Report of the Supervisory Board."

The Supervisory Board has adopted rules of procedure which govern in particular the convening and preparation of the Supervisory Board's meetings and the passing of resolutions in addition to its duties and responsibilities. The Rules of Procedure are available on the company's website (www.sglcarbon.com, under "Company/Corporate Governance").

Targets of the Supervisory Board regarding its composition

In accordance with the requirements of the German Corporate Governance Code, the Supervisory Board adopted targets for its composition and drafted a skill set profile for the body as a whole. In accordance with the targets it has set for itself, the Supervisory Board is to have a composition that ensures that its membership as a whole possesses the knowledge, skills and professional experience required to properly perform the duties of the Supervisory Board. The age limit for members of the Supervisory Board is 72. As a rule, a member of the Supervisory Board shall also no longer be proposed as a candidate for the Supervisory Board once they have completed their third term of office on the Supervisory Board. This rule does not apply to terms of office based on a court appointment to the Supervisory Board. If a Supervisory Board member holds a material stake in the company within the meaning of the German Corporate Governance Code, controls a material shareholder of the company or acts as a representative of a material shareholder, there is a fundamental exception to the above-mentioned rule and no time restriction applies in this case. Each member of the Supervisory Board also ensures that they have sufficient time to perform their duties.

All members of the Supervisory Board must be able to properly perform their duties. To perform its duties properly, at least two Supervisory Board members should have expert knowledge in the field of accounting or auditing, including sustainability reporting (Financial Expert); currently, as proven by their education and career, this is the case for Ms. Neumann and Mr. Denoke. As a trained auditor and former partner of an auditing company, Ms. Neumann has the necessary knowledge and experience in the field of auditing as well as in the area of accounting. Mr. Denoke, as a long-standing CFO of a large listed company, also has the necessary knowledge and experience in the application of accounting principles and internal control and risk management systems, along with knowledge and experience in the field of auditing. In addition, at least one member of the Supervisory Board must have considerable professional experience and industrial expertise in the SGL Carbon Group's sectors or key customer industries. Furthermore, each of the following areas should have at least one member who has extensive professional experience in the specified area: corporate management and corporate strategy, compliance and risk management, innovation expertise (including digitization), executive development and human resources. In addition, members of the Supervisory Board should have knowledge of sustainability issues important to the company. The composition of the Supervisory Board should also reflect the international activities of the company; at least one member of the Supervisory Board should have special international knowledge and experience due to their national origin, education or professional activity.

The Supervisory Board shall always include a sufficient number of independent members. That is why at least half of the members of the Supervisory Board on the shareholder side should be independent; this is currently the case, as the Supervisory Board considers Ms. Neumann, Mr. Denoke and Mr. Eichler to be independent representatives, meaning that more than half of the shareholder representatives are independent. Regarding Mr. Eichler, who has been on the Supervisory Board since 2010, there were no circumstances in recent years in which there was a concrete conflict of interest in his activities on the Supervisory Board. In addition, there is no indication for the concern that his activities on the Supervisory Board could have been affected by the many years of working with the Supervisory Board members due to switching Supervisory Board positions within the company on various occasions during his tenure.

With regard to the appropriate participation of women on the Supervisory Board of the company, the legislation relevant for SGL Carbon SE pursuant to Sections 17 (2) SEAG and 96 (2) AktG also requires that the Supervisory Board of the company be composed of at least 30% women and at least 30% men.

The aforementioned targets of the Supervisory Board with regard to its composition and the skill set profile for the entire body are taken into account in proposals for the appointment of new Supervisory Board members, and efforts are made to fill gaps in the skill set profile. In its current composition, the positions on the Supervisory Board are fully filled in terms of the members' expertise, diversity and independence according to the targets and skill set profile of the Supervisory Board.

	Prof. Dr. Richter	Denoke	Neumann	Eichler	Stett-berger	Bam-berger	Hem-leb	Züllig-hofen
Group Accounting / Auditing of financial statements		X	X					
SGL business units / customer industries		X	X	X	X	X	X	X
Strategy / Corporate Governance / M&A	X	X	X	X				
Compliance / Internal Audit and Risk Management		X	X	X				
Innovation / Digitization	X	X		X				
Human Resources / Management Development	X	X	X	X	X	X	X	X
Sustainability themes	X		X	X				
International business experience	X	X	X	X				

More detailed information on the individual members of the Supervisory Board, including the length of their membership on the board, can be found on the company's website (www.sglcarbon.com, under "Company/About us/Supervisory Board").

Rules in the event of possible conflicts of interest

It is necessary for Supervisory Board members to disclose conflicts of interest to the Chairperson of the Supervisory Board. This includes both specific conflicts of interest that arise as well as potential conflicts of interest that are sufficiently probable. If a Supervisory Board member has conflicts of interest that are material and not merely temporary, this will lead to termination of the mandate. The Supervisory Board or the Audit Committee approves transactions with related parties in accordance with the statutory requirements. In addition, the Audit Committee examines whether there were any indications of improper influence in transactions between SGL Carbon Group companies and Supervisory Board members, persons or companies related to them or shareholders with a stake in SGL Carbon SE of more than 5% of the voting rights. In the reporting period, no conflicts of interest were reported by members of the Supervisory Board or Board of Management that would be necessary to disclose to the Supervisory Board without delay. In the reporting period, there were also no consultancy or other service agreements between the members of the Supervisory Board and the company. Relationships to related parties are presented in Note 27 to the consolidated financial statements.

Committees of the Supervisory Board

The Supervisory Board has a total of three standing committees, which operate in accordance with the requirements of the German Corporate Governance Code, the German Stock Corporation Act, the company's Articles of Association and the Rules of Procedure for the Supervisory Board. These committees are:

Personnel Committee

The Personnel Committee, chaired by Prof. Dr. Richter, advises the Supervisory Board primarily on the arrangements that regulate the legal relationship between the company and its current and former Board of Management members. It reviews the remuneration of the Board of Management members and submits proposals to the full Supervisory Board for a final decision. The committee also prepares personnel decisions by the Supervisory Board by drafting proposals for the appointment of new and the dismissal of incumbent members of the Board of Management. Other members of the committee are Ms. Neumann and Mr. Stettberger.

Nominating Committee

The task of the Nomination Committee is to prepare proposals for the Annual General Meeting election of shareholder representatives to the Supervisory Board. The committee chaired by Prof. Dr. Richter includes all shareholder representatives of the Supervisory Board, that is, in addition to Prof. Dr. Richter, Ms. Neumann, Mr. Denoke and Mr. Eichler.

Audit Committee

The Audit Committee consists of four members. The Chairperson of the Audit Committee is Mr. Denoke. The other members are Ms. Neumann, Mr. Hemleb and Mr. Züllighofen. The committee deals with matters that include audit of the accounting, monitoring of the accounting process, risk management, compliance and the internal control and audit system, as well as audit of the Group's transactions with related parties. In particular, it is responsible for the preliminary audit of the annual financial statements of SGL Carbon SE and SGL Carbon, the management report and Group Management Report (including the separate non-financial report) and the proposal for appropriation of earnings.

Another of the committee's areas of responsibility is the company's relationship with the auditor. In this context, the committee primarily prepares the Supervisory Board's proposal to the Annual General Meeting on the election of the auditor. It is of key importance here to ensure that the auditor is both qualified and independent. The committee also determines audit priorities with the auditor, discusses the audit strategy and audit planning with the auditor, agrees the audit fee, prepares the issuance of the audit engagement and reviews in advance the commissioning of non-audit services to be performed by the auditor.

In addition to these three permanent committees, the Supervisory Board may form temporary project-related committees as needed.

Efficiency review of the Supervisory Board

The Supervisory Board regularly assesses the effectiveness and efficiency of its work and the work of its committees. In the last self-assessment, the members of the Supervisory Board were able to provide their assessment of current practice and suggestions for optimization in regard to a variety of topics such as cooperation on the Supervisory Board and with the Board of Management, as well as on the work in the committees. The results were evaluated by a notary, processed anonymously and then discussed by the Supervisory Board in March 2023. The members of the Supervisory Board rated the cooperation within the Supervisory Board as positive overall.

Governance practices

SGL Carbon Code of Conduct

The SGL Carbon Code of Conduct underscores the commitment of SGL Carbon and all employees to responsible, lawful conduct and reflects the Group's shared values, its corporate culture and the type of behavior it aspires to in its business. A key factor in SGL Carbon's lasting success as a company is its responsible and appropriate treatment of all parties with whom the company has business relationships, including employees, customers, shareholders, governmental authorities and the public. The Code of Conduct is intended to play a key role in building and maintaining trust among all stakeholders. It underscores the commitment of the company and its employees to compliance with applicable laws and providing employees with guidelines for responsible conduct. In the past fiscal year, the Code of Conduct was thoroughly revised and electronically distributed in the fourth quarter to all employees via our SGL PEOPLE portal. The electronic distribution also includes a read and acceptance confirmation. The updated SGL Carbon Code of Conduct is available on the company's website (www.sglcarbon.com, under "Company/Compliance/Code of Conduct").

SGL Carbon Corporate Governance Principles

The SGL Carbon Corporate Governance Principles summarize the relevant statutory provisions and the company's Articles of Association, as well as supplementary practices of SGL Carbon SE and the Group that were drafted and developed over the years. This statement of principles is intended to ensure responsible and transparent governance and control as well as to foster the trust of stakeholders, business partners and employees, as well as that of the public over the long term. The principles are reviewed at least once a year and updated to take changes in the law, recommendations and market opportunities into account. In addition to the Rules of Procedure for the Board of Management and Supervisory Board and the organizational principles of the SGL Carbon Group, the SGL Carbon Corporate Governance Principles also include the essential corporate guidelines relating to Group-wide corporate governance and compliance.

The above-mentioned SGL Carbon Code of Conduct, which underscores the commitment of the Group and its employees to compliance with the law and internal guidelines and which sets standards for lawful and ethical behavior, is fundamental to all of these documents. Using the Code of Conduct as a starting point, the company has also developed detailed corporate guidelines which apply in equal measure to SGL Carbon SE and the Group, and which also form part of the SGL Carbon Corporate Governance Principles. These guidelines include:

- a guideline on compliance with antitrust regulations
- a guideline on compliance with capital market regulations
- a whistleblower guideline
- an anti-corruption and bribery guideline
- a guideline on the security of information and the underlying infrastructure of the company
- a guideline for defining the process structures for identifying and monitoring the core risks of the company and its business units and functions.

Compliance as part of the management and corporate culture

At SGL Carbon, compliance is a key management task of the Board of Management. Management does not tolerate any violation of the Code of Conduct. The senior executives also foster a corporate culture in which issues relating to integrity can be openly addressed with one's supervisor, the compliance- officers and the Group Compliance department. Each employee bears personal responsibility for ensuring that their actions comply with SGL Carbon's Code of Conduct and the rules applicable in their area of work. Compliance must be present in the minds of managers and employees and form an integral part of daily business. Then compliance will also sustainably support the success of the company.

SGL Carbon has been rolling out and implementing a Compliance program throughout the Group for many years. The Board of Management has commissioned the Group Compliance department with managing this program worldwide. The department's task is to manage the necessary overarching organizational-, communication and control structures across all locations, to review them on a regular basis and to adjust them as required. The aim is for compliance to go beyond adherence to legal requirements and structures and for it to be enshrined in the organization as part of value-based corporate management in the sense of an integrity management system in the organization. This is also reflected in the employee surveys conducted by the global HR organization in the fiscal year on the SGL values, including honesty and integrity, which are particularly relevant for compliance. Over the past fiscal year, the external certification of SGL Carbon SE's compliance management system was subjected to a regular surveillance audit pursuant to the standard ISO 37301:2021 (see the separate non-financial Group report/CSR report).

As part of their responsibilities for personnel and leadership, the management and senior executives of SGL Carbon assume an important role-model function for compliance. Accordingly, compliance is a regular topic on the agenda of management meetings of business units and corporate functions and of site committee meetings. During the past fiscal year, compliance refresher training was again on the agenda of various Global Leadership Meetings.

In addition to the compliance representatives of the business units and corporate functions (see separate non-financial Group report/CSR report), the SGL Carbon compliance organization- includes a network of regional and local compliance representatives. All members of the network receive appropriate introductory training when they first assume their role. In addition, the Compliance Manual, which is available as a managed document in the Guidelines directory of SharePoint, describes the essential elements of the Compliance program and the role and responsibility of the Compliance Network. All relevant documents are also available to members on a dedicated SharePoint page. The compliance representatives of the business units and the corporate functions are members of the Compliance Committee, which meets twice a year. The Compliance Committee discusses and approves strategic compliance issues as well as changes to the existing Compliance program. An average of two to three conference calls are held each year to ensure that knowledge is transferred between the Compliance Network and Group Compliance. There are also face-to-face events every two years in the form of regional Compliance conferences in Europe, Asia and North America. The conference calls are used for ongoing exchange of information on the Compliance- program as well as discussion of current issues. The Compliance conferences serve the purpose in particular of further development of the Compliance program, taking into account location-specific needs, and are also used to train local representatives of the Compliance function. The last compliance conferences took place in 2023 in Europe, Asia and North America and are scheduled to take place again in 2025. The local compliance representatives are the contact persons for employees at the locations for all matters relating to compliance and support for the Group Compliance department in the local implementation of the Compliance program. In the past fiscal year, they provided particular support for the training campaigns for production employees on the topics of the Code of Conduct and Human Rights (see separate non-financial Group report/CSR report). The overriding goal in Compliance is to ensure that all employees are aware of and follow the applicable policies in order to reduce the risk of legal violations and prevent any resulting damage to SGL Carbon. For this reason, the Compliance guidelines are an integral part of the documents that are provided to each new employee, and since 2024 have been sent to new employees electronically via the SGL PEOPLE portal. The process also includes a read and acceptance confirmation. A corresponding reporting function automatically sends supervisors a status report on the employee confirmations. If the due date is exceeded, the respective supervisor will send a reminder, thus taking responsibility for the compliance of their employees. This process is also part of an internal check within the framework of the Internal Control System. The Code of Conduct, the Anti-Corruption Guideline, the Guideline on Compliance with Antitrust Regulations, and the Whistleblower Guideline are available in a total of nine local languages. The guidelines are also available for employees to download on SharePoint and the SGL intranet. The intranet also provides employees with crucial information and modules of the SGL Compliance program, accessible with just a few clicks.

Employees also take part in mandatory compliance training, which is conducted as classroom or e-learning training. Initial training is usually provided as online training (see separate non-financial Group report/CSR report).

SGL Carbon has been using a comprehensive global antitrust compliance program since 2001. A fundamental component of this program is mandatory training courses held on a regular basis, with the courses offered in the form of classroom-training as well as e-learning. The target group for this mandatory training is all senior executives at the top three management levels in the Group, along with all employees in the areas of Purchasing, Sales and Marketing, Human Resources and the Legal and Compliance department, and all members of the Compliance Network. All new employees in this target group receive the SGL Carbon Guideline on Compliance with Antitrust Regulations with their hiring documents or when they change functions, and they then need to participate in the mandatory online basic training. Refresher training is regularly provided to all employees in the target group in both classroom and online formats.

Preventive measures in the area of anti-corruption are also an essential part of the Compliance program. In 2024, 776 new and existing employees were trained in the target group. (see separate non-financial Group report/CSR report “Anti-corruption and bribery”).

For many years, SGL Carbon has had a Business Partner Code of Conduct (previously Supplier Code of Conduct), requiring business partners to commit themselves equally to lawful, ethical and sustainable behavior. The guideline is aimed at suppliers and subcontractors, as well as sales agents, distributors and consultants (see the separate non-financial report/CSR report “Responsibility in the supply chain”).

SGL Carbon promotes a company culture in which integrity issues can be addressed openly. For questions on appropriate ethical behavior of doubts regarding the adherence to rules and codes of conduct, SGL employees are explicitly encouraged to seek out advice. Furthermore, SGL employees are encouraged and have been asked to report possible compliance violations. For this reason, SGL Carbon has already been implementing a whistleblower system for many years. In the past fiscal year, additional guidance for the complaints procedure were published, which can be found on the SGL website. In addition to the central reporting office at Group Compliance, a local reporting office has been set up at the largest German subsidiary of SGL Carbon GmbH in accordance with legal requirements. In addition to the existing regional US reporting office, a reporting office has also been set up in China (see the separate non-financial group report/CSR report “Compliance Management”).

Additional compliance measures relate to capital market law and adherence to the corresponding Group guideline, which provides guidance on matters such as trading in securities of SGL Carbon SE for board members and employees as well as proper handling of potential insider information. The Ad-Hoc Committee has been in place for years, with members who represent various functions in the evaluation of relevant matters for their ad-hoc relevance. The objective of the committee is to ensure that potential insider information is handled in compliance with the law.

The existing Compliance- program on export controls and customs ensures that goods and technologies are exchanged and that services are used according to the relevant internal and external requirements (see separate non-financial Group report/CSR report “Responsibility in the Supply Chain”).

Within the scope of its regular audits, the Group Internal Audit department reviews the implementation of anti-corruption and anti-fraud management at individual subsidiaries. The focus here is on obtaining audit certainty as to whether the defined Compliance rules are being adhered to locally at the companies. The task also involves recognizing and uncovering individual rule violations. If the audits find that work processes need to be optimized or control measures need to be intensified, the relevant processes are updated. In 2024, an additional audit was conducted on travel expenses, gifts and entertainment. The results were discussed with the responsible departments and individual corrective measures were agreed.

Part of an effective ISO-certified compliance management system is also the regular review of the compliance program itself. In 2024, an internal system review was performed by quality management in compliance with the requirements of ISO 37301. The resulting recommendations were all implemented by the end of the year. The annual CMS system audit is part of the annual plan of Group Internal Audit.

An effective compliance management system includes regular risk assessments. In the past fiscal year, the focus was once again on the human rights risk category. A human rights impact risk assessment performed in 2023 for all locations to evaluate any risks in the company’s own business units was analyzed in detail and individual measure were derived with the Group HR and Corporate EHSA departments. The results were also included in the Annual Report to the Board of Management (see separate non-financial group report/CSR report “Governance”).

At its March meeting, the Audit Committee of the Supervisory Board dealt in detail with the Compliance Annual Report 2023.

Systematic risk management system

The SGL Carbon Group developed a risk management system at an early stage to address risks and opportunities in a responsible manner as part of good corporate governance. For further explanations in regard to the internal audit system and to the risk management system, please refer to the opportunities and risks report.

Disclosures in accordance with the Act on Equal Participation of Men and Women in Executive Positions and disclosures on minimum percentages on the Supervisory Board

In accordance with the legislation on Equal Participation of Men and Women in Executive Positions in the Public and Private Sectors, the company has set targets for the percentage of women on the Board of Management and subsequent management levels and their implementation period. In December 2019, the Supervisory Board set a target of 0% for the percentage of women on the Board of Management of SGL Carbon SE by December 31, 2022, particularly in view of the size of the Board of Management with only two members (i.e., a target number of 0 female Supervisory Board members). The percentage of female members on the company’s Board of Management as of December 31, 2022, was 0%, which was in line with the target figure. The Board of Management has in turn resolved a target for the percentage of women at the management level of SGL Carbon SE below the Board of Management of at least 20.83% by December 31, 2022. On December 31, 2022, the percentage of women was at 30.77% (four women). The target set was met here as well. It was not possible to set a quota for women for a second management level below the Board of Management at the company. This is due to the fact that there is only one relevant management level (with relevant personnel and management expertise) below the Board of Management at SGL Carbon SE, which is purely a Group parent company with a flat hierarchical structure.

With the completion of the reference period ending on December 31, 2022, target figures for the following period were ratified for the following period. The Supervisory Board has once again set the percentage of women for the SGL Carbon SE Management Board to a share of 0%, that is, a target figure of 0 female Supervisory Board members until December 31, 2025 (percentage of women at the time of ratifying the resolution: 0%). The Supervisory Board continues to consider this quota appropriate since the Management Board is small. Given the size of the Supervisory Board of two or three members, a percentage of women of more than 0% would have the result that gender would overly predetermine the choice between two possible candidates for new appointments. When selecting suitable members of the Board of Management, the Supervisory Board will in principle take into account not only the professional and personal qualifications, which are the essential basic prerequisites for appointment, but also the professional diversity, international experience and gender diversity of the Board in the interest of a diverse composition of the body in the particular individual case. However, it is not intended on the part of the Supervisory Board to already determine this consideration to be made for a concrete field of applicants today in an abstract manner. To this end, it should also be pointed out that in the case of listed stock corporations subject to co-determination, the law only stipulates a mandatory minimum quota for management boards of a certain size, i.e., for a Supervisory Board with more than three members (Section 76 (3a) AktG). In addition, setting a higher percentage of women would force the Supervisory Board to either increase the size of the Management Board or indirectly force a decision today to end the mandate of one of the current Supervisory Board members or no longer continue it. Both are far-reaching decisions for which the Supervisory Board does not consider a premature determination to be in the interest of the company. The percentage of female members on the company's Board of Management as of December 31, 2024, was 0%, which was in line with the target figure.

In addition, the Supervisory Board of the company has also ratified the target figure for the percentage of women at the executive level of SGL Carbon SE below the Board of Management with a quota of at least 30.77%, that is, four female managers, by December 31, 2025 (percentage of females at the time of ratification: 30.77%, that is, four female executives). As of December 31, 2024, the percentage of women at this management level was 21.4%, i.e., three female executives due to the resignation of one manager during the year. Currently, the target is expected to be met or exceeded by the deadline of December 31, 2025. It was not possible to set a quota for women for a second management level below the Board of Management at the company. This is due to the fact that there is only one relevant management level (with relevant personnel and management expertise) below the Board of Management at SGL Carbon SE, which is purely a Group parent company with a flat hierarchical structure.

In addition, the legislation on Equal Participation of Men and Women in Executive Positions requires that the Supervisory Board of SGL Carbon SE include at least two women and at least two men with a Supervisory Board size of eight members. The company fulfills these requirements with regard to the composition of the Supervisory Board in the reporting year.

Diversity concepts for company management

According to the company's Corporate Governance Principles, diversity must be taken into account in the composition of the Board of Management. This first refers to professional diversity, which is manifested in the existing structure of the company in that at least one of the members of the Board of Management has extensive experience in the operating business of the enterprise, in strategic governance and in the financial, controlling and reporting processes. Another crucial factor is that SGL Carbon's international nature is also reflected in its extensive professional experience in and with foreign countries. With regard to gender distribution, in view of the size of the company's Board of Management, which regularly consists of just two or three members, a far-reaching quota was neither deemed appropriate nor defined (see "Determinations in accordance with the Act on Equal Participation of Women and Men in Executive Positions and Disclosures on minimum percentages on the Supervisory Board" above). With regard to the age structure, we intend for the age limit for Board of Management members to be 65 years. When appointing new members, the Supervisory Board takes its bearings from this requirements profile, ensuring that the best candidate for a vacant position can be appointed in each case in the interest of the company. The current composition of the Board of Management meets the company's targets for appropriate appointments.

The company is looking to develop suitable candidates from within the ranks of the enterprise in order to fill any Board of Management vacancies that arise. This does not preclude the Supervisory Board from drawing on external candidates exclusively or additionally in the selection process, depending on the specific situation. To identify and develop employees with appropriate leadership potential in order to fill top management roles, the company has a systematic approach to management development that includes the following key elements: (i) early identification of suitable candidates from a variety of different disciplines, nationalities and genders; (ii) systematic development of senior executives through the assignment of tasks with increasing responsibility, preferably in a variety of different businesses and functions; (iii) regular and systematic review of individual suitability requirements for the target levels under consideration (relevant skill sets, professional experience and role-model function in terms of corporate culture). Using the skill set profile developed by the Supervisory Board as a benchmark, the company will identify candidates who may be included in the Supervisory Board's selection process. This is intended to make it possible for the Supervisory Board to ensure sufficient diversity in terms of professional training and experience, cultural background and diversity in the appointment of members to the Board of Management. Regardless of these criteria, the company believes that in the final analysis, only a holistic assessment of each individual can be the decisive factor for appointment to the Board of Management. When external candidates are involved, the company will regularly make an appropriate selection on the basis of the skill sets required for the Board of Management position by drawing on the assistance of qualified personnel consulting firms.

With regard to its own composition, the Supervisory Board of the company has defined a skill set profile and set detailed targets for itself in order to reflect various perspectives and backgrounds of experience on the Supervisory Board. The details of this diversity concept are described in this report above under "The composition and procedures of the Supervisory Board and its committees/Targets of the Supervisory Board regarding its composition." These targets are taken into account when new Supervisory Board members are proposed for appointment. In the current composition of the Supervisory Board, a Supervisory Board composition that is appropriate according to the above-mentioned targets is achieved.

Additional disclosures

Shareholders and the Annual General Meeting

The shareholders of SGL Carbon SE exercise their rights at the company's Annual General Meeting. At the Annual General Meeting, the shareholder representatives elect the Supervisory Board in particular, while also electing the auditor and passing the resolution on discharge of the Board of Management and the Supervisory Board. They also decide on appropriation of unappropriated profits, on capital measures and on the approval of intercompany agreements, as well as on the remuneration of the Supervisory Board and on amendments to the company's Articles of Association. The Annual General Meeting is convened once per year. Each share is granted one vote. Shareholders may regularly exercise their voting rights at the Annual General Meeting either in person or through a proxy of their choice or through a company-nominated proxy acting on their behalf. In accordance with the rules, voting instructions may be issued to the company's proxy both before and during the Annual General Meeting until the end of general debate. Shareholders also have the opportunity to cast their votes in writing by postal vote without authorizing a proxy.

Active and transparent communication for the shareholders of SGL Carbon SE

The primary objective of the Board of Management is to comprehensively report to all target groups and in particular to the shareholders while providing the same information at the same time to all of these parties. Regularly recurring events (such as the Annual General Meeting, [telephone-] conferences with analysts and investors) and reports or announcements (such as the Annual Report, interim reports, presentations at the Annual General Meeting, press releases and ad hoc announcements) are published on the company's website.

Remuneration system and remuneration report as per Section 162 of the German Stock Corporation Act (AktG)

The remuneration report on the most recent fiscal year as well as the auditor's report as per Section 162 AktG, the applicable remuneration system as per Section 87a (1 and 2) (1) AktG, and the most recent remuneration resolution as per Section 113 AktG are made publicly available on the company's website at www.sglcarbon.com (available there under "Company/Corporate Governance"; www.sglcarbon.com/unternehmen/corporate-governance).

Disclosures on the auditor

The Frankfurt branch of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, has been the auditor for SGL Carbon SE and the SGL Carbon SE Group since the 2017 fiscal year (January 1, 2017, to December 31, 2017). Mr. Michael Pritzer has been signing as the responsible auditor since the 2022 fiscal year. The appointment of KPMG AG Wirtschaftsprüfungsgesellschaft was preceded by a tender and selection process for the audit as per Art. 16 (3) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 (Audit Regulation).

Information on auditor's fees can be found in the Notes to the Consolidated Financial Statements of the Annual Report.

Based on the recommendation of its Audit Committee, the Supervisory Board will propose to the Annual General Meeting 2025 to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditors of the company and the Group for the 2025 fiscal year (and also for audit services required for any review of financial information during the year).

Deductible for D&O- insurance

The company has taken out a directors'- and officers' liability insurance- (D&O-insurance) policy for members of the Board of Management and Supervisory Board with a deductible of 10% of the loss up to the amount of one and a half times the fixed annual remuneration of the member concerned.

Share transactions by the Board of Management and Supervisory Board

The members of the Board of Management and the Supervisory Board, as well as persons closely related to them, are required by the relevant capital market regulations to disclose proprietary transactions involving shares, debt instruments or certain other related financial instruments of SGL Carbon SE if the total value of these transactions exceeds a threshold value within a calendar year. Notifications are published on the company's website (www.sglcarbon.com, under "Investor Relations/Share/Managers' Transactions").

Wiesbaden, March 18, 2025

SGL Carbon SE

The Board of Management of SGL Carbon SE

Andreas Klein **Dr. Stephan Bühler** **Thomas Dippold**

Consolidated Financial Statements

Consolidated Income Statement

for the period from January 1 to December 31

€m	Note	2024	2023
Sales revenue	**5, 29**	**1,026.4**	**1,089.1**
Cost of sales		−797.5	−853.5
Gross profit		**228.9**	**235.6**
Selling expenses		−91.3	−99.3
Research and development costs		−25.7	−29.7
General and administrative expenses		−34.7	−37.1
Other operating income	6	12.8	26.3
Other operating expenses	6	−9.9	−8.0
Result from investments accounted for At-Equity	7	15.8	18.3
Restructuring expenses	8	−19.0	-
Impairment losses	9	−91.2	−49.5
Operating profit/loss		**−14.3**	**56.6**
Interest income	10	5.5	5.1
Interest expense	10	−36.5	−35.8
Other financing result	10	−1.6	−3.5
Result before income taxes		**−46.9**	**22.4**
Income tax (expense)/income	11	−32.5	19.3
Net result for the year		**−79.4**	**41.7**
Thereof attributable to:			
Non-controlling interests		0.9	0.7
Consolidated net result (attributable to the shareholders of the parent company)		−80.3	41.0
Earnings per share basic (in €)	12	−0.66	0.34
Earnings per share, diluted (in €)	12	−0.66	0.34

Consolidated Statement of Comprehensive Income

for the period from January 1 to December 31

€m	Note	2024	2023
Net result for the year		**−79.4**	**41.7**
Items that may be reclassified subsequently to profit or loss			
Share of investments accounted for At-Equity in other comprehensive income	7	0.0	0.2
Cash flow hedges [1)]	28	−2.0	0.9
Currency translation [2)]		23.5	−11.1
Items that will not be reclassified to profit and loss			
Actuarial gains/losses on pensions and similar obligations [3)]	23	8.4	−9.3
Other comprehensive income		**29.9**	**−19.3**
Comprehensive income		**−49.5**	**22.4**
Thereof attributable to:			
Non-controlling interests		0.9	0.7
Consolidated net result (attributable to the shareholders of the parent company)		−50.4	21.7

1) Includes tax effects of €0.0 million (2023: €0.0 million)
2) Includes tax effects of €0.0 million (2023: €0.0 million)
3) Includes tax effects of €0.0 million (2023: €0.0 million)

Consolidated Balance Sheet

at December 31

ASSETS €m	Note	Dec. 31, 24	Dec. 31, 23
Goodwill	13	23.6	22.4
Other intangible assets	13	10.9	13.0
Property, plant and equipment	14	461.3	517.5
Investment property	15	40.5	14.7
Investments accounted for At-Equity	7	65.3	68.2
Other non-current assets	16	5.8	6.6
Deferred tax assets	21	55.6	73.2
Total non-current assets		**663.0**	**715.6**
Inventories	17	345.6	373.6
Trade receivables and contract assets	18	146.1	150.9
Other receivables and other assets	19	34.2	33.1
Liquidity	20	148.0	199.4
Time deposits		*17.8*	*65.0*
Cash and cash equivalents		*130.2*	*134.4*
Total current assets		**673.9**	**757.0**
Total assets		**1,336.9**	**1,472.6**

EQUITY AND LIABILITIES €m	Note	Dec. 31, 24	Dec. 31, 23
Issued capital	22	313.2	313.2
Capital reserves	22	1,067.8	1,067.8
Accumulated losses		−826.1	−775.7
Equity attributable to the shareholders of the parent company		**554.9**	**605.3**
Non-controlling interests		9.7	9.6
Total equity		**564.6**	**614.9**
Provisions for pensions and similar employee benefits	23	195.6	206.1
Other provisions	24	2.9	12.5
Interest-bearing loans	25	226.1	279.8
Contract liabilities	25	86.1	64.2
Other financial liabilities	25	16.7	18.8
Deferred tax liabilities	21	1.6	1.9
Total non-current liabilities		**529.0**	**583.3**
Other provisions	24	73.8	79.1
Current portion of interest-bearing loans	25	5.2	3.0
Trade payables and contract liabilities	25	122.4	154.3
Other financial liabilities	25	13.4	11.7
Other liabilities	25	28.5	26.3
Total current liabilities		**243.3**	**274.4**
Total equity and liabilities		**1,336.9**	**1,472.6**

Consolidated Cash Flow Statement

for the period from January 1 to December 31

€m	Note	2024	2023
Cash flow from operating activities			
Result before income taxes		−46.9	22.4
Adjustments to reconcile the result before income taxes to cash flow from operating activities:			
Interest expense (net)		31.0	30.7
Change in value of contract assets (IFRS 15)		8.0	−9.0
Result from the disposal of property, plant and equipment		0.3	0.2
Depreciation/amortization expense		59.9	60.2
Result from investments accounted for At-Equity	7	−15.8	−18.3
Restructuring expenses	8	19.0	-
Impairment losses	9	91.2	49.5
Other financing result		1.6	3.5
Interests received		5.5	4.9
Income taxes paid	11	−12.1	−13.1
Changes in provisions, net		−30.8	−13.1
Changes in working capital			
Inventories		29.0	−62.6
Trade receivables		−4.5	45.5
Trade payables and contract liabilities		−20.6	58.2
Changes in other operating assets/liabilities		5.5	4.8
Cash flow from operating activities		**120.3**	**163.8**

€m	Note	2024	2023
Cash flow from investing activities			
Payments to purchase intangible assets, property, plant and equipment and investment property		−97.3	−87.1
Proceeds from the sale of intangible assets and property, plant and equipment		0.7	8.2
Dividends received		15.0	10.7
Cash flow from investing activities before time deposits		**−81.6**	**−68.2**
Changes due to time deposits		47.2	−65.0
Cash flow from investing activities		**−34.4**	**−133.2**
Cash flow from financing activities			
Proceeds from the issuance of financial liabilities		20.0	193.7
Repayment of financial liabilities		−79.1	−276.6
Redemption payments for lease liabilities		−9.5	−8.5
Payments in connection with financing activities		0.0	−4.7
Interest paid		−21.1	−25.2
Other financing activities		−0.8	−0.4
Cash flow from financing activities		**−90.5**	**−121.7**
Effect of foreign exchange rate changes		0.4	−1.8
Net change in cash and cash equivalents		**−4.2**	**−92.9**
Cash and cash equivalents at beginning of year		134.4	227.3
Cash and cash equivalents at end of year		**130.2**	**134.4**
Time deposits at end of year		*17.8*	*65.0*
Liquidity	**20**	**148.0**	**199.4**

Consolidated Statement of Changes in Equity

for the period from January 1 to December 31

	Equity attributable to the shareholders of the parent company									
			Accumulated losses							
				Accumulated other comprehensive income						
€m	Issued capital (Note 22)	Capital reserves (Note 22)	Accumulated profit/loss	Currency translation	Cash flow hedges (net)	Investments accounted for At-Equity	Accumulated losses	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
Balance at Jan. 1, 23	**313.2**	**1,053.5**	**−767.8**	**−29.9**	**0.5**	**−0.2**	**−797.4**	**569.3**	**9.3**	**578.6**
Net result for the year			41.0				41.0	41.0	0.7	41.7
Other comprehensive income			−9.3	−11.1	0.9	0.2	−19.3	−19.3		−19.3
Comprehensive income			**31.7**	**−11.1**	**0.9**	**0.2**	**21.7**	**21.7**	**0.7**	**22.4**
Dividends									−0.4	−0.4
Equity component of convertible bonds [1]		14.3						14.3		14.3
Balance at Dec. 31, 23	**313.2**	**1,067.8**	**−736.1**	**−41.0**	**1.4**	**0.0**	**−775.7**	**605.3**	**9.6**	**614.9**
Net result for the year			−80.3				−80.3	−80.3	0.9	−79.4
Other comprehensive income			8.4	23.5	−2.0	0.0	29.9	29.9		29.9
Comprehensive income			**−71.9**	**23.5**	**−2.0**	**0.0**	**−50.4**	**−50.4**	**0.9**	**−49.5**
Dividends									−0.8	−0.8
Balance at Dec. 31, 24	**313.2**	**1,067.8**	**−808.0**	**−17.5**	**−0.6**	**0.0**	**−826.1**	**554.9**	**9.7**	**564.6**

[1] After deduction of transaction costs of €0.4 million

Notes to the Consolidated Financial Statements

1. General information

SGL Carbon SE (Commercial Register Number HRB 23960 Wiesbaden), together with its subsidiaries (the Company, the Group or SGL Carbon), is a global manufacturer of products and solutions based on carbon fibers and special graphites. The Company has its registered office in Wiesbaden, Germany. Its mailing address is: SGL Carbon SE, Söhnleinstrasse 8, 65201 Wiesbaden.

SGL Carbon has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB).

These consolidated financial statements for the year ending December 31, 2024, were authorized for publication by the Board of Management on March 18, 2025.

The consolidated financial statements are generally prepared on the basis of historical cost unless stated otherwise in Note 3. The consolidated financial statements have been prepared in euros (€). The figures are presented in millions of euros (€ million), rounded to one decimal place, unless stated otherwise. Due to rounding, figures may not add up precisely to the totals provided.

In the reporting year, investment properties were reported in a separate balance sheet item. In the previous year, they were reported under property, plant and equipment; the comparative information has been adjusted (Notes 14 and 15).

2. Use of estimates and assumptions

The consolidated financial statements are prepared according to the following consolidation, accounting and valuation principles. In certain cases, it is necessary to make estimates and assumptions that may affect the carrying amounts of assets and liabilities on the balance sheet and the amounts of expenses and income. These estimates and assumptions can change over time and may have a material impact on the net assets, financial position and results of operations of SGL Carbon.

All estimates and assumptions are made to the best of our knowledge and belief and are continually reviewed to provide a true and fair view of financial position and financial performance, and results of operations of the Group, especially because of increasingly complex and uncertain macroeconomic and geopolitical environment facing SGL Carbon. Added to this, there is increasing volatility on the goods and financial markets – including share prices and exchange rates, due to rising interest rates and inflation rates – as well as increasing risks of a possible economic downturn. Actual amounts may differ from these estimates. The uncertainties associated with forecasts, key accounting estimates and assumptions made by management are increasing. The estimates and judgments that have a material effect on the consolidated financial statements are included in the following notes:

- Timing of revenue recognition for contracts with customer-specific products; Notes 3 and 29
- Recognition of deferred tax assets: Availability of future taxable profits against which deductible temporary differences and tax loss carryforwards can be utilized; Notes 3 and 21
- Impairment tests of goodwill, property, plant and equipment and other intangible assets: Key assumptions underlying the determination of the recoverable amount, including the definition of the time horizon for the inclusion of cash flows; Note 3, 9, 13 and 14
- Measurement of defined benefit obligations: material actuarial assumptions; Notes 3 and 23

3. Summary of material accounting policies

Consolidation principles

The consolidated financial statements include SGL Carbon SE and its subsidiaries over which SGL Carbon exercises control. SGL Carbon controls a company to the extent that it has power over it. In addition, SGL Carbon is exposed or has rights to variable returns from its involvement with investees and has the ability to affect those returns through its power over the investee. As of December 31, 2024, 13 German (2023: 12) and 28 foreign subsidiaries (2023: 29) were consolidated in addition to SGL Carbon SE. One jointly controlled company (previous year: one) and two associated companies (previous year:

two) were accounted for At-Equity. The list of companies included in the consolidated financial statements and the total shareholdings are shown in the list of shareholdings in Note 32 in accordance with section 313(2) HGB.

Associates and joint ventures

Associates are companies in which SGL Carbon may exercise significant influence over operating and financial policies. Joint ventures are companies in which SGL Carbon and at least one other party exercise joint control. Joint control exists when decisions about material activities require unanimous consent of the parties sharing joint control. Interests in joint ventures and associates are included in the Group are accounted for At-Equity. SGL Carbon's share of post-acquisition profit or loss of the joint ventures or associates is recognized on the consolidated income statement, while its share of other comprehensive income and of changes in equity that has not been recognized in profit or loss is recognized directly in consolidated equity. The cumulative changes after the acquisition date increase or decrease the carrying amount of the investment in the joint ventures and associates. If the losses of a joint venture or associate attributable to SGL Carbon correspond to or exceed the value of the investment in that enterprise, there will be no further share of losses recognized on the balance sheet. The investment in an associate or joint venture is the carrying amount of the investment plus any non-current loans that are attributable to SGL Carbon's net investment in the associate or joint venture.

Foreign currency translation

Translation of items denominated in foreign currency

In the separate financial statements of the Group companies, all foreign currency receivables and payables are valued at the middle rates at the balance sheet date, regardless of whether they are hedged or not. Exchange rate differences resulting from the measurement of foreign currency positions are recognized on the income statement as other operating expenses and/or other operating income items. This does not include monetary items designated as part of a hedge of the Group's net investment in a foreign operation. These are recognized directly in equity (currency translation reserve) until disposal of the net investment; only on disposal is the cumulative amount reclassified to the income statement. Taxes resulting from the exchange differences of these monetary items are also recognized directly in equity.

Translation of financial statements in foreign currency

The financial statements of consolidated companies prepared in foreign currencies are translated in accordance with the functional currency concept (IAS 21) using the modified closing rate method. As all subsidiaries operate their business independently in financial, economic and organizational terms, the functional currency is identical to the respective local currency. Balance sheet items are consequently translated at the closing rate on the balance sheet date and income statement items at average rates for the year. Exchange differences arising from the translation are recognized as a separate component of equity until disposal of the foreign operation.

The exchange rates of the major currencies for SGL Carbon developed as follows:

Currencies		Middle rate at balance sheet date		Annual average rates	
1€ =	ISO-Code	Dec. 31, 24	Dec. 31, 23	2024	2023
US dollar	USD	1.0389	1.1050	1.0824	1.0813
Pound sterling	GBP	0.8292	0.8691	0.8466	0.8698
Polish zloty	PLN	4.2730	4.3480	4.3058	4.5420
Chinese yuan	CNY	7.5257	7.8592	7.7875	7.6600
Japanese yen	JPN	163.06	156.33	163.85	151.99

Sales revenue, contract assets, trade receivables and contract liabilities

Recognition of sales revenue: Sales revenue is recognized when control of the goods has been transferred or the service has been rendered, that is, when the customer has the ability to direct the use of the transferred goods or services and substantially obtains all of the remaining benefits from them. The prerequisite for this is that a contract with enforceable rights and obligations exists and, among other things, it is probably that SGL will collect the consideration, taking into account the customer's creditworthiness.

Sales revenue comprises the equivalent value that SGL Carbon expects to receive for the transfer of goods or the rendering of services. Sales revenue from contracts with customers corresponds to the transaction price. The transaction price only includes variable consideration if there is a high probability that there will not be a material reversal of sales revenue when the variable consideration actually occurs. Variable consideration may include, for example, volume discounts or credits in connection with bonus agreements.

SGL Carbon agrees payment terms that are common national and industry-practice. Additionally, the Company receives advance payments from customers for the sale of individually manufactured products with a lead time for production of up to three years from the conclusion of the contract and receipt of payment. These contracts contain a significant financing component due to the time span between payment by the customer and its transfer, as well as the market interest rate. Therefore, the transaction price for these contracts is discounted at the implied interest rate in the contract (i.e., the rate at which the cash selling price of the products is discounted to the amount paid in advance). This interest rate corresponds to the interest rate that would have been used in a separate financing transaction between the Group and the customer at the beginning of the contract.

Warranty obligations provide assurance to the customer that the delivered goods comply with the contractually agreed specifications. Such obligations do not represent a separate performance obligation and are recognized as a provision in accordance with IAS 37.

Sales revenue from standard products: Revenue from the sale of standard products is recognized when control is transferred to the acquirer, usually upon delivery of the goods. Invoices will be issued at this point in time.

Revenue from contracts with customer-specific products: In the case of order-related manufacturing where a contract work has to be delivered and the final product cannot be sold to (any) other customer (customer-specific asset with no alternative use), sales revenue is recognized over the manufacturing period using the percentage-of-completion method based on the ratio of costs already incurred to the estimated total costs as the costs incurred are in relation to the progress of SGL Carbon's performance in fulfilling the obligation. An expected loss from a contract is recognized immediately as an expense.

When recognizing revenue over a production period, the assessment of whether an asset is highly customized to a particular customer is of particular importance, as is the determination of the consideration that SGL Carbon expects to receive. This generally results from individual sales prices. If these are not directly observable, a reasonable estimate of the individual sale price is made.

Sales revenue from the provision of services: Services are generally provided in connection with the sale of products and are recognized as soon as the service has been rendered. The amount of sales revenue from the provision of services plays a minor role compared with sales revenue from the transfer of goods.

Contract assets, contract liabilities and trade receivables: If one of the parties to a contract with a customer has fulfilled its contractual obligations, a contract asset or contract liability is recognized depending on the relationship between SGL Carbon's performance and the customer's payment. Contract assets result primarily from sales of goods where control is transferred to the customer before SGL Carbon has obtained an unconditional right to receive payment. Contract liabilities mainly result from advance payments received for products not yet delivered. Contract assets and contract liabilities are netted at contract level and reported as short-term, since they are incurred within the regular operating cycle. An exception are advance payments from customers for products with a production lead time of more than one year, which are reported under non-current liabilities. Receivables are recognized when the right to receive the consideration is no longer subject to any conditions. Valuation allowances for credit losses on contract assets and trade receivables are recognized in accordance with the accounting principles for financial assets measured at amortized cost.
Trade receivables are derecognized if SGL Carbon has not retained control of the transferred financial asset under factoring agreements. The purchase price corresponds to the nominal amount of the respective receivable, less the deductions relating to the receivable (e.g. discounts) that SGL Carbon has given the debtor, as well as less the factoring fee and interest. Interest on the paid portion of the purchase price is calculated for the period from the payment of the portion of the purchase price until the debtor settles the receivable.

For information on impairments on receivables from contracts with customers, please refer to Note 28 "credit risks."

Income and expenses

Cost of sales includes the cost of goods sold and services rendered as well as contract costs from customer-specific products. In addition to directly attributable direct costs, these also include attributable overhead expenses. The main components of the cost of sales are the cost of materials, personnel expenses and depreciation and amortization of property, plant and equipment and intangible assets. This item also includes expenses for warranties. Operating expenses are recognized in profit or loss when the service has been used or when expenses have been incurred.

Provisions for estimated expenses under statutory warranties are recognized as costs of sales when the sales revenue is recorded in the amount of the estimated usability based on past experience.

Research expenses are recognized immediately as an expense. Development costs are capitalized if the capitalization criteria of IAS 38 are met.

Interest income and expenses are recognized on an accrual basis. Advertising and sales promotion expenses and other customer-related expenses are immediately recognized in profit or loss.

Government grants

Government grants are recognized when there is reasonable assurance that the grants will be received, and the entity will comply with the conditions attached to them. Grants related to income are presented as other operating income on a systematic basis over the period that the related expenses for which they are intended to compensate are recognized. Performance-based grants are reported separately under other operating income. Government grants for the acquisition or construction of property, plant and equipment reduce the costs of acquisition or conversion of the relevant assets.

Earnings per share

"Basic earnings per share" are calculated by dividing the share of net result for the year attributable to shareholders of the parent company by the weighted average number of shares outstanding during the fiscal year. “Earnings per share, diluted” takes into account all potentially dilutive convertible bonds assuming conversion or exercise.

Goodwill

Goodwill is not subject to amortization but is tested for impairment once a year or more frequently if there are indications of impairment. Goodwill is carried at cost less any accumulated impairment. Goodwill is tested for impairment at the level of a (group of) cash-generating unit(s), which at SGL Carbon is generally represented by a segment. At Graphite Solutions (GS), this is one level below the segment. The (group of) cash-generating unit(s) represents the lowest level at which goodwill is monitored for internal company management purposes. An impairment would arise if the carrying amount of the cash generating unit (CGU) to which goodwill is allocated is higher than its recoverable amount. For further information on the procedure for determining the recoverable amount, refer to the section “Impairment tests of property, plant and equipment and other intangible assets.”

Property, plant and equipment, and other intangible assets

Tangible and other intangible assets used in the business for more than one year are recognized at cost less depreciation/amortization and any impairments. Where depreciable property, plant and equipment consists of material identifiable components, each with a different useful life, these components are treated as separate units of account and depreciated over their respective useful lives.

Depreciation of property, plant and equipment and amortization of intangible assets are calculated using the straight-line method on the basis of the following useful lives, which are applied uniformly throughout the Group:

Useful lives property, plant and equipment

Buildings	10 to 40 years
Plant and machinery	4 to 25 years
Other equipment	3 to 15 years
Office furniture and equipment	3 to 15 years

Useful lives intangible assets

Industrial rights, software and similar rights	3 to 5 years
Customer relationships	3 to 12 years
Capitalized development costs	3 to 12 years

Leasing

A lease is a contract that conveys the right to use an asset (the leased asset) for an agreed period of time in exchange for payment.

As a lessee, SGL Carbon generally recognizes assets for the rights to use the leased assets and liabilities for the payment obligations entered into at present values for all leases on its balance sheet in accordance with IFRS 16. Lease liabilities include the following lease payments:

- Fixed payments, less any lease incentives payable by the lessor
- Variable payments linked to an index or interest rate
- The exercise price of a purchase option if it is reasonably certain that the option will be exercised.

Lease payments are discounted at the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, discounting occurs at the incremental borrowing rate. SGL Carbon applies a single discount rate to a portfolio of leases with similar characteristics. Right-of-use assets are measured at cost comprising the lease liability plus any directly attributable costs. They are subsequently measured at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the period of the contractual relationship.

Practical reliefs are used for low-value leased assets (up to a new value of €5,000) and for short-term leases (less than twelve months), and the payments are recognized as an expense on the income statement on a straight-line basis over the lease term. In the case of contracts containing both non-lease components and lease components, use is made of the option not to separate these components in the case of technical equipment and machinery. IFRS 16 is not applied to intercompany leases, and the periodic lease expense is recognized on the consolidated income statement.

If SGL Carbon concludes contracts as a lessor, these contracts are classified as finance leases in accordance with IFRS 16 if substantially all risks and rewards associated with ownership of the leased asset are transferred to the lessee. All other short-term rental and lease transactions are classified as operating leases in accordance with IFRS 16. If the Company enters into finance lease agreements as lessor, the lease installments payable to the lessee in the future are recognized as a lease receivable in the amount of the net investment value from the lease contract. These are measured on the basis of the simplified impairment model in accordance with IFRS 9. In the case of operating leases, the Company recognizes the leased asset as an asset at amortized cost included in property, plant and equipment. Lease installments received during the period are shown under sales revenue.

Impairment test of property, plant and equipment and other intangible assets

On each balance sheet date, an assessment is made as to whether there are any indications (triggering events) that intangible assets and property, plant and equipment are impaired. If such indications are identifiable, the recoverable amount of the relevant asset is determined and compared with the carrying amount to determine the scope of any impairment that may need to be recognized. The recoverable amount is the higher of fair value less costs of disposal (net realizable value) and value in use, with the value in use first being determined by SGL Carbon. If this amount is higher than the carrying amount, the net realizable value will not be calculated. SGL Carbon determines these values using a generally accepted measurement model on the basis of discounted future cash flows; this corresponds to Level 3 of the fair value hierarchy of IFRS 13. If an asset does not generate cash flows that are largely independent of the cash flows from other assets, the impairment test is not conducted at the level of the individual asset but at the level of the CGU to which the asset belongs.

The cash flows are generally based on five-year plans (in exceptional cases up to seven years) for the individual CGUs that have been prepared using a bottom-up approach and that have been analyzed by the Board of Management of SGL Carbon and acknowledged by the Supervisory Board. The planning is based on internal expectations and assumptions that have been checked and verified against external data. The planning includes sales, revenue and cost planning, together with the associated forecasts of operating results and cash flows for each year and for each CGU. Sales revenues and earnings development are planned at product or product group level based on the expected market, economic and competitive developments over the next five years and aggregated on the CGU level. Cash flows beyond the planning period are extrapolated using individual growth rates (for impairment tests of goodwill) or limited to the duration of the expected remaining useful life of the primary production facilities (for impairment test of property, plant and equipment and other intangible assets).

Future cash flows are discounted to their present value using a discount rate that reflects current market expectations regarding interest rates and the specific risks related to the asset or CGU. Most material assumptions on which the determination of the recoverable amount is based include estimated cash flows (especially sales- and EBITDA-development), growth rates and the weighted average cost of capital as well as remaining useful lives of the primary production facilities. The forecast result is influenced by volatility on the capital markets, interest rate developments, fluctuations in exchange rates or expected economic developments. We assume in our planning that there will be sufficient availability of electricity and gas in Europe, and in Germany in particular. We also assume that possible factor cost increases can be passed on at least partially to customers through pricing initiatives. These assumptions and the underlying methodology may have a significant impact on the respective values and, ultimately, on the amount of any impairment applied to the asset.

As soon as there is any evidence that the reasons for the impairments recognized no longer exist, the need for a full or partial reversal of the impairment is assessed. Reversals of value adjustments made to goodwill are not permitted.

Investment property

Investment property comprise property held by the Company to earn rentals/or for capital appreciation that are not used in the production process. As with property, plant and equipment, investment property is recognized at cost less depreciation and any necessary impairment losses in accordance with the cost model. The depreciation of the investment property, which are owned by SGL Carbon, is carried out on a straight-line basis over a useful life of 5 to 40 years. In addition, their fair value is determined using recognized measurement methods and disclosed in the notes.

Financial instruments

A financial instrument as defined by IAS 32 is a contractually agreed right or obligation which results in an inflow or outflow of financial assets or the issuance of equity instruments. On the one hand, financial instruments include primary financial instruments such as trade receivables and payables, securities or financial receivables and borrowings and other financial liabilities; on the other hand, they also include derivative financial instruments used to hedge against risks arising from changes in exchange rates and interest rates.

Generally, financial instruments are initially recognized at their fair value upon initial measurement. Transaction costs directly attributable to the acquisition or issue of financial instruments are included in the initial measurement of the carrying amount. Under certain conditions, embedded derivatives are separated from the underlying instrument (financial instrument) and accounted for separately at fair value. A regular way purchase or sale of financial assets is recognized on the trade date. Subsequent measurement of financial instruments is based on the category to which they are allocated: financial assets and liabilities measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets and liabilities measured at fair value through profit or loss.

In accordance with the classification requirements of IFRS 9, SGL Carbon classifies financial assets and financial liabilities into the following classes:

Financial assets measured at amortized cost: Cash and cash equivalents, trade receivables and contract assets held under the “Held to collect contractual cash flows” business model, whose contractual cash flows solely represent principal and interest payments, are measured at amortized cost.

Financial liabilities measured at amortized cost: Financial liabilities, with the exception of derivatives, are measured at amortized cost using the effective interest method.

Financial assets measured at fair value through other comprehensive income: If the business model generally provides for the assets to be held but they are also sold and their cash flows consist exclusively of interest and principal payments, these assets are measured at fair value outside of profit or loss. SGL Carbon does not apply this measurement category.

Financial assets and financial liabilities measured at fair value through profit or loss: Financial assets that are solely payments of principal and interest, but that are not held within one of the two aforementioned business models, are recognized at fair value through profit or loss. This also includes trade receivables that are intended for sale based on a factoring agreement. These receivables are derecognized at fair value when they are sold. Alternatively, IFRS 9 allows equity instruments to be measured at fair value through other comprehensive income. On the individual case level, SGL Carbon does not currently apply this option to measure at fair value through other comprehensive income. Therefore, equity instruments such as securities are measured at fair value through profit or loss.

Financial assets are derecognized when the contractual rights to cash flows from the financial asset in question expire or terminate. Financial liabilities are derecognized when the liability has been repaid, that is, when all financial obligations specified in the agreement have been settled or definitively canceled or have expired. The difference between the carrying amount of the liability settled and the consideration paid is recognized in profit or loss.

Hybrid financial instruments

Financial instruments that contain both a liability and an equity component are recognized in various balance sheet items according to their nature. The financial instruments relevant in this context include convertible bonds. The fair value of conversion rights is already allocated to the capital reserves when a convertible bond is issued and is deducted from the bond liability at the same time. Fair values of conversion rights of bonds issued at below-market rates are determined using the capitalized difference from the interest-rate advantage. The interest expense of the debt component is calculated over the term of the bond from the market interest rate on the date of issue for a comparable bond without a conversion right. The difference between the interest calculated and the interest paid increases the carrying amount of the bond liability. The issuing costs of the convertible bond reduce the acquisition costs of the equity and debt components in direct proportion.

Derivative financial instruments

In accordance with IFRS 9, all derivative financial instruments are recognized at fair value on the balance sheet. Financial instruments are recognized on the balance sheet as soon as SGL Carbon becomes a contractual party to a financial instrument. Financial instruments are recognized on the trade date of the transaction. When a derivative contract is concluded, the Company determines whether it will be used as a hedge for future cash flows (a cash flow hedge). Cash flow hedges are used to hedge against fluctuations in future cash flows resulting from planned transactions that are highly probable to occur. The documentation of hedging relationships includes the objectives and strategy of risk management, the type of hedging relationship, the hedged risk, the description of the hedging instrument and the hedged item, as well as an assessment of the effectiveness criteria. Hedging relationships are regularly assessed to determine whether they were effective throughout the reporting period for which they were designated. Even though individual derivatives constitute a hedge from an economic perspective, they do not fulfill the hedge accounting criteria stipulated by IFRS 9.

Changes in the fair value of derivatives are recognized as follows:

1. Cash flow hedge: Only the change in the fair value of the forward exchange transaction is designated as the hedging instrument in cash flow hedging relationships. This effective portion of changes in the fair value of derivatives used to hedge future cash flows is recognized outside profit and loss in accumulated other comprehensive income. The ineffective portion of the change in value of the hedging instrument is recognized in profit or loss. Since it is immaterial, the change in the fair value of cross currency basis spreads of the derivatives is not recognized separately. All amounts recognized in equity are subsequently reclassified to profit or loss if the hedged item also affects profit or loss.

2. Hedge of a net investment in a foreign operation: In the case of a hedge of a net investment in a foreign operation, the effective portion of gains and losses from changes in the value of the hedging instrument used is recognized in equity and outside profit or loss. The ineffective portion is recognized in profit or loss. Upon disposal of the investment, the changes in the fair value of the hedging instrument included in equity are recognized in profit or loss.

3. Standalone (no hedge relationship): Derivatives that do not qualify for hedge accounting are classified as held for trading and are recognized at fair value through profit or loss. Changes in fair value are therefore recognized on the income statement. If the trade date and the settlement date are not the same, the settlement date is used as the date for initial recognition.

See Note 28 for further information on financial instruments.

Impairment of financial assets

Loss allowances are recorded for expected credit losses which represent a forward-looking estimate of future credit losses and require material discretionary decisions. In general, a three-stage model must be followed for determination of expected credit losses and allocation of valuation allowances; this can be summarized as follows:

Stage 1: Upon recognition, all financial assets are assigned to Stage 1. A loss allowance is recognized in the amount of expected credit losses within the next twelve months.

Stage 2: When there is a material increase in the credit risk of a financial asset, but its credit quality is not impaired, it is transferred from Stage 1 to Stage 2. The recognized valuation allowances correspond to the lifetime expected credit losses in relation to the financial asset.

Stage 3: If a financial asset is credit-impaired or has already defaulted, it is transferred to Stage 3. The recognized loss allowance corresponds to the lifetime expected credit losses in relation to the financial asset. The effective interest income is calculated based on the net amount (gross amount less risk provisioning). Objective evidence indicating that a financial asset is credit-impaired includes being past due 45 days or more and additional information on material financial difficulties on the part of the debtor.

Cash and cash equivalents, along with time deposits, are allocated to Stage 1, since these are mainly only invested at banks and financial institutions with a low risk of default (investment grade rating: S&P AAA to BBB-).

SGL applies a simplified approach for trade receivables and contract assets that measures loss allowances based on lifetime expected credit losses.

Inventories

Inventories are valued at purchase or production cost using the weighted average cost method. Where required, the lower net realizable value is recognized. Net realizable value is determined, taking into account the expected sale prices less costs of completion and selling expenses and other factors relevant to sales. In addition to directly attributable costs, costs of conversion also include appropriate portions of material and production overheads. Directly attributable costs mainly include costs for personnel, including retirement benefits, depreciation/amortization and directly attributable costs of material. Interest on borrowings is not capitalized. Impairment expenses are recognized as costs of sales.

Liquidity

Liquidity includes cash and cash equivalents as well as time deposits. Cash and cash equivalents comprise cash and bank deposits with an original term of less than three months. Bank deposits with an original term of more than three months are reported under time deposits.

Income tax expense

Tax positions are calculated taking into consideration the respective local tax laws, relevant court decisions and applicable tax authorities' views. Tax regulations can be complex and possibly subject to different interpretations of tax payers and local tax authorities. Different interpretations of existing or new tax laws as a result of tax reforms or other tax legislative procedures may result in additional tax payments for prior years and are taken into account based on management's considerations. IFRIC 23 clarifies the application of the recognition and measurement requirements of IAS 12 when there is uncertainty about the income tax treatment. For recognition and measurement, it is necessary to arrive at estimates and assumptions. To do this, decisions must be made regarding whether an estimate is created separately or together with other uncertainties, whether a probable or expected value is used for the uncertainty, and whether changes have occurred compared with the previous period, for example. The risk of detection is irrelevant for recognition of uncertain financial position items. The accounting is based on the assumption that the tax authorities are investigating the matter in question and that they have all the relevant information. There are no material effects on the consolidated financial statements of the Company.

In accordance with IAS 12, deferred tax assets and liabilities are determined for temporary differences between the tax base and their carrying amounts in the IFRS consolidated balance sheet as well as for tax loss carryforwards including unused tax depreciation, for interest not yet claimed for tax purposes and for unused tax credits. Deferred tax assets are recognized if, in the opinion of the Executive Board, it is more likely than not that sufficient taxable income will be available in the future to allow the deductible temporary differences and unused tax losses and interest carryforwards to be utilized. For this purpose, to the extent that there are insufficient deferred tax liabilities, forecasts of future taxable results are determined, based on the approved five-year planning calculation, which, among other things, also takes into account the impact of the expected geopolitical and economic environment on the business activities of SGL Carbon. As future business developments are uncertain and in part beyond the control of SGL Carbon, assumptions are required to estimate future taxable income and the timing of the realization of deferred tax assets. The uncertainty regarding future profits at SGL Carbon is accounted for by estimating the range of possible taxable profits. Uncertainty regarding future profits at SGL Carbon is accounted for by estimating the range of possible taxable profits and determining those amounts that are most likely to occur and therefore meet the "more likely than not" criterion. Estimates are adjusted in the period in which there is sufficient evidence for an adjustment. To the extent that the company or tax group shows recent losses under cumulative consideration, deferred taxes arising from temporary differences and tax loss carryforwards are recognized only to the extent that either sufficient taxable temporary differences are available or persuasive evidence exists that there will be availability of sufficient taxable profit against which the unused tax losses can be utilized. SGL Carbon limits the reporting period to three years for each individual company, whereby the reporting year is included in this period. If the companies or a tax group have loss carryforwards, the reasons for the loss carryforwards in previous years are analyzed and examined to determine whether they are likely to recur in the future or were of a one-off nature. The change in deferred taxes on the balance sheet generally results in tax expenses and income. However, if items that result in a change in deferred taxes are recognized directly in a component of equity, the change in deferred taxes is also recognized directly in this component of equity. Tax effects that may result from the future application of the regulations on global minimum taxation (Pillar Two) are not taken into consideration when determining the recognition of deferred tax assets and liabilities.

Accumulated other comprehensive income and accumulated profit/loss (Consolidated Statement of Changes in Equity)

In accordance with IFRS 9, unrealized gains or losses on financial derivatives used to hedge a future cash flow (cash flow hedges) or a net investment in a foreign operation are recognized in other comprehensive income under accumulated other comprehensive income, in addition to currency translation differences. In addition, actuarial gains and losses from defined benefit plans are also recognized directly in equity as accumulated profit/loss in the year in which they occur in the full amount. Accordingly, deferred taxes on the above items are also recognized in comprehensive income in the respective component of accumulated other comprehensive income.

Provisions for pensions and similar employee benefits

SGL Carbon maintains defined benefit plans in various countries based on the pensionable remuneration of employees according to their periods of service. These plans are funded in part through external pension funds and by contributions to a contractual trust agreement (CTA). Provisions for defined benefit plans are calculated using the projected unit credit method. The present value of the defined benefit obligation (DBO) is calculated with consideration for the expected future salary and pension trends. If the benefit entitlements are not covered by assets, the amount included in the “Provisions for pensions and similar employee benefits” item corresponds to the DBO. If the benefit entitlements are covered by assets, SGL Carbon offsets the fair value of the plan assets against the DBO and recognizes the net amount that was determined in “Provisions for pensions and similar benefits.” If the value of the assets exceeds the corresponding scope of the obligations (net assets value), an asset is recognized under other assets in the amount of the excess, if necessary after taking into account any asset ceiling.

The DBO is calculated on the reporting date using the maturity-equivalent interest rate for prime-rated corporate bonds. The assumptions used to calculate the DBO as of the previous year’s balance sheet date apply to the determination of current service cost and interest income and the interest expenses for the following fiscal year. The net interest income or expense for a fiscal year is generally calculated by multiplying the discount rate for the respective fiscal year by the net asset value or net liability on the balance sheet date of the previous fiscal year and is recognized in the financial result. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income in the period in which they occur, together with the attributable deferred taxes (accumulated profit/loss). The current service cost is classified as an operating expense. Negative past service cost due to a change in the pension plan and gains or losses from plan settlements are recognized immediately in profit or loss and allocated to other operating income or expenses.

If the information necessary for accounting for defined benefit plans is unavailable, obligations under defined benefit multi-employer plans are accounted for in the same way as obligations under defined contribution plans according to IAS 19.34. The obligations are determined by the amounts payable for the current period.

Some Group companies grant their employees defined contribution plans on the basis of statutory or contractual provisions, with payments being made to state or private pension insurance providers. With defined contribution plans, SGL Carbon does not enter into any obligations other than payment of contributions to an external pension provider. The amount of future pension benefits is based solely on the amount of contributions paid by the employer (and its employees, if applicable) to the external pension provider, including income from investment of these contributions. The amounts payable are expensed when the obligation to pay them arises and are reported as a component of operating expenses.

Actuarial valuations are based on material assumptions, including discount rates, expected salary and pension trends, acceptance rates of lump-sum options and disability and mortality rates. Due to changing market, economic and social conditions, the underlying assumptions may differ from what will actually happen.

Other provisions

Other provisions are recognized when there is an obligation to third parties due to past events, it is likely that an outflow of resources with economic utility will be required in order to settle the obligation, and the amount of the obligation can be measured with sufficient reliability. Non-current provisions are discounted at the risk-free interest rate (if applicable, negative). See Note 30 for a description of the accounting treatment and the recognition of provisions for obligations in conjunction with management and employee participation plans.

SGL Carbon recognizes expenses for provisions for product warranties in cost of sales at the time of revenue recognition. The amount of the provision is determined on a case-by-case basis. In the measurement of the provision, SGL Carbon takes into account both experience from actual warranty expenses previously incurred and technical information about product weaknesses discovered during the design and testing phase. Provisions for restructuring measures are recognized to the extent that a detailed and formal restructuring plan has been prepared and communicated to the affected parties. Provisions for anticipated losses from onerous contracts are recognized when the economic benefits expected to be received from the contract are less than the unavoidable costs of meeting the obligations under the contract. The amount and probability of provisions are based on management estimates. Significant estimates and assumptions are also made to determine provisions for asset retirement obligations and decommissioning activities.

New, currently valid standards to be applied for the first time in 2024

In the reporting year, "Non-current liabilities with ancillary conditions – Amendments to IAS 1" and "Classification of liabilities as current or non-current – Amendments to IAS 1", "Lease liabilities from a sale-and-leaseback transaction – Amendments to IFRS 16" and "Supplier financing agreements – Amendments to IAS 7 and IFRS 7" were applied for the first time. There were no impacts on the Group's net assets, financial position and financial performance.

New standards that have not yet been applied

Several new standards and amendments to standards have been published, but they are not mandatory for reporting periods ending on December 31, 2024, and the Company has not applied them early. The Company has categorized the impact of these new rules on current and future reporting periods, as well as on foreseeable future transactions, as follows:

- Amendments to IAS 21 – Lack of interchangeability (mandatory initial application in annual reporting periods beginning on or after January 1, 2025). SGL Carbon does not anticipate any material future impacts of the changes on its business activities or financial statements.
- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial services as well as contracts referencing nature dependent energy (mandatory initial application in annual reporting periods beginning on or after January 1, 2026). Here, as well, SGL Carbon does not anticipate any material future impacts of the changes on its business activities or financial statements.
- Annual Improvements to IFRS - Volume 11 and Amendments to IFRS 10 and IAS 28. (mandatory initial application in annual reporting periods beginning on or after January 1, 2026). Here, as well, SGL Carbon does not anticipate any material future impacts of the changes on its business activities or financial statements.
- IFRS 19: "Subsidiaries without accountability – Disclosures" (first-time voluntary application in annual reporting periods beginning on or after January 1, 2027). SGL Carbon does not consider itself justified and therefore does not anticipate any impact of the amendments on its financial statements.
- IFRS 18 "Presentation of Financial Statements" (first mandatory application in annual reporting periods beginning on or after January 1, 2027). IFRS 18 will in

future replace IAS 1 and introduce new requirements that are intended to increase the comparability of the financial performance of similar companies and to provide users of financial statements with more relevant information. Although IFRS 18 will not impact the recognition or valuation of items in the financial statements, it will significantly impact the disclosure (particularly in the income statement) and notes (including publicly communicated performance indicators not specified by IFRS Accounting Standards, but defined by the company's management, known as “management-defined performance measures”). Management is currently investigating the future impact of the new standard on the consolidated financial statements. Based on an initial preliminary assessment, the following potential impacts are expected:

Although the application of IFRS 18 will not impact the Group's annual results, it will have an impact on the allocation of income and expense items to the new categories of the income statement, thereby influencing the calculation and presentation of the operating performance. An initial assessment revealed that the result from investments accounted for At Equity, currently reported in the operating result, may need to be reported below the operating result.

There will be changes in the presentation of interest paid and received in the cash flow statement. In the future, interest received will be reported as cash flow from investment activities, marking a shift from the current reporting of cash flow from operating activities.

Global minimum taxation

SGL Carbon falls within the scope of the minimum taxation (“Pillar 2”). This is intended to ensure that affected large multinational companies pay a minimum amount of tax on the income earned in a given period, regardless of the jurisdiction in which they operate. In essence, a system of additional taxes is used that raises the minimum tax rate in the relevant jurisdiction to 15%. The Group recognized a current tax expense of €0.0 thousand for the additional tax in connection with the global minimum taxation to be paid by the Company (2023: also zero). SGL Group has made use of the exemption for the recognition and disclosure of deferred tax information relating to Pillar 2 income taxes provided for in the amendment to IAS 12 published in May 2023.

4. Change in the scope of consolidation

In the 2024 fiscal year, SGL Carbon established the shelf company SGL Carbon Fibers GmbH, Augsburg. Additionally, SGL Carbon Holdings B.V. has been merged within the Group. These changes had no material impact on the net assets, financial position and financial performance of SGL Carbon.

5. Sales revenue/functional costs

The breakdown of sales revenues by segment, region, customer industry and type of revenue recognition are presented in Note 29 in “Segment reporting.”

Selected disclosures on the total cost method are provided below:

€m	2024	2023
Wages and salaries (including bonus)	–285.3	–282.7
Social security contributions, post-employment and other employee benefit costs (thereof for pensions: minus € 11.0 million: 2023: minus € 12.3 million)	–71.2	–70.9
Personnel expenses	**–356.5**	**–353.6**

Personnel expenses in the reporting year include €6.0 million in restructuring measures (previous year: €0.0 million).

The employees worked in the following geographical areas (average number of employees):

Headcount	2024	2023
Germany	1,970	1,970
Europe excluding Germany	1,292	1,366
North America	758	772
China	454	471
Rest of Asia	61	84
Total	**4,535**	**4,663**

Depreciation

Amortization and depreciation of intangible assets and property, plant and equipment and investment property totaled €59.9 million (previous year: €60.2 million). This includes amortization from the carryforward of the purchase price allocations of SGL Composites GmbH and SGL Composites Materials Germany GmbH, Meitingen, Germany (SGL Composites DE) and SGL Carbon Fibers America LLC, Moses Lake, USA (SGL Composites US) totaling €1.2 million (previous year: €1.3 million). Details on this can be found in Notes 13, 14 and 15.

Personnel expenses and amortization are included in all functional costs such as cost of sales, selling expenses, research and development costs and general and administrative expenses.

6. Other operating income/expense

Other operating income

€m	2024	2023
Grants received	3.9	13.5
Income from the release of liabilities	2.5	4.0
Exchange-rate gains	2.3	1.6
Gains on the sale of intangible assets and property, plant and equipment	0.2	0.1
Miscellaneous other operating income	3.9	7.1
Total	**12.8**	**26.3**

The grants received primarily result from grants for the development and industrialization of innovative anode materials made of synthetic graphite for use in lithium-ion batteries. The approved grants will partially reimburse SGL Carbon for the amortization and depreciation of investments as well as the operating expenses in conjunction with the funding project until the early discontinuation of activities in the graphite anode material sector (see Section 8). The previous year also included grants from the electricity price subsidy or electricity price brake (in particular in Germany and France) totaling €9.1 million.

The reversal of liabilities recognized in profit or loss results from obligations to customers that will no longer be paid on the basis of contractual agreements concluded.

Other operating expenses

€m	2024	2023
Exchange-rate losses	–3.5	–4.0
Effect from attributtable cumulative translation differences	0.0	–1.6
Losses on the sale of other intangible assets and property, plant and equipment	–0.5	–0.3
Expenses from strategy projects	–3.1	0.0
Other operating expenses	–2.8	–2.1
Total	**–9.9**	**–8.0**

The currency effects reported as other operating income and expenses result from measurement of receivables and liabilities not denominated in the respective functional currency at the closing rate. In the previous year, losses from the disposal of SGL CARBON INDIA Pvt. amounting to €1.6 million were reclassified from the currency translation reserve to the income statement.

In addition, other operating income and expenses include a large number of individual items of low value.

7. Investments accounted for At-Equity

Result from investments accounted for At-Equity

€m	2024	2023
Share in the net result of the year	15.8	18.3
Thereof joint ventures	*16.0*	*18.1*
Thereof associates	*–0.2*	*0.2*
Result from investments accounted for At-Equity	**15.8**	**18.3**

€m	Dec. 31, 24	Dec. 31, 23
Interests in joint ventures	58.6	57.5
Interests in associates	6.7	10.7
Carrying amount	**65.3**	**68.2**

Joint venture

In the reporting year, SGL Carbon held a stake in the joint venture Brembo SGL Carbon Ceramic Brakes S.p.A., Stezzano, Italy (BSCCB). BSCCB develops and produces carbon-ceramic brake discs especially for sports cars and luxury vehicles. The following tables summarize the results of operations and the financial position of BSCCB as reported in each of its own financial statements (taking into account IFRS 15 effects). The table also shows the reconciliation of the summarized financial information to the carrying amount of SGL Carbon's stake in the BSCCB joint venture. SGL Carbon received dividend payments in the amount of €15.0 million from BSCCB in the reporting year (previous year: €10.0 million).

€m	2024	2023
Ownership interest	**50.0%**	**50.0%**
Income statement [1]		
Sales revenue	270.3	256.9
Amortization/depreciation on intangible assets and property, plant and equipment	–13.1	–11.4
Operating profit	45.9	49.6
Interest income	0.7	0.8
Interest expense	–1.8	–0.7
Income tax expense	–12.8	–13.6
Net result for the year	32.1	36.1
Share of SGL Carbon in the net result of the year (50%)	**16.0**	**18.1**
Share of SGL Carbon in the changes of other equity (50%)	0.0	–0.1
Total comprehensive income of the companies	16.0	18.0

[1] 100% of the company

€m	Dec. 31, 24	Dec. 31, 23
Balance sheet [1]		
Non-current assets	147.5	87.8
Current assets	93.3	88.7
Thereof cash and cash equivalents	*9.4*	*4.6*
Non-current liabilities	62.8	17.4
Thereof financial debt	*36.4*	*9.8*
Current liabilities	68.1	51.3
Thereof financial debt	*3.5*	*2.4*
Net assets	**109.9**	**107.8**
Share of SGL Carbon in net assets (50%)	55.0	53.9
Goodwill/customer base	3.6	3.6
Carrying amount of the joint venture	**58.6**	**57.5**

[1] 100% of the company

Associates

€m	2024	2023
Associates		
Carrying amount of interests in associates Dec. 31	6.7	10.7
Share in the net result of the year/ comprehensive income	–0.2	0.2
Share of SGL Carbon in change of other comprehensive income [1]	0.0	0.2

[1] Relates to the share in the fair value of cash flow hedges (net of tax)

In the reporting year, an impairment loss of €3.6 million was recognized on an associated company. Further details can be found in Note 9.

All associated companies have a fiscal year that corresponds to the calendar year, with the exception of MCC-SGL Precursor Co. Ltd., Tokyo, Japan, which uses a fiscal year ending March 31.

8. Restructuring expenses

€m	2024	2023
Expenses for initiated restructuring measures	–19.0	-
Total	**–19.0**	**0.0**

In 2024, SGL Carbon decided to discontinue the Battery Solutions business line within the Graphite Solutions reporting segment. Battery Solutions has been working on the development and industrialization of graphite anode materials (GAM) from synthetic graphite for use in lithium-ion batteries. Following the conclusion of development activities in Meitingen, production in Poland will be discontinued in the first quarter of 2025, once the remaining order backlog has been processed. The discontinuation of our GAM activities resulted in an impairment of fixed assets (€12.1 million) and inventories (€2.0 million), an expense for personnel-related measures of €3.7 million, and other restructuring expenses of €2.0 million, which notably included impending compensation payments resulting from the early termination of ongoing contracts.

Furthermore, due to the consistently disappointing demand from wind industry customers and the associated deterioration in the earnings situation at Carbon Fibers, a restructuring program was initiated in this business unit to achieve material and personnel savings for improved earnings. In fiscal year 2024, €2.3 million was recognized as restructuring expenses in the consolidated income statement.

A positive effect of €3.1 million was achieved through the partial reversal of the provision for the restructuring of the former Griesheim site, as the dismantling costs were lower than anticipated.

9. Impairment losses

€m	2024	2023
Impairment losses on		
Property, plant and equipment	*–76.5*	*–49.5*
Inventories	*–11.1*	*-*
Investment accounted for At-Equity	*–3.6*	
Total	**–91.2**	**–49.5**

Impairment of property, plant and equipment
A review of the mid-term plan updated in the fourth quarter of 2024 shows significant deviations from the last mid-term plan, mainly due to the continued weakness of the wind and automotive industries in the Carbon Fibers reporting segment. There is also a growing pressure on competition and pricing due to global overcapacity in both carbon and textile fibers. The company assumes that demand will not recover in the coming months and that the achievable prices for these products will remain low beyond 2025. This will further delay the anticipated improvement in the sales and financial performance for the Carbon Fibers business unit during the detailed planning period of 2025–2031. Due to these changed planning assumptions ("triggering event" in accordance with IAS 36.12), an impairment test in accordance with IAS 36 was performed for Carbon Fibers as CGU as of December 31, 2024. Since the recoverable amount (value in use) of €136.1 million was below the carrying amount of the assets, an impairment loss on property, plant and

equipment of €76.5 million (2023: €44.7 million) was recognized in the Carbon Fibers business unit.

Impairment test assumptions
The forecast cash flows for the CGU Carbon Fibers were adjusted for impairment test purposes on the basis of an updated five-year plan. The value in use was determined using a pre-tax discount rate of 12.6%, an average annual growth rate for the years 2025–2031 in sales of 13.2%, an increase in the EBITDA margin to 16.3% by 2031, and a long-term growth rate of 1%. A detailed planning period of more than five years was used as a basis to be able to map the qualification periods of the products in the growing market. In addition, the planning horizon was limited to the expected remaining useful life of the primary production facilities. If the assumptions change, in particular the EBITDA, there is a risk of a value adjustment. In the previous year, an impairment loss of €4.8 million was recognized in the Composite Solutions business unit due to the early termination of a project with an automotive customer.

Write-down of inventories
The Board of Management of SGL Carbon SE decided on February 23, 2024, to examine various strategic options for the Carbon Fibers business unit, the second largest business unit. This may include a possible partial or complete sale of the business unit. A structured transaction process has been initiated. As part of this process, it was decided to accelerate the reduction of certain inventories by specifically targeting selected market participants with generous price concessions below production costs. This accelerated sale and the valuation of inventories at net realizable value resulted in an write-down of inventories of €11.1 million.

Impairment from an investment accounted for At-Equity
The investment in Fisigen S.A., Lisbon, Portugal (Fisigen), which is accounted for At-Equity, operates a combined energy and steam power plant and supplies steam to our site in Lavradio under a steam supply agreement between Fisigen and SGL Carbon. With the expiration of the agreement, and given that the existing purchase option for the remaining shares in Fisigen was not exercised by SGL Carbon, the steam supply agreement will end on April 1, 2025. After application of the At-Equity method (see Note 7), SGL determined the fair value less costs of disposal based on a liquidation balance sheet and recorded an impairment loss of €3.6 million.

10. Financial result

€m	2024	2023
Interest in other securities, other interest and similar income	**5.5**	**5.1**
Interest on financial liabilities and other interest expense [1]	–17.1	–20.7
Interest component of additions to provisions for pensions	–6.9	–7.6
Imputed interest convertible bonds [1]	–5.9	–4.2
Imputed interest on lease liabilities [1]	–1.5	–0.8
Imputed interest on contract liabilities	–5.1	–2.5
Interest expense	**–36.5**	**–35.8**
Interest expense, net	**–31.0**	**–30.7**
Amortization of refinancing costs [1]	–2.0	–3.1
Foreign currency valuation of intercompany loans	–0.1	0.0
Other financial income/expenses	0.5	–0.4
Other financing result	**–1.6**	**–3.5**
Financial result	**–32.6**	**–34.2**

[1] Total interest expense from financial instruments: minus € 26.5 million (2023: minus € 28.8 million)

Interest expenses include, in particular, interest from the convertible bond 2022/2027 for €101.9 million, the convertible bond 2023/2028 for €118.7 million with an interest coupon of 5.75% in each case, and the utilization of the variable-interest Term-Loan-Facility in the amount of €75 million, which was repaid early in the reporting year. The non-cash imputed interest on the convertible bonds is established by approximating the below-market coupon with the comparable market interest rate at the time the convertible bonds were issued. Due to lower discount rates, the interest expense on pensions in the 2024 fiscal year was €6.9 million, well below 2023's expense of €7.6 million.

11. Income tax expense

In fiscal year 2024, we incurred tax expense of €32.5 million (2023: tax income of €19.3 million), resulting in an effective tax rate of minus 69% (2023: minus 87%). This tax expense was attributable to a high negative valuation adjustment of deferred tax assets amounting to €20.0 million in the fourth quarter of 2024 (2023: positive valuation adjustment of €30.8 million), primarily resulting from the reassessment of the tax group's deferred tax assets in the United States. In the 2024 fiscal year, this is based on a significant reduction in the forecasts for future tax results compared to the previous year's budget. The adjusted earnings prospects in the Graphite Solutions (GS) business unit is primarily influenced by delayed growth in sales of electric vehicles and the associated delay in our focus market of semiconductors. On the other hand, the continued decline in demand for carbon fibers in the wind industry and the increasing competitive pressure due to global overcapacity in the Carbon Fibers business unit also contributed to the negative deviation from the plan. Depending on the future earnings performance, the carrying amount of deferred tax assets for which SGL Carbon recognized valuation adjustments in prior years, may continue to change over time. This may lead to further negative valuation adjustments in the future (or, in the event of strong business performance, to positive valuation adjustments), with a corresponding impact on the effective tax rate.

The breakdown of income taxes between Germany and abroad is as follows:

€m	2024	2023
Current income taxes		
Germany	–1.3	0.4
Other countries	–10.3	–12.1
Total	**–11.6**	**–11.7**
Deferred taxes		
Germany	0.0	0.0
Other countries	–20.9	31.0
Total	**–20.9**	**31.0**
Total sum	**–32.5**	**19.3**

A corporate income tax rate of 15%, a solidarity surcharge of 5.5% on corporate income tax and a trade tax rate of 15% were used to calculate deferred taxes for the domestic companies in 2024, unchanged from 2023. To calculate the deferred taxes, a total tax rate of 31.1% (previous year: 30.4%) was applied to the domestic companies. The country-specific tax rates were used to calculate the deferred taxes for the foreign companies, for example, for the United States a federal tax rate and a combined tax rate of 21% remained unchanged while a combined tax rate of 22.7% was applied (2023: 22.8%). Deferred tax assets and liabilities in Germany and abroad are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled.

The actual tax expense includes taxes for previous years from domestic and foreign companies amounting to €0.6 million as income (previous year: €1.7 million as income). Deferred taxes included tax income of €0.0 million (previous year: €2.4 million) in connection with the development of temporary differences and tax expenses of €20.9 million from the valuation of previously recognized deferred taxes on tax loss carryforwards (previous year: tax income from the recognition of previously unrecognized deferred taxes on tax loss carryforwards and interest carryforwards of €28.6 million).

Based on a tax rate of 31.1%, the following table reconciles the expected tax expense with the effective tax expense recognized:

€m	2024	2023
Result before income taxes	**–46.9**	**22.4**
Expected tax income/expense at 31.1% (2023: 30.4%)	**14.6**	**–6.8**
Increase/decrease in income tax charge from:		
Income adjustments	–0.9	–2.0
Change in expected tax rate	–6.6	–1.7
Changes in valuation allowances/recognition adjustments	–41.6	25.4
Tax effect on investments accounted for At-Equity	4.9	5.6
Tax free income	–3.1	0.2
Tax rate changes	–0.8	–1.0
Tax from prior periods	0.6	0.4
Other	0.4	–0.8
Effective tax expense/income	**–32.5**	**19.3**

The income adjustments primarily relate to non-deductible operating expenses. A reduction due to tax rates that differ mainly takes into account effects from withholding taxes and local taxes as well as taxation differences in Germany and abroad due to varying income tax rates. The changes in valuation allowances and recognition corrections take into account the change in unrecognized deferred tax assets based on an assessment of their future usability.

In the reporting year, the actual tax expense was reduced by €10.4 million (previous year: €10.5 million) due to the usability of previously unrecognized tax losses.

12. Earnings per share

Earnings per share are calculated by dividing the consolidated net result attributable to SGL Carbon shareholders by the average number of shares outstanding in the reporting year.

Diluted earnings per share are based on the assumption that outstanding debt instruments can be converted into shares (convertible bonds). The following table contains the calculation of earnings per share for fiscal years 2024 and 2023:

Reconciliation between basic to diluted earnings per share

€m	Overall potentially dilutive financial instruments 2024	Dilutive financial instruments used for the calculation 2024	Share of net result attributable to the shareholders of the parent company 2024	**Share of net result attributable to the shareholders of the parent company 2023**
Numerator for basic earnings per share (share of net result attributable to the shareholders of the parent company)	**–80.3**	**–80.3**	**–80.3**	**41.0**
plus: increase of the result by the interest costs of the convertible bonds	16.1			
Numerator for diluted earnings	**–64.2**	**–80.3**	**–80.3**	**41.0**
Number of shares				
Denominator for basic earnings per share (weighted average number of shares)	**122,270,977**	**122,270,977**	**122,270,977**	**122,270,977**
Potentially dilutive securities (weighted average, in each case)				
Convertible bond 2022/2027 (see Note 25)	12,233,186	0	0	
Convertible bond 2023/2028 (see Note 25)	12,230,682	0	0	0
Denominator for potentially diluted earnings per share	**146,734,845**	**122,270,977**	**122,270,977**	**122,270,977**
Thereof to be included for dilution (adjusted weighted average)		**122,270,977**	**122,270,977**	**122,270,977**
Basic earnings per share (€)		–0.66	–0.66	0.34
Diluted earnings per share (€)		–0.66	–0.66	0.34

13. Intangible assets

€m	Industrial rights, software and similar rights	Customer relationships	Capitalized development costs	Goodwill	Total
Historical costs					
Balance at Jan. 1, 24	73.7	10.9	17.4	67.0	169.0
Foreign currency translation	0.9	0.0	0.1	1.2	2.2
Reclassifications	0.5	0.0	0.0	0.0	0.5
Additions	0.8	0.0	0.0	0.0	0.8
Disposals	–0.1	0.0	0.0	0.0	–0.1
Balance at Dec. 31, 24	**75.8**	**10.9**	**17.5**	**68.2**	**172.4**
Accumulated amortization/impairment losses					
Balance at Jan. 1, 24	65.5	7.1	16.4	44.6	133.6
Foreign currency translation	0.6	0.1	0.1	0.0	0.8
Additions	2.2	0.7	0.2	0.0	3.1
Impairment losses [1)]	0.5	0.0	0.0	0.0	0.5
Disposals	–0.1	0.0	0.0	0.0	–0.1
Balance at Dec. 31, 24	**68.7**	**7.9**	**16.7**	**44.6**	**137.9**
Net carrying amount at Dec. 31, 24	**7.1**	**3.0**	**0.8**	**23.6**	**34.5**
Historical costs					
Balance at Jan. 1, 23	73.3	10.9	17.3	67.6	169.1
Foreign currency translation	–0.6	0.0	0.0	–0.6	–1.2
Reclassifications	0.1	0.0	0.0	0.0	0.1
Additions	1.1	0.0	0.1	0.0	1.2
Disposals	–0.2	0.0	0.0	0.0	–0.2
Balance at Dec. 31, 23	**73.7**	**10.9**	**17.4**	**67.0**	**169.0**
Accumulated amortization					
Balance at Jan. 1, 23	64.0	6.4	16.2	44.6	131.2
Foreign currency translation	–0.4	0.0	0.0	0.0	–0.4
Additions	2.1	0.7	0.2	0.0	3.0
Disposals	–0.2	0.0	0.0	0.0	–0.2
Balance at Dec. 31, 23	**65.5**	**7.1**	**16.4**	**44.6**	**133.6**
Net carrying amount at Dec. 31, 23	**8.2**	**3.8**	**1.0**	**22.4**	**35.4**

[1)]Refer to Note 9

Industrial protective rights, software rights and similar rights mainly comprise purchased and internally developed computer software.

The table below shows the material assumptions used in the impairment testing of CGUs to which goodwill has been allocated for determination of the values in use as of October 1:

€m	Recognized goodwill	Discount rate before tax	Average annual growth rate [2] (sales revenue/EBITDA)	Long-term growth rate
Oct 1, 24				
Graphite Specialties [1]	20.4	11.6%	7%/10%	1.0%
Process Technology	1.9	11.8%	3%/4%	1.0%
Oct. 01, 23				
Graphite Specialties [1]	21.3	12.0%	7%/9%	1.0%
Process Technology	1.9	12.0%	2%/1%	1.0%

[1] Graphite Specialties is a CGU of GS
[2] Basis: 2025-2029 resp. 2024-2028

SGL Carbon performed its mandatory annual impairment test as of October 1. As the recoverable amount determined on the basis of the value in use was estimated to be higher than their carrying amount, no impairment was identified for either of the CGUs with allocated goodwill.

The value in use is primarily determined by the present value of the perpetual annuity, which is particularly sensitive to changes in the assumptions regarding the level of sales and EBITDA, the non-current growth rate, and the discount rate. The discount factors reflect the current market assessment of the specific risks of each CGU and are based on the CGUs’ weighted average cost of capital. The recoverable amount (value in use) of Graphite Specialties and Process Technology significantly exceeds their respective carrying amounts.

14. Property, plant and equipment

€m	Land, land rights and buildings	Plant and machinery	Office furniture and equipment	Assets under construction	Investment property	Total
Historical costs						
Balance at Jan. 1, 24	500.5	1,232.4	69.8	71.3		1,874.0
Foreign currency translation	12.3	30.3	1.0	1.7		45.3
Reclassifications	–10.3	30.1	2.0	–43.3		–21.5
Additions	7.3	20.6	2.7	48.4		79.0
Additions to right-of-use assets	2.2	2.4	1.6	0.0		6.2
Disposals	–1.6	–14.7	–3.8	–0.1		–20.2
Balance at Dec. 31, 24	**510.4**	**1,301.1**	**73.3**	**78.0**		**1,962.8**
Accumulated depreciation/impairment losses						
Balance at Jan. 1, 24	319.5	969.5	62.6	4.9		1,356.5
Foreign currency translation	8.2	23.3	0.8	0.0		32.3
Reclassifications	–12.3	1.4	0.0	–1.4		–12.3
Additions	12.7	39.9	3.4	0.0		56.0
Impairment losses [1)]	28.2	52.7	1.3	5.9		88.1
Disposals	–1.5	–13.9	–3.7	0.0		–19.1
Balance at Dec. 31, 24	**354.8**	**1,072.9**	**64.4**	**9.4**		**1,501.5**
Net carrying amount at Dec. 31, 24	**155.6**	**228.2**	**8.9**	**68.6**		**461.3**
Historical costs						
Balance at Jan. 1, 23	486.4	1,191.8	69.4	56.9	13.5	1,818.0
Foreign currency translation	–5.2	–10.9	–0.5	–0.1	–0.3	–17.0
Reclassifications	2.8	32.7	0.5	–36.5	0.3	–0.2
Reclassification (refer to Note 15)					–16.0	–16.0
Additions	7.5	23.3	1.5	51.1	2.5	85.9
Additions to right-of-use assets	10.9	1.7	1.3	0.0		13.9
Disposals	–1.9	–6.2	–2.4	–0.1		–10.6
Balance at Dec. 31, 23	**500.5**	**1,232.4**	**69.8**	**71.3**	**0.0**	**1,874.0**
Accumulated depreciation/impairment losses						
Balance at Jan. 1, 23	295.2	913.6	61.4	1.6	1.2	1,273.0
Foreign currency translation	–3.2	–7.8	–0.4	0.0	0.1	–11.3
Reclassifications	0.0	0.6	0.0	–0.8		–0.2
Reclassification (refer to Note 15)	0.0	0.0	0.0	0.0	–1.3	–1.3
Additions	14.1	39.4	3.7	0.0		57.2
Impairment losses [1)]	15.3	29.9	0.2	4.1		49.5
Disposals	–1.9	–6.2	–2.3	0.0		–10.4
Balance at Dec. 31, 23	**319.5**	**969.5**	**62.6**	**4.9**	**0.0**	**1,356.5**
Net carrying amount at Dec. 31, 23	**181.0**	**262.9**	**7.2**	**66.4**	**0.0**	**517.5**

[1)] Refer to Note 9

In the reporting year, borrowing costs directly attributable to the construction or production of property, plant and equipment were capitalized in the amount of €3.9 million (previous year: €2.1 million), with application of an interest rate of 8.0% (previous year: 6.0%).

The Company carried out an impairment test for the CGU CF at December 31, 2024; for further details, see Note 9.

Leases

Leases are presented in accordance with the explanations given in Note 3, "Summary of material accounting policies," in the “Leasing” section.

Leases as lessee

SGL Carbon has entered into lease agreements for a variety of rights equivalent to real property as well as for buildings, technical equipment, machinery, furniture and office equipment which the Company uses in its operations. Lease agreements for real estate generally have terms of between 1 and 15 years. For technical equipment and machinery as well as for furniture and office equipment, the term is usually between 3 and 10 years. SGL Carbon leases IT equipment with contractual terms of between 1 and 3 years, and in some cases the terms extend up to 5 years. These leases are generally either short-term and/or based on objects of low value. SGL Carbon has decided not to recognize either right-of-use assets or lease liabilities for these leases. Information on leases for which SGL Carbon is the lessee is presented below.

Right-of-use assets
The following table shows the carrying amounts of the recognized right-of-use asset and the changes during the reporting period and the previous year:

€m	Land, land rights and buildings	Plant and machinery	Office furniture and equipment	Total
Balance at Jan. 1, 24	13.6	7.1	1.7	22.4
Additions to right-of-use assets	2.2	2.4	1.6	6.2
Depreciation	–4.0	–2.4	–0.9	–7.3
Disposal of right-of-use assets	0.0	0.0	–0.1	–0.1
Impairment losses [1]	–2.1			–2.1
Foreign currency translation	0.2	0.2	0.0	0.4
Balance at Dec. 31, 24	**9.9**	**7.3**	**2.3**	**19.5**

€m	Land, land rights and buildings	Plant and machinery	Office furniture and equipment	Total
Balance at Jan. 1, 23	7.6	9.2	1.6	18.4
Additions to right-of-use assets	10.9	1.7	1.2	13.8
Depreciation	–4.1	–2.1	–1.1	–7.3
Impairment losses [1]	–0.7	–1.7		–2.4
Foreign currency translation	–0.1			–0.1
Balance at Dec. 31, 23	**13.6**	**7.1**	**1.7**	**22.4**

[1] See Note 9

The maturity analysis of lease liabilities is presented in Note 25.

Amounts recognized on the income statement:

Lease agreements in accordance with IFRS 16

€m	2024	2023
Expenses for short-term leases	–2.5	–2.1
Expenses for leases for low value assets	–2.6	–2.8
Depreciation of right-of-use assets	–7.3	–7.3
Interest expenses from lease liabilities	–1.5	–0.8

SGL Carbon's cash outflows for leases totaled €14.6 million in 2024 (2023: €13.4 million). In addition, the company reported non-cash additions to right-of-use assets and lease liabilities of €6.2 million in 2024 (previous year: €13.8 million).

Leases as lessor

From the lessor's perspective, all leases are classified as operating leases. SGL Carbon has entered into operating leases for its portfolio of investment property. Key information can be found in Note 15.

15. Investment property

The following table provides a clear overview of the development of investment property.

€m	2024	2023
Historical costs		
Balance at Jan. 1,	16.0	
Foreign currency translation	0.5	
Reclassifications	21.0	16.0
Additions	17.5	
Balance at Dec. 31	**55.0**	**16.0**
Accumulated depreciation		
Balance at Jan. 1,	1.3	
Foreign currency translation	0.1	
Reclassifications	12.3	1.3
Additions	0.8	
Balance at Dec. 31	**14.5**	**1.3**
Net carrying amount at Dec. 31	**40.5**	**14.7**

In the reporting year, SGL Carbon completed the construction of two new halls with production, storage, and office spaces on the factory premises in Meitingen. These halls were then leased to BSCCB for the period from October 1, 2024, to January 31, 2050. You can find key information about this lease agreement in Note 27. Both halls are assigned to the Corporate reporting segment. In addition, and unchanged from the previous years, the land and buildings of former business units held by SGL Carbon as investment property are pooled in real estate companies in the United States and Germany. The property and buildings in Gardena (USA) are leased to the purchaser of the business activities for a contractually agreed period of up to three years. During this period, the purchaser of the business activities is obliged to relocate the divested business activities to another site.

SGL Carbon has classified these leases as operating leases, because not all of the risks and rewards associated with ownership have been transferred. The fair values of the properties and the land value of the land held for construction purposes were determined on the basis of a market analysis and an external expert opinion and total €60 million (previous year: €35 million). The fair values stated correspond to level 3 of the fair value hierarchy of IFRS 13.

The fair values disclosed correspond to level 3 of the fair value hierarchy of IFRS 13.

In fiscal year 2024, rental income from this land totaled €3.8 million (previous year: €2.6 million). Expenses of €1.7 million (2023: €0.6 million) were incurred. The lease receivable under the lease to be received after the balance sheet date amounts to €1.2 million (previous year: €0.2 million) and is due in less than one year.

Due to the significant additions in the reporting year, investment property was reported as a separate balance sheet item for the first time. The prior-year figures have been adjusted accordingly.

The future minimum lease payments from non-cancellable operating leases as of December 31 are as follows:

€m	2024	2023
Less than one year	2.2	1.8
One to two years	1.7	0.3
Two to three years	1.7	
Three to four years	1.7	
Four to five years	1.7	
More than five years	35.9	
Total	**44.9**	**2.1**

16. Other non-current assets

This item mainly includes financial assets in the form of securities held by a foreign subsidiary to cover pension entitlements, but which do not meet the definition of plan assets according to IAS 19.8 and are therefore not deducted from the present value of the defined benefit obligation (see Note 23). Insofar as the need for coverage was no longer present, securities were sold at market prices in the reporting year.

17. Inventories

€m	Dec. 31, 24	Dec. 31, 23
Raw materials and supplies	92.9	99.5
Work in progress	171.6	172.3
Finished goods and merchandise	81.1	101.8
Total	**345.6**	**373.6**

Cost of sales in the 2024 fiscal year included consumption of inventories amounting to €737.4 million (2023: €761.0 million), which was recognized as an expense. The total amount of inventories recognized at net realizable value as of December 31, 2024, amounts to €24.2 million (2023: €31.1 million). Impairments of inventories of €17.8 million (2023: €3.2 million) increased cost of sales by €4.7 million (2023: €3.2 million) and were recognized as impairment losses of €11.1 million and restructuring expenses of €2.0 million. Reversals of write-downs of €5.3 million (2023: €2.4 million) due to sales reduced the cost of sales.

18. Trade receivables and contract assets

€m	Dec. 31, 24	Dec. 31, 23
From customers	69.9	67.5
From investments accounted for At-Equity	7.0	3.7
Trade receivables	**76.9**	**71.2**
Contract assets	69.2	79.7
Trade receivables and contract assets	**146.1**	**150.9**

Additional information on the extent of credit risks included in trade accounts receivable and contract assets is provided in Note 28 under “Credit risks.”

19. Other receivables and other assets

€m	Dec. 31, 24	Dec. 31, 23
Positive fair values of financial instruments	0.2	2.1
Security deposit from the factoring program	7.1	4.5
Other financial assets	**7.3**	**6.6**
Other tax claims	7.1	7.2
Advance payments for leases and insurance premiums	5.0	7.8
Prepayments to pension funds	2.3	1.5
Income tax assets	3.6	2.5
Other receivables due from suppliers	2.4	3.9
Receivables due from employees	0.7	0.7
Receivables from insurance claims	1.2	0.0
Other assets	4.6	2.9
Other receivables and other assets	**34.2**	**33.1**

20. Liquidity

Liquidity amounting to €148.0 million (2023: €199.4 million) consists of cash and cash equivalents and €17.8 million (2023: €65.0 million) from time deposits with an original maturity of more than three months.

21. Deferred taxes

As of December 31, 2024, there are unrecognized domestic loss carryforwards of €532.3 million (2023: €511.9 million) for corporate income tax, €393.7 million (2023: €378.0 million) for trade tax, and €57.4 million (2023: €58.3 million) for interest carryforwards. Additionally, there are unrecognized foreign loss carryforwards, primarily in the United States for federal tax of USD 193.0 million (2023: USD 144.6 million), in Portugal for €107.0 million (2023: €83.4 million), in Austria for €82.1 million (2023: €77.3 million), in Italy for €39.7 million (2023: €38.7 million), and in the United Kingdom for federal tax and capital allowances of GBP 140.9 million (2023: GBP 132.4 million). In addition, as of December 31, 2024, there are unrecognized interest carryforwards and state taxes in the United States totaling USD 12.1 million (2023: USD 0.3 million).

Under current legislation, the loss carryforwards in Germany, the United Kingdom, Italy, Portugal and Austria can be carried forward indefinitely in time and amount. In the United States, any unused loss carryforwards that arose on or before December 31, 2017, will expire within the next 20 years. With the exception of an amount of USD 6.5 million, all loss carryforwards in the USA will expire in the period from 2032 to 2037. For losses incurred in tax years ending after December 31, 2017, the loss can be carried forward indefinitely. As of December 31, 2024, and in the previous year, no deferred tax assets are recognized by companies that have been included in the consolidated financial statements with a negative result in the current or previous year.

Deferred tax assets have not been recognized for the following items as of December 31, 2024, and December 31, 2023, as their utilization is subject to uncertainty:

€m	Dec. 31, 24	Dec. 31, 23
From recognition and measurement differences	759.9	705.6
From tax loss carry forwards and tax credits	1,644.2	1,493.0
Total	**2,404.1**	**2,198.6**

Deferred tax assets are offset against deferred tax liabilities if they relate to income taxes levied by the same taxation authority and there is a legal right of set-off of a current tax asset against an actual tax liability that is current. On the consolidated statement of financial position, no distinction is made between current and non-current deferred tax assets and liabilities.
Deferred tax assets and liabilities are recognized either in profit or loss or directly in equity, depending on the underlying circumstances. The items recognized directly in equity are shown in the "Consolidated statement of comprehensive income."

Development of deferred taxes:

€m	Dec. 31, 24	Dec. 31, 23
Balance sheet recognition of deferred taxes	54.0	71.3
Difference compared to previous year	–17.3	28.8
thereof:		
through profit and loss	–20.9	31.0
Offset against other comprehensive income	0.0	0.0
Currency differences	3.6	–2.2

Development of deferred taxes on loss carryforwards:

€m	Dec. 31, 24	Dec. 31, 23
Deferred taxes on loss carryforwards before valuation allowances:	343.7	328.2
Difference compared to previous year	15.5	8.0
thereof:		
Usage/Addition	8.5	10.6
Currency differences	7.0	–2.6

The (gross) deferred tax assets and liabilities relate to loss carryforwards and differences between IFRS and the tax basis as follows:

€m	Deferred tax assets Dec. 31, 24	Deferred tax liabilities 31 Dec. 24	Deferred tax assets Dec. 31, 23	Deferred tax liabilities 31 Dec. 23
Non-current assets	169.4	–32.6	161.7	–32.6
Inventories	11.9	–1.3	12.2	–1.0
Receivables/other assets	6.9	–14.8	16.7	–19.9
Provisions for pensions and similar employee benefits	87.9	–50.7	86.6	–49.0
Other provisions	4.4	–0.3	4.4	–0.8
Liabilities/other liabilities	15.4	–7.2	15.9	–16.1
From tax loss carry forwards, interest carry forwards and tax credits	343.7	-	328.2	-
Gross amount	**639.6**	**–106.9**	**625.7**	**–119.4**
Valuation allowances	–478.7	0.0	–435.0	0.0
Netting	–105.3	105.3	–117.5	117.5
Carrying amount	**55.6**	**–1.6**	**73.2**	**–1.9**

SGL Carbon recognizes in equity the cumulative deferred tax effects on items recognized outside profit or loss totaling €44.7 million gross (2023: €44.7 million gross), primarily from pension provisions.

As at 31 December 2024 and 31 December 2023, no deferred tax assets were recognized for companies that were included in the consolidated financial statements with a negative tax result in the current or previous year.

No deferred tax liabilities are recognized for taxable temporary differences in connection with shares in subsidiaries (outside basis differences) in the amount of €1.7 million (previous year: €1.4 million), as the parent company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. Equity

Issued capital

As of December 31, 2024, the issued capital of the parent company SGL Carbon SE amounted to €313,194,183.68 (unchanged from the previous year) and was divided into 122,341,478 (2023: 122,341,478) no-par value ordinary shares, each with a notional value of €2.56. The shares are traded on various markets in Germany (including Frankfurt am Main).

Authorized capital

Pursuant to Section 3 (6) of the Articles of Association, the Board of Management is authorized to increase the share capital, with the approval of the Supervisory Board, by up to a total of €125,276,160.00 by issuing new no-par value shares on one or more occasions (Authorized Capital 2023); this corresponds to 48,936,000 authorized shares. The Authorized Capital 2023 was created by the Annual General Meeting of May 9, 2023, and can be exercised until May 8, 2028. In principle, the shareholders will be entitled to preemptive subscription rights if the Authorized Capital 2023 is utilized. However, preemptive rights can or must be disapplied for fractional amounts, for the benefit of holders of bonds with warrants, conversion rights or mandatory conversion issued or to be issued, shares issued in return for contributions in kind to acquire companies, parts of companies or investments in companies, and, with the approval of the Supervisory Board, when issuing shares up to 10% of the issued share capital in the event of a capital increase against cash contributions. However, the preemptive rights for share capital 2023 is no longer available to a significant extent due to the recognition of the convertible bond issue in 2023.

Conditional capital

The Annual General Meeting has approved conditional capital increases in recent years to service the share-based Stock-Appreciation-Rights-Plan (SAR-Plan) (Note 30) and to service convertible bonds (Note 25). As the SAR Plan was settled in the reporting year, there is no longer any possibility of a capital increase in accordance with Section 3 (12) of the Articles of Association.

Conditional capital as of December 31, 2024

Articles of association	Date of resolution	€/Number of shares	Capital increase via:	Disapplication of pre-emptive rights/execution of the capital increase
Section 3 –7	May 9, 2023	€ 31,319,040.00.00 =12,234,000 shares	Servicing the convertible bond, issued 2023	Share capital increase will be executed if participants make use of their subscription rights.
Section 3 –10	May 10, 2019	€ 31,319,040.00.00 =12,234,000 shares	Servicing the convertible bond, issued 2022	Share capital increase will be executed if beneficiary employees make use of their subscription rights.
Section 3 –12	April 29, 2009	€ 4,875,517.44 = 1,904,499 shares	SAR-Plan [1] 2010-2014	Share capital increase will be executed if beneficiary employees make use of their subscription rights.

[1] SAR Plan = Stock Appreciation Rights Plan, refer to Note 30

Changes in share capital

Number of shares	2024	2023
Balance at January 1,	122,341,478	122,341,478
Balance at December 31,	**122,341,478**	**122,341,478**

As of December 31, 2024, 70,501 (2023: 70,501) treasury shares were held at a carrying amount of €180,482.56 (2023: €180,482.56).

The nature and purpose of the capital reserves

The capital reserve remains unchanged from the previous year, consisting of a share premium (€882.9 million), the respective fair value of conversion rights of convertible bonds (see Note 3 Hybrid Financial Instruments) of €156.8 million, and the reserve for share-based remuneration (€28.1 million).

All other reserves are reflected in the Consolidated Statement of Changes in Equity.

Disclosures on capital management

The Group's capital management involves the interest of shareholders, employees and other stakeholders. The aim is to ensure the long-term going concern of the Company and to achieve a return on capital employed that is in line with market expectations.

Capital management includes both equity and debt components. Key financial indicators that SGL Carbon has set itself as a medium-term target include net financial debt, the leverage ratio, the equity ratio and return on capital employed. Net financial debt is defined as interest-bearing loans at their nominal value less cash, cash equivalents and time deposits. The leverage ratio is the ratio of net financial debt to adjusted EBITDA. Return on capital employed (ROCE) is the ratio of adjusted EBIT to the average amount of capital employed.

The key capital management figures developed as follows:

€m	Dec. 31, 24	Dec. 31, 23
Net financial debt	108.2	115.8
Equity attributable to the shareholders of the parent company	554.9	605.3
ROCE $_{\text{EBIT pre}}$	11.4%	11.3%
Equity ratio	41.5%	41.1%
Leverage ratio	0.70	0.70

Net financial debt developed as follows:

€m	Dec. 31, 24	Dec. 31, 23
Carrying amount of current and non-current financial liabilities	231.3	282.8
Remaining imputed interest for convertible bonds	21.9	27.8
Accrued refinancing cost	3.0	4.6
Total financial debt (nominal amount)	**256.2**	**315.2**
Cash and cash equivalents	130.2	134.4
Time deposits	17.8	65.0
Net financial debt	**108.2**	**115.8**

SGL Carbon aims to achieve a leverage ratio of ≤ 2.5, an equity ratio of ≥ 30% and a return on capital employed of ≥ 10%. These goals were met as of December 31, 2024, and will continue to be met.

In its dealings with lenders, SGL Carbon has an obligation to comply with certain covenants with respect to its lenders and bondholders, such as the company's ability to service the debt. Adherence to these covenants is monitored continuously. In the 2024 fiscal year, all requirements were met. Financial risks are continuously monitored and controlled using certain key performance indicators and regular internal reports. This includes, among other things, the internal financing framework for subsidiaries and its utilization, monitoring the hedged currency exposure, the change of actual cash flows, the change in the market value of the derivatives portfolio and the maintaining and utilization of guaranteed credit lines.

Change of control- agreement

As of December 31, 2024, the company had two convertible bonds (nominal amount €101.9 million) that will mature in 2027 and 2028 (nominal amount €118.7 million) outstanding. Both convertible bonds entitle the bondholders in the event of a change of control to demand repayment of any outstanding bonds at par value (plus interest accrued up to that point) on a date to be determined by the company which shall be no less than 40 and no more than 60 calendar days after the date on which the change of control is made known. The bonds may also be converted into shares, in which case the bondholders will receive an improved conversion ratio, which will vary depending on the time remaining until the bonds mature. A change of control is deemed to occur for both convertible bonds if one or more persons acquire control over the Company, where control means direct or indirect, legal and/or economic ownership of shares (within the meaning of Sections 29 (2), 30 WpÜG) which together grant more than 30% of the voting shares in the company. For both convertible bonds, the improved conversion ratio will also apply in the case of a public takeover offer if, at the end of the acceptance period, the acceptance rate of the offer exceeds 30% of voting shares, any minimum acceptance threshold for the offer in excess of this amount has also been reached, and no further offer conditions remain unfulfilled (other than conditions that can legally be met after the acceptance period has expired).

In the event of a change of control, the lenders of the company's revolving syndicated loan of €100 million, which was undrawn at the end of 2024, have the right to terminate their respective participation in the facility. A change of control exists when one or more persons (by means of acting in concert pursuant to Section 2(5) WpÜG) acquire control over the company, whereby control means (i) the right to directly or indirectly exercise more than 30% of the voting rights of the company at an Annual General Meeting, (ii) the right to appoint all or the majority of the Board of Management, (iii) to issue binding instructions to the Board of Management regarding the operational and financial strategy of the company, or (iv) the direct or indirect ownership of more than 50% of the company’s share capital. However, it does not constitute a change of control if control is acquired by Dr. h.c. Susanne Klatten, BWM AG or Volkswagen AG or companies controlled by them.

Furthermore, the agreement regarding the joint venture Brembo SGL Carbon Ceramic Brakes S.p.A., in which SGL Carbon SE holds 50% of the share capital, provides for the right of the other party to tender its shares in this joint venture in the event of a change of control on one side (put option) or to acquire the shares of the party subject to a change of control in the joint venture (call option). A change of control exists (i) if a competitor of one of the parties to the joint venture directly or indirectly acquires 25% or more of the voting rights in the parties to the joint venture or SGL Carbon SE or (ii) if another third party directly or indirectly acquires 50% or more of the voting rights in one of the parties to the joint venture or SGL Carbon SE.

Other

Under IFRS, the assessment of whether or not an obligation exists to prepare consolidated financial statements must also be performed at the level of the potential subsidiary. IFRS 10 requires all enterprises to assess whether or not they are required to prepare consolidated accounts on the basis of a single model, the control concept, regardless of whether control is founded on corporate law, contractual provisions or the economic substance of the arrangement. The concept therefore also applies to parent-subsidiary relationships that are based on voting rights or derive from contractual agreements (please also refer to Note 3, "Consolidation principles"). On the basis of these principles, SGL Carbon regularly assesses whether SGL Carbon SE is controlled by another parent company. SGL Carbon currently has no information that indicates that SGL Carbon SE is a subsidiary of any of its shareholders. SGL Carbon also has no indication that voting rights are exercised jointly or in concert by any shareholders. SGL Carbon SE therefore prepares consolidated financial statements as the ultimate parent company of the SGL Carbon Group.

SGL Carbon SE, as the parent company of SGL Carbon, reported a net loss for 2024 of €110.3 million in accordance with the German Commercial Code (HGB). Taking into account the loss brought forward of minus €601.2 million, the accumulated loss totaled €711.5 million. In accordance with the German Stock Corporation Act, dividends may only be paid out of the accumulated net profit reported by SGL Carbon SE in its annual financial statements prepared pursuant to the provisions of the German Commercial Code.

23. Provisions for pensions and similar employee benefits

The outstanding defined benefit plans are primarily based on company contributions. These plans are only influenced to a limited extent by longevity, inflation, and salary increases. The company's most important plans are covered by assets in external, restricted pension funds. These plans are managed in accordance with national law via trust agreements with the respective pension fund in the interests of the beneficiaries.

Germany

In Germany, pension benefits are granted through SGL Grundversorgung Plus (GV Plus), Zusatzversorgung Plus (ZV Plus) and frozen plans with legacy commitments. Under GV Plus, regardless of their date of entry, all employees receive an employer-funded basic allowance, equal to 1% of eligible income up to the contribution ceiling, which is invested in investment funds. Employees can convert up to 4% of their eligible income into contributions. For as long as the employee makes these personal contributions, SGL Carbon pays a monthly employer's contribution in addition to the basic allowance up to a maximum of 5% of the contributory income. The contributions made by SGL and the employees are transferred to a contractual trust arrangement (CTA) and invested in stocks (investment funds). The benefits from this plan are mainly based on the nominal company contributions and investment income from the corresponding plan assets, with the employer guaranteeing the total amount of contributions paid in (nominal value preservation).

For members of senior management, the company grants contributions for income above the BBG based on a defined contribution rate of pensionable income (ZV Plus). The contributions are subject to a minimum rate of return, which is the maximum rate for life insurance policies plus one percentage point (1.25% p.a.). In addition, the amounts are contributed as assets to a CTA. When a benefit becomes payable, the lump sum or pension is based on the higher of the guaranteed minimum return or the current individual value of the assets. Senior management also has the option of converting contributions from the Short-Term Incentive Plan and/or the Long-Term Incentive Plan (see Note 30) in favor of ZV Plus (deferred compensation).

Both plans are covered by assets via CTAs. There are no legal or regulatory minimum funding requirements for CTAs in Germany.

The assets covering the pension rights under AV Plus (closed), GV Plus and ZV Plus pension plans are invested via a third-party investment firm as follows.

in % as at Dec. 31, 24 (Dec. 31, 23)	AV-Plus	ZV-Plus	GV-Plus
International mixed fund	50.1% (-%)	50.2% (-%)	50.1% (-%)
European fixed-income fund	24.8% (53.5%)	24.8% (37.8%)	24.9% (44.7%)
International equities fund	15.9% (10.6%)	15.9% (40.1%)	15.8% (30.8%)
European equities fund	9.2% (32.4%)	9.1% (13.8%)	9.2% (12.4%)
European small cap equities fund	-% (2.2%)	-% (7.1%)	-% (7.5%)
Asian equity fund	-% (1.3%)	-% (1.2%)	-% (4.6%)

In the reporting year, the existing allocation was optimized and thus also the risk/reward profile by adding further and/or shifts within existing asset classes in favor of more defensive asset classes.

AV Plus was the predecessor plan to GV Plus and is also covered by assets via contractual trust structures (CTA). This plan was transferred to GV Plus in 2022; the entitlements from the contributions that had expired by the time of the transfer remain unaffected.

With the introduction of AV Plus (or GV Plus) and ZV Plus, the effect of salary increases was eliminated for benefits from the frozen plans with legacy commitments. However, SGL Carbon continues to bear the investment risk, interest rate and inflation changes, and longevity risk for the frozen plans. Beneficiaries of legacy commitments continue to have the option of converting their entitlements into a lump-sum. This enables active and former employees (or their surviving spouses) to receive a capital sum either as a one-time payment or in ten yearly installments, instead of a retirement or survivor's pension. The probability of utilization for the different payout options was derived from the empirical acceptance rates for comparable cases.

All other pension obligations for German employees are covered by a funded multi-employer plan (frozen), which is accounted for as a defined contribution plan. The reason for this accounting rule is that the plan assets cannot be allocated to the participating companies. The pension fund benefits are funded based on the actuarial equivalence principle [Bedarfsdeckungsverfahren]. Based on the legally prescribed actuarial calculation for 2023, the obligations of the pension fund are fully funded. For 2024, it has been assumed that the pension obligations continue to be funded by the corresponding assets. The vested rights of active members and the rights of former members and pensioners will continue to be financed and administered by the multi-employer plan. There is therefore currently no obligation to make future contributions to the plan.

USA

In the United States, SGL Carbon maintains pension plans that are closed to new entrants and to the earning of further entitlements. In the US pension fund, plan assets are managed in trusts and invested solely for the purpose of providing future pension benefits to the beneficiaries, thereby minimizing the asset management costs. SGL Carbon regularly reviews the expected return on the plan assets of the North American funded pension plan. The plans are subject to the funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. There is a requirement to ensure a minimum funding level of 80% for defined benefit plans in order to avoid restrictions on benefit payments. Employers can make contributions over and above this regulatory requirement at their own discretion. The annual contributions are calculated by independent actuaries. The effective funding ratio for the US pension plan as of December 31, 2024, was 103% (2023: 101%).

The effective rate of return on plan assets in the United States in 2024 was minus 1.30% (2023: minus 8.3%), below the expected return based on the discount rate of 4.90% as of December 31, 2023.

Given the funding ratio of over 100%, SGL Carbon's investment policy is primarily focused on fixed income bonds and bank balances. Plan assets were invested as follows as of December 31:

in %	Dec. 31, 24	Dec. 31, 23
Fixed-interest securities	98.6%	79.2%
Equities and interest in companies	0.0%	13.7%
Real estate	0.0%	2.5%
Hedge funds	0.0%	1.6%
Bank deposits	1.4%	3.0%

The fair value of the fixed-interest securities was based on prices provided by price service agencies. The fixed-income securities are traded on active markets and almost all fixed-income securities have an investment grade rating.

In addition, post-employment healthcare plans and an additional pension plan for senior managers, both of which are unfunded, exist in the United States. The future benefit obligations in relation to healthcare plans are calculated using actuarial methods based on prudent estimates of the relevant parameters. The calculation parameters may be influenced to a significant degree by the assumptions with respect to cost increases in the healthcare sector.

Trend assumptions in relation to healthcare were as follows:

Health care trend rated - medical	Dec. 31, 24	Dec. 31, 23
Trend for next year	8.7%	8.3%
Ultimate trend	4.5%	4.5%
Year ultimate trend reached	2034	2033
Health care trand rates - prescription drugs		
Trend for next year	9.9%	8.8%
Ultimate trend	4.5%	4.5%
Year ultimate trend reached	2034	2033

At the end of the 2024 fiscal year, an increase (decrease) of 1 percentage- point in the assumed growth rate for healthcare costs would have led to an increase (decrease) in the present value of the defined benefit obligation of €0.2 million (€0.0 million) and an increase (decrease) in the service cost and interest cost of €0.2 million (€0.0 million).

Actuarial assumptions

In addition to biometric assumptions and the current long-term market interest rate, assumptions regarding future salary- and pension increases are also taken into account. The following parameters are used in Germany and the US, the most significant countries:

	German plans		US plans	
	2024	**2023**	2024	**2023**
Discount rate as of Dec. 31	3.40%	3.30%	5.60%	4.90%
Projected salary increase as of Dec. 31	2.50%	2.75%		
Projected pension increase as of Dec. 31	2.10%	2.20%		
Expected return on plan assets in fiscal year	3.40%	3.30%	5.60%	4.90%
Probability of acceptance of capital option	55%	55%		
Duration (years)	11.1	11.5	11.7	13.0

The disability tables used in Germany were SGL-specific tables, with a disability trend based on the Heubeck 2018G mortality tables.

Sensitivity analyses

A change of half a percentage point in any of the above assumptions (+/- 5 percentage points for the lump sum option) would increase or decrease the DBO as follows:

	Change in DBO			
in million €	Dec. 31, 24		**Dec. 31, 23**	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.5%-pts)	–14.3	15.7	–15.7	21.4
Projected pension increase (+/- 0.5%-pts)	9.4	–8.7	9.7	–9.1
Probability of acceptance of capital option (+/- 5%-pts)	–0.5	0.5	–1.3	1.3

The sensitivities reflect the change in the DBO caused by changed assumptions only, with all other assumptions remaining the same.

Change in defined benefit plans

The change in pension obligations relating to direct commitments and post-employment healthcare obligations, the change in plan assets and the funding status of the pension plans are described in the table below.

The funded status for 2024 was as follows:

€m	Germany 2024	USA 2024	Other 2024	Total 2024
Present value of the defined benefit obligation at beginning of year	256.7	74.5	8.6	339.8
Service cost	6.3	0.0	0.4	6.7
Interest cost	8.4	3.6	0.4	12.4
Actuarial gains (–)/losses (+)	–2.9	–5.4	0.3	–8.0
thereof: experience adjustments	–5.4	–5.9		–11.3
thereof: change in actuarial assumptions	2.5	0.5		3.0
Past service cost due to plan amendments (including curtailments)	–0.8	0.0	–0.1	–0.9
Benefits paid	–10.7	–4.1	–0.9	–15.7
Other changes	4.1			4.1
Currency differences		4.9		4.9
Present value of the defined benefit obligation at end of year [1]	**261.1**	**73.5**	**8.7**	**343.3**
Fair value of plan assets at beginning of year	74.1	59.3	4.5	137.9
Actual return on plan assets	7.9	–0.8	0.1	7.2
Employer contributions	5.7	1.6		7.3
Contributions of the beneficiaries	4.2	0.1		4.3
Benefits paid	–2.3	–4.1	–0.6	–7.0
Currency differences		3.4		3.4
Fair value of plan assets at end of year [2]	**89.6**	**59.5**	**4.0**	**153.1**
Funded status at Dec. 31	**171.5**	**14.0**	**4.7**	**190.2**
Adjustments due to asset ceiling	2.9			2.9
Amount recognized	**174.4**	**14.0**	**4.7**	**193.1**
Termination benefits		0.3	2.2	2.5
Provisions for pensions and similar employee benefits	**174.4**	**14.3**	**6.9**	**195.6**

[1] Of which € 3.7 million relate to post-retirement care benefits

[2] An additional €5.1 million of assets held to cover pension rights is disclosed under other non-current assets.

The funded status for 2023 was as follows:

€m	Germany 2023	USA 2023	Other 2023	Total 2023
Present value of the defined benefit obligation at beginning of year	240.4	76.0	9.5	325.9
Service cost	6.4	0.2	0.3	6.9
Interest cost	9.0	3.7	0.3	13.0
Actuarial gains (–)/losses (+)	12.4	0.9	–0.3	13.0
thereof: experience adjustments	13.6	1.3	–0.9	14.0
thereof: change in actuarial assumptions	–1.2	–0.4	0.0	–1.6
Past service cost due to plan amendments (including curtailments)	0.7	0.0	0.0	0.7
Benefits paid	–14.9	–3.8	–1.2	–19.9
Other changes	2.7	0.1	0.0	2.8
Currency differences		–2.6	0.0	–2.6
Present value of the defined benefit obligation at end of year [1)]	**256.7**	**74.5**	**8.6**	**339.8**
Fair value of plan assets at beginning of year	64.2	58.8	5.2	128.2
Reclassification	0.0			0.0
Actual return on plan assets	4.3	4.7	0.0	9.0
Employer contributions	5.6	1.5	0.0	7.1
Contributions of the beneficiaries	2.8	0.2	0.0	3.0
Benefits paid	–2.8	–3.8	–0.7	–7.3
Currency differences		–2.1	0.0	–2.1
Fair value of plan assets at end of year [2)]	**74.1**	**59.3**	**4.5**	**137.9**
Funded status at Dec. 31	**182.6**	**15.2**	**4.1**	**201.9**
Reclassifications/Adjustments due to asset ceiling	1.7	0.0	0.0	1.7
Amount recognized	**184.3**	**15.2**	**4.1**	**203.6**
Termination benefits	0.0	0.3	2.2	2.5
Provisions for pensions and similar employee benefits	**184.3**	**15.5**	**6.3**	**206.1**

1) Includes €3.9 million for healthcare
2) An additional €5.5 million of assets held to cover pension rights is disclosed under other non-current assets.

The consolidated statement of comprehensive income includes the following amounts:

€m	Germany 2024	USA 2024	Other 2024	Total 2024	Total 2023
Actuarial gains (+)/losses (–) from pensions [1)]	1.7	5.4	–0.3	6.8	–12.5
Actuarial gains (+)/losses (–) on other long-term benefits	0.0		0.0	0.0	–0.1
Actual return on plan assets	7.9	–0.8	0.1	7.2	8.9
Less expected return on plan assets	–2.6	–2.8	–0.1	–5.5	–5.4
Currency effects	0.0	–0.1	0.0	–0.1	–0.1
Share of investments accounted for At-Equity in other comprehensive income	0.0	0.0	0.0	0.0	–0.1
Gains (+)/losses (–) for the reporting year (gross) recognized in equity	**7.0**	**1.7**	**–0.3**	**8.4**	**–9.3**
Tax effect	–2.1	–0.4	0.1	–2.4	2.9
Valuation allowances on deferred taxes	2.1	0.4	–0.1	2.4	–2.9
Gains (+)/losses (–) for the reporting year (net) recognized in equity	**7.0**	**1.7**	**–0.3**	**8.4**	**–9.3**

[1)] Thereof adjustments due to asset ceiling in accordance with IAS 19.64 of € 1.2 million

The cumulative amount of actuarial losses recognized in equity (accumulated results) was €169.2 million net (2023: €177.6 million).

In fiscal year 2024, the following developments affected the defined benefit obligation: an actuarial gain of €11.6 million resulting from the increase of the discount factor for pension plans and the decrease in the pension trend in Germany (2023: actuarial loss of €14.7 million due to the decrease in the discount rate) and an decrease of €4.3 million (2023: increase of €1.6 million) mainly due to experience adjustments resulting from the differences between the actuarial assumptions and the actual outcomes. Pension provisions with a maturity of less than one year amounted to €15.9 million (2023: €16.3 million).

SGL Carbon has pension and healthcare obligations of €126.3 million (2023: €112.9 million) in relation to funded pension plans. Pension obligations under unfunded pension plans were €217.0 million (2023: €226.9 million).

To cover the pension obligations to members of the Board of Management, the Company has entered into pension liability insurance arrangements with three large insurance companies. As of December 31, 2024, the asset values included in the pension provisions totaled €24.0 million (2023: €24.1 million). The expected return corresponds to the discount rate for the pension obligations. In fiscal year 2024, contractually agreed pension payments of €0.4 million were made to the pension liability insurance arrangements (2023: €0.4 million). The benefits under the insurance arrangements have been pledged to the relevant members of the Board of Management. The pension expense for active members of the Board of Management is detailed in Note 27.

The breakdown of pension expenses for 2024 and 2023 is as follows:

€m	Germany 2024	USA 2024	Other 2024	Total 2024	2023
Current service costs	6.3	0.0	0.4	6.7	6.9
Past service cost due to plan amendments (including curtailments)	–0.8	0.0	–0.1	–0.9	0.7
Service cost	**5.5**	**0.0**	**0.3**	**5.8**	**7.6**
Interest cost	8.4	3.6	0.4	12.4	13.0
Expected return on plan assets	–2.6	–2.8	–0.1	–5.5	–5.4
Net interest expense	**5.8**	**0.8**	**0.3**	**6.9**	**7.6**
Pension expenses for defined benefit plans	**11.3**	**0.8**	**0.6**	**12.7**	**15.2**
Pension expenses for defined contribution plans	0.5	2.7	2.0	5.2	4.8
Pension expenses	**11.8**	**3.5**	**2.6**	**17.9**	**20.0**

As of December 31, 2024, the anticipated future pension benefit payments by SGL Carbon and/or the plan assets to its former employees or their surviving dependents were as follows:

Pension payments to employees

Year	€m
2024	15.7
Due 2025	15.9
Due 2026	16.7
Due 2027	19.7
Due 2028	19.1
Due 2029	20.7
Due 2030-2034	82.9

Employer contributions to plan assets and pension liability insurance arrangements for 2025 are estimated at €6.2 million (2023: €6.0 million).

SGL Carbon’s contributions to the state plans recognized in profit or loss amounted to a total of €18.4 million in 2024 (2023: €19.3 million).

24. Other provisions

€m	Taxes	Personnel	Warranties, price reductions and guarantees	Restructuring	Other	Total
Balance at Jan. 1, 24	1.9	50.8	11.9	9.7	17.3	91.6
Utilizations	–1.8	–27.4	–3.3	–5.2	–4.7	–42.4
Releases	0.0	–1.8	–1.8	–3.1	0.1	–6.6
Additions	2.3	17.2	3.9	8.0	1.8	33.2
Other changes/exchange differences	0.2	0.5	0.2	0.0	0.0	0.9
Balance at Dec. 31, 24	**2.6**	**39.3**	**10.9**	**9.4**	**14.5**	**76.7**
thereof with a maturity of up to one year	*2.6*	*36.9*	*10.7*	*9.3*	*14.3*	*73.8*
thereof with a maturity of more than one year	*0.0*	*2.4*	*0.2*	*0.1*	*0.2*	*2.9*

Provisions for personnel expenses mainly comprise provisions for variable compensation of €19.8 million (2023: €28.5 million), provisions for anniversary benefits of €2.1 million (2023: €2.1 million), and provisions for outstanding vacation and accumulated time credits of €9.3 million (2023: €9.6 million).

Provisions for warranties, price reductions and guarantees include provisions for price reduction risks, including bonuses, volume discounts and other reductions in price.

Restructuring provisions disclosed as at the balance sheet date comprise the remaining personnel related obligations totaling €3.0 million (2023: €0.8 million) in particular as a result of initiated restructuring measures. In addition, expenses from the early termination of an energy supply contract and from remaining dismantling costs for two sites totaling €6.4 million (previous year: dismantling costs of €8.9 million) are reported. In the 2024 fiscal year, the restructuring provision of €3.1 million for the remediation of the former Griesheim site was reversed following the reduction of expected costs.

25. Liabilities

€m	Dec. 31, 24	Remaining term to maturity > 1 year	Dec. 31, 23	Remaining term to maturity > 1 year
Interest-bearing loans				
Nominal value of convertible bonds	*220.6*	*220.6*	*220.6*	*220.6*
Less IFRS equity component	*–21.9*	*–21.9*	*–27.8*	*–27.8*
Convertible bonds	198.7	198.7	192.8	192.8
Term Loan Facility			75.0	75.0
Bank loans, overdrafts and other financial liabilities	35.6	30.4	19.6	16.6
Refinancing costs	–3.0	–3.0	–4.6	–4.6
	231.3	**226.1**	**282.8**	**279.8**
Trade payables and contract liabilities	**208.5**	**86.1**	**218.5**	**64.2**
Other financial liabilities				
Derivative financial instruments	0.6	0.0	0.4	0.2
Lease liabilities	24.8	16.7	26.0	18.6
Miscellaneous other financial liabilities	4.7	0.0	4.1	0.0
	30.1	**16.7**	**30.5**	**18.8**
Income tax liabilities	5.6	0.0	5.4	0.0
Miscellaneous other liabilities	22.9	0.0	20.9	0.0
Other liabilities	**58.6**	**16.7**	**56.8**	**18.8**
Total	**498.4**	**328.9**	**558.1**	**362.8**

Interest-bearing loans

Convertible bonds

€m	Volume of issue	Outstanding volume	Net carrying amount at Dec. 31, 24	Market price [1] Dec. 31, 24	Coupon % p.a.	Issue price
Convertible bond 2022/2027	101.9	101.9	90.3	99.5	5.750%	100.0%
Convertible bond 2023/2028	118.7	118.7	105.4	114.7	5.750%	100.0%

[1] Corresponds to level 1 of the fair value hierarchy of IFRS 13

Based on the current conversion price, full conversion of the outstanding amounts of both convertible bonds would result in the issue of 24.5 million shares. The fair value of the conversion rights was recognized in capital reserves upon issue and deducted from the bond liability.

The conversion price of the convertible bonds changed as follows:

€	Conversion price Dec. 31, 24	Original conversion price per share	Change
Convertible bond 2022/2027	8.33	8.33	0.00
Convertible bond 2023/2028	9.71	9.71	0.00

Please see Note 3 “Hybrid financial instruments” for a description of the accounting treatment for convertible bonds and their separation into an equity component and a debt component.

The weighted cash-effective average interest rate for financial liabilities based on their nominal amounts increased mathematically to 5.65% p.a. in 2024 due to the significantly reduced financial liabilities (2023: 5.32% p.a.). Including the non-cash imputed interest cost on the convertible bonds, the weighted average effective interest rate was 7.62% p.a. in

2024 (2023: 6.57% p.a.). As of the balance sheet date, bank loans, overdrafts and other financial liabilities amounted to €35.6 million (2023: €19.6 million). As in the previous year, these bore interest at fixed rates and were secured by land charges.

Syndicated credit facility

In 2023, SGL Carbon issued an ESG-linked syndicated credit line for an original amount of €175 million with a term until March 2026, of which an undrawn credit line of €100 million for general business use and a Term Loan Facility of €75 million to refinance capital market liabilities. Following the full repayment of the term loan in the 2024 fiscal year, the Company has agreed with the financing banks to release and delete the existing collateral (pledging of shares in subsidiaries). The undrawn credit line for general company purposes, valued at €100 million, has been extended for an additional year and is now available to the company, unsecured, until March 2027.

The agreed credit margin varies depending on the Company’s leverage ratio. The terms of the facility include financial covenants in respect of certain financial indicators and other financial restrictions.

Trade payables and contract liabilities

Trade payables and contract liabilities totaled €208.5 million as of December 31, 2024 (2023: €218.5 million). As in the previous year, they were primarily due to unrelated third parties. Of the total, €122.4 million (2023: €154.3 million) was due for payment within one year. Trade payables include contract liabilities of €141.2 million (2023: €116.5 million). These concern prepayments received from customers on contracts for which revenue is essentially recognized over a set period of time. In the reporting period, €42.5 million (2023: €31.5 million) in sales revenue was recognized, which was included in the balance of contract liabilities at the beginning of the period.

Other liabilities

As of December 31, 2024, other financial liabilities include lease liabilities of €24.8 million (2023: €26.0 million).

Miscellaneous other financial liabilities include of €4.7 million (2023: €4.1 million) include, in particular, accrued interest for the outstanding convertible bonds and a liability from the current factoring program.

Miscellaneous other liabilities totaled €22.9 million as of December 31, 2024 (2023: €20.9 million) and mainly included payroll and church tax liabilities of €8.2 million (2023: €7.9 million), social security liabilities of €0.2 million (2023: €0.1 million), other tax liabilities of €0.7 million (2023: €1.5 million), and deferred income of €6.3 million (2023: €5.1 million).

The table below shows all contractually agreed payments for the repayment of principal and payment of interest on recognized financial liabilities, including derivative financial instruments, as of December 31, 2024.

€m	2025	2026	2027	2028	2029	More than five years
Non-derivative financial liabilities						
Convertible bond 2022/2027	5.9	5.9	106.1			
Convertible bond 2023/2028	6.8	6.8	6.8	122.1		
Liabilities due to banks	6.4	6.3	5.4	4.4	8.0	10.4
Lease liabilities	8.0	7.1	3.6	2.0	1.1	3.0
Trade payables	67.3					
Miscellaneous other financial liabilities	4.7					
Derivative financial liabilities	0.6					
Total	**99.7**	**26.1**	**121.9**	**128.5**	**9.1**	**13.4**

The main change compared to the prior year's figures resulted from the early repayment of the Term Loan Facility.

Financial liabilities were determined using undiscounted contractual cash flows for future fiscal years.

The table below shows the development of liabilities from financing activities:

€m	Balance at Jan. 1, 24	Additions	Repayments	Effect of foreign exchange rate changes	Releases	Imputed interest/ amortisation	Balance at Dec. 31, 24
Convertible bond 2022/2027	101.9						101.9
Convertible bond 2023/2028	118.7						118.7
Term Loan Facility	75.0		–75.0				0.0
Bank loans, overdrafts and other financial liabilities	19.6	20.0	–4.1	0.1			35.6
Interest-bearing loans (nominal amount)	**315.2**	**20.0**	**–79.1**	**0.1**	**0.0**	**0.0**	**256.2**
Remaining imputed interest for the convertible bond	–27.8					5.9	–21.9
Refinancing costs	–4.6					1.6	–3.0
Interest-bearing loans (carrying amount)	**282.8**	**20.0**	**–79.1**	**0.1**	**0.0**	**7.5**	**231.3**
Lease liabilities	26.0	6.2	–9.5	0.6	0.0	1.5	24.8
Total liabilities from financing activities	**308.8**	**26.2**	**–88.6**	**0.7**	**0.0**	**9.0**	**256.1**

26. Contingent liabilities and other financial obligations

Other financial obligations in connection with purchase orders for approved capital expenditure on property, plant and equipment amounted to €36.6 million as of December 31, 2024 (2023: €55.9 million). Some of these capital expenditure projects extend beyond one year. The main investment projects are explained in the Group Management Report in the section on the financial position, under "Capital expenditure, depreciation and amortization." Furthermore, there were purchase obligations for services in the amount of €4.8 million as of December 31, 2024 (2023: €6.1 million).

There were no contingent liabilities or other guarantee obligations for investments accounted for At-Equity.

SGL Carbon secures the raw materials and energy required for production through procurement contracts with key suppliers. These agreements are normally for one year, include minimum quantities to be purchased by SGL Carbon, and are fulfilled by physical delivery. The prices for the supplies are based on a base price that is adjusted for variable components. In the 2023 fiscal year, a long-term contract was also concluded until 2029 for the purchase of a primary material with a purchasing volume of €183 million (2023: €207 million) over the remaining term.

While the collateral at Group level, in particular for the ESG-linked syndicated credit line as well as for issued bank guarantees and currency hedging instruments, has been fully released, a total of €35.6 million (2023: €19.6 million) of liabilities to banks as of December 31, 2024, were secured by a land charge. Guarantees amounting to €33.5 million 2023: €27.8 million) were issued by banks for payment, advance payment, warranty and contract performance guarantees of SGL Carbon. In our opinion, there are currently no indications of any claims arising from the aforementioned contingent liabilities.

Various lawsuits, court proceedings and legal claims are either pending or may be initiated in the future. This includes legal action arising in connection with alleged defects in SGL Carbon products, product warranties, and environmental protection issues. Tax risks may also arise as a result of the SGL Carbon group structure. Litigation is subject to considerable uncertainty; the outcome of individual cases cannot be predicted with any certainty. There is a reasonable probability that individual cases could be decided against SGL Carbon. Identifiable risks have been adequately covered by recognizing appropriate provisions. SGL Carbon is not exposed to any material lawsuits or legal disputes other than those for which a provision has been made. SGL therefore expects no material contingent liabilities at the present time.

27. Related party transactions

Joint venture and associates

SKion GmbH, Bad Homburg, Germany, holds a share of approximately 28.55% in SGL Carbon SE according to notifications pursuant to the German Securities Trading Act (WpHG). No transactions for the sale of goods or services were conducted with SKion GmbH. SKion GmbH holds a nominal amount of €25 million in the 2023/2028 convertible bond.

In 2024, SGL Carbon SE signed a rental agreement with the joint venture BSCCB for the rental of buildings and land on the SGL Carbon site in Meitingen. The rental agreement provides an opportunity for BSCCB expand its production capacity for carbon-ceramic brake discs at the Meitingen site. As per the agreement, SGL Carbon leases buildings with approximately 10,000 square meters of production and office space, as well as around 5,000 square meters of ancillary and outdoor facilities, to BSCCB on its factory premises in Meitingen. The agreed annual rent is initially set at €1.7 million. The agreement is considered to be reasonable overall, from the perspective of both the Company and the shareholders who are not related parties within the meaning of Sections 111a ff. AktG. The term of the main rental agreement begins on February 1, 2025, and runs for 25 years. The Supervisory Board of SGL Carbon has previously approved this agreement. For accounting purposes, the fixed-term rental agreement concluded between the parties for the period from October 1, 2024, to January 31, 2025, was combined with the main rental agreement and classified as an operating lease.

In addition, in fiscal years 2024 and 2023, SGL Carbon maintained business relations within its normal course of business with a number of joint venture and associates, related to sales of products and services, the rental of production and administrative building and the reinvoicing of general and administrative expenses. The transactions took place at market conditions. Collateral is reported under other financial obligations; see Note 26. Please refer to Note 7 for information on joint ventures and associates.

The table below shows the volume of transactions with related companies:

2024

	Sales of goods	Sales of services	Purchases of goods	Purchases of services	Receivables at Dec. 31	Loans at Dec. 31	Liabilities at Dec. 31
Joint ventures	24.4	12.6			7.0		–0.1
Associates		0.3	–10.3				–1.1
Total	**24.4**	**12.9**	**–10.3**	**0.0**	**7.0**	**0.0**	**–1.2**

2023

	Sales of goods	Sales of services	Purchases of goods	Purchases of services	Receivables at Dec. 31	Loans at Dec. 31	Liabilities at Dec. 31
Joint ventures	23.8	11.1	0.0	0.0	3.6	0.0	–0.1
Associates	0.0	0.1	–50.5	0.0	0.1	0.0	–5.9
Total	**23.8**	**11.2**	**–50.5**	**0.0**	**3.7**	**0.0**	**–6.0**

Related persons

Related persons include the members of the Board of Management and the Supervisory Board.

Remuneration of the Board of Management

Remuneration of the members of the Board of Management in office during the fiscal year comprised:

€m	2024	2023
Fixed remuneration	1.1	1.1
Fringe benefits	0.1	0.1
Total fixed remuneration	**1.2**	**1.2**
One-year variable remuneration	1.2	1.2
Multi-year variable remuneration	2.0	1.2
Total variable remuneration	**3.2**	**2.4**
Total remuneration	**4.4**	**3.6**

Board of Management remuneration includes salaries, in-kind benefits and contributions to a defined contribution retirement plan.

The DBO of the pension commitments to active members as of December 31 was €1.5 million (2023: €1.3 million), service cost amounted to €0.4 million (2023: €0.4 million)

As of December 31, 2024, net amounts of €3.1 million were outstanding to members of the Board of Management (2023: €2.0 million).

These consist of provisions for annual bonuses. The LTI plans granted in the fiscal year and still running for the fiscal year for the active members of the Executive Board are shown in the following table:

Tranche	Allocation value in € at Dec. 31, 23	Grant in € in 2024	Number of PSU at grant
LTI 2021-2024	1,190,000		314,815
LTI 2022-2025	1,190,000		153,945
LTI 2023-2026	1,190,000		166,433
LTI 2024-2027		1,190,000	190,705
Total	**3,570,000**	**1,190,000**	**825,898**

For further information on PSUs (performance share units), please refer to Note 30.

Former Board of Management members and their surviving dependents received total remuneration within the meaning of Section 314 No. 6a HGB in the amount of €2.8 million (2023: €7.2 million). As of December 31, 2024, pension provisions (DBO) for former Board of Management members amounted to €49.9 million (2023: €49.6 million), of which €23.9 million (2023: €24.2 million) is covered by reinsurance policies.

The remuneration of the members of the Supervisory Board comprised basic remuneration plus additional remuneration for committee work and totaled €0.7 million (2023: €0.7 million), including attendance fees.

In addition, employee representatives on the Supervisory Board received remuneration of €323 thousand (2023: €304 thousand) within the framework of their employment contracts.

No members of the Board of Management or the Supervisory Board received any loans or advances from SGL Carbon.

28. Additional disclosures on financial instruments

The following table shows the reconciliation of balance sheet items to the classes and measurement categories of financial instruments:

€m	Measurement category under IFRS 9	Carrying amount at Dec. 31, 24	Carrying amount at Dec. 31, 23
Financial assets			
Cash and cash equivalents	1)	130.2	134.4
Time deposits	1)	17.8	65.0
Trade receivables	1)	73.1	67.6
Trade receivables	2)	3.8	3.6
Marketable securities and similar investments	2)	5.1	5.5
Other financial assets	1)	7.1	4.5
Derivative financial assets			
Derivatives without hedging relationship	3)	0.2	0.4
Derivatives with a hedging relationship	n.a.	0.0	1.7
Financial liabilities			
Convertible bonds	4)	198.7	192.8
Term Loan Facility	4)	-	75.0
Bank loans, overdrafts and other financial liabilities	4)	35.6	19.6
Refinancing costs	4)	–3.0	–4.6
Lease liabilities	n.a.	24.8	26.0
Trade payables	4)	67.3	102.0
Miscellaneous other financial liabilities	4)	4.7	4.1
Derivative financial liabilities			
Derivatives without hedging relationship	5)	0.0	0.3
Derivatives with a hedging relationship	n.a.	0.6	0.1
Thereof aggregated by measurement category in accordance with IFRS 9			
1) Financial assets measured at amortized costs		228.2	271.5
2) Financial assets measured at fair value through profit and loss		8.9	9.1
3) Other financial assets measured at fair value through profit and loss		0.2	0.4
4) Financial liabilities measured at amortized costs		303.3	388.9
5) Financial liabilities measured at fair value through profit and loss		0.0	0.3

n.a.= not applicable

The carrying amounts for cash and cash equivalents, time deposits, trade receivables and trade payables are approximately equivalent to their fair value, given the short residual maturities of these items.

The fair value of trade receivables intended for sale under a factoring agreement is the nominal value less the factoring fee. This measurement is based on unobservable market inputs and is therefore allocated to fair value hierarchy level 3. SGL Carbon uses the market price in an active market as the fair value of marketable securities and similar investments. If no such market price exists, the fair value is determined using observable market data.

Please refer to Note 25 for disclosures on the market value of the convertible bonds as of the balance sheet date.

Forward exchange contracts are measured on the basis of benchmark rates, taking account of forward premiums and discounts.

SGL Carbon calculates the fair value of liabilities to banks, other financial liabilities and liabilities from finance leases by discounting the estimated future cash flows using the market interest rates for similar financial liabilities with comparable residual maturities. The fair values largely correspond to the carrying amounts.

As of December 31, 2024 and 2023, derivative financial assets included currency forwards as well as embedded derivatives for the contractually agreed early repayment options regarding the convertible bond. The embedded derivatives are measured using a generally accepted option pricing model.

Netting

SGL Carbon enters into global netting agreements for derivative financial instruments. No potential impacts arose as a result of these netting agreements in either 2024 or 2023, i.e., the gross amounts of currency forwards disclosed in the balance sheet are equal to the potential net amounts.

The table below shows the breakdown of the assets and liabilities measured at fair value into the three levels of the fair value hierarchy as of December 31, 2024 and 2023:

	Dec. 31, 24			
	Level 1	**Level 2**	**Level 3**	Total
Marketable securities and similar investments	5.1			5.1
Trade receivables			3.8	3.8
Derivative financial assets		0.2		0.2
Derivative financial liabilities		0.6		0.6

	Dec. 31, 23			
	Level 1	**Level 2**	**Level 3**	Total
Marketable securities and similar investments	5.5			5.5
Trade receivables			3.6	3.6
Derivative financial assets		2.1		2.1
Derivative financial liabilities		0.4		0.4

The table below shows the changes in level 3 trade receivables in the 2024 and 2023 reporting periods:

€m	2024	**2023**
Balance at Jan. 1,	3.6	0.0
Disposals/additions	0.2	3.6
Gains/Losses recognized in profit and loss	0.0	0.0
Balance at Dec. 31	**3.8**	**3.6**

Net gains or losses on financial instruments by IFRS 9 measurement category were as follows:

Net gain/losses by measurement category

€m	2024	2023
Financial assets measured at amortized costs	–4.6	–4.7
Financial assets measured at fair value through profit and loss	0.2	0.4
Other financial assets and financial liabilities measured as fair value through profit and loss	–0.6	1.5
Financial liabilities measured at amortized cost	–0.1	0.1

Net gains/losses for the “financial assets measured at amortized cost” measurement category mainly include impairments of trade receivables, reversals of loss allowances/ cash receipts in respect of trade receivables previously written off, together with exchange gains/losses from foreign currency translation.

Net gains/losses for the “financial assets at fair value through profit or loss” measurement category primarily include results from the mark-to-market valuation. Net gains/losses for the “other financial assets and financial liabilities at fair value through profit or loss” measurement category mainly arise from the mark-to-market valuation of derivative currency instruments to which hedge accounting is not applied or was discontinued when the hedged operating item was recognized profit or loss. In economic terms, the derivative financial assets and liabilities are always based on a hedged item.

The net gains or losses on “financial liabilities measured at amortized cost” include gains or losses on foreign currency translation.

Interest income and expenses are not included in net gains and losses, as they are already stated as described in Note 10. For changes in impairments of trade receivables and contract assets, please refer to Note 28 “Credit risk”.

Financial instrument risks, financial risk management and hedging transactions

SGL Carbon monitors financial risk (liquidity risk, credit risk and market price risk) using tested control and management instruments. Group reporting enables the central Group Treasury function to record, analyze, measure and control financial risks on a regular basis. These activities include all subsidiaries.

Liquidity risk

Liquidity risk is the risk that an entity might have difficulty in meeting payment obligations in connection with its financial liabilities. In order to ensure SGL Carbon’s solvency and financial flexibility at all times, SGL Carbon carries out regular liquidity planning for day-to-day operations at frequent intervals. This is done in addition to financial planning, which normally covers five years. To ensure financial stability, SGL Carbon has endeavored to put in place a balanced financing structure based on a combination of various financing components (including capital market instruments, bank loans and factoring).

In fiscal year 2024, the volume of receivables sold totaled €48.4 million (2023: €52.2 million).

Following the full and early repayment of the Term Loan Facility in the fiscal year, there are now no significant financing instruments due for repayment until 2027. As at December 31, 2024, the company had liquidity totaling €148.0 million (2023: €199.4 million). This amount represents a sufficient liquidity reserve for fiscal year 2025. Please refer to Note 25 for information on the maturity of financial liabilities.

Credit risk (counterparty default risk)

Credit risk (counterparty default risk) arises if customers do not meet their contractual obligations to pay the agreed purchase price or do not do so on time.

By granting customers credit terms, the Company is exposed to normal market credit risks. For trade receivables and other financial assets, the maximum credit risk is equal to the carrying amount as of the balance sheet date. There were no significant individual defaults on customer receivables in the past year, but additional valuation allowances were recognized for various customers.

SGL Carbon has a credit management organization to manage customer credit risks. On the basis of a global guideline, the credit management organization initiates and supports all key processes, and it initiates and supports credit risk management action where required.

After analyzing the individual and country risks, SGL Carbon insists – either in whole or in part – on cash in advance, documentary credits, letters of credit or guarantees in connection with certain customer transactions.

SGL Carbon also has trade credit insurance in place that covers most of the trade receivables due from customers. In the event of default, the financial loss is reduced by claims paid under the credit insurance policy and, in exceptional cases, by the bank or Group guarantees furnished by the customer. The compensation paid by the insurer is usually 90% of the loss and thus provides for a deductible of 10%. When determining valuation allowances on receivables, existing cover commitments under the trade credit insurance are taken into account. In order to determine the credit risk, the credit management processes seek to evaluate the individual customer risks. The credit insurance underwriting ratio has been used to classify the credit risk of customer receivables. A distinction is made here between full, partial, and no cover by the credit insurer. Counterparty risks are categorized into risk classes on the basis of the subscription rate and therefore have a direct influence on the level and frequency of the internal limit review.

The default risk for trade receivables and contract assets is broken down by risk class as of December 31, 2024 and 2023, as follows (in €m):

Risk classes	Gross carrying amount at Dec. 31, 24	Gross carrying amount at Dec. 31, 23
Full coverage	83.1	74.6
Partial cover	64.8	65.3
No coverage	9.8	17.4
Total	**157.7**	**157.3**

The loss allowances for trade receivables and contract assets are determined using a simplified approach (see the loss allowance matrix below) since they do not contain any significant financing component. In this context, the customer receivables are classified according to the above credit risk classes and the related past due status. A default on a receivable is deemed to have occurred when the contractually agreed cash flows are past due by more than 90 days or when the customer's credit quality has deteriorated to such an extent that payment can no longer be expected. The items are derecognized if it can no longer be reasonably expected that any statutory collection measures will be successful.

Historical loss rates are complemented with forward-looking estimates (such as country ratings), if necessary.

With respect to loss allowances for cash and cash equivalents and time deposits (liquidity), SGL Carbon assumes that credit risk has not increased significantly. Liquidity of €148.0 million are mainly held at banks and financial institutions with a high credit rating (S&P investment grade, i.e., AAA to BBB+). The loss allowances for liquidity is calculated based on twelve-month expected losses and therefore reflects the short maturities. As at the balance sheet dates of December 31, 2024 and 2023, loss allowances for liquidity of €0.1 million each were recognized.

The following table provides information on default risk and expected credit losses in relation to trade receivables and contract assets as of December 31, 2024 and 2023:

Dec. 31, 24 in € million	Gross carrying amount	Loss rate (weighted average)	Impairment losses	Restricted credit rating
Not overdue	120.9	1.1%	1.3	No
1- 29 days overdue	23.5	14.5%	3.4	No
30- 60 days overdue	2.1	14.3%	0.3	Yes
61- 90 days overdue	0.6	50.0%	0.3	Yes
more than 90 days overdue	10.6	96.2%	10.2	Yes
Total	**157.7**		**15.5**	

Dec. 31, 23 in € million	Gross carrying amount	Loss rate (weighted average)	Impairment losses	Restricted credit rating
Not overdue	130.0	1.1%	1.4	No
1- 29 days overdue	14.9	2.7%	0.4	No
30- 60 days overdue	2.4	12.5%	0.3	Yes
61- 90 days overdue	0.9	11.1%	0.1	Yes
more than 90 days overdue	9.1	85.7%	7.8	Yes
Total	**157.3**		**10.0**	

The table below shows the development of loss allowances on trade receivables and contract assets:

in million €	2024	2023
Balance at Jan. 01	**10.0**	**6.4**
Additions	6.5	4.2
Reversals	0.0	–0.1
Utilizations	–1.0	–0.5
Balance at Dec. 31	**15.5**	**10.0**

No loss allowances were recorded for contract assets in either 2024 or 2023.

Market price risks

As an international enterprise, SGL Carbon is exposed to market price risks stemming in particular from changes in currency rates, interest rates and other market prices. These risks may result in fluctuations of earnings, equity and cash flows. The objective of risk management is to eliminate or limit these risks through appropriate measures, primarily through the use of derivative financial instruments. The use of derivative financial instruments is subject to rigorous controls based on internal policies. Derivative financial instruments are exclusively used to minimize or transfer financial risk, not for speculative purposes.

Currency risk

Due to the international nature of its operations, SGL Carbon is exposed to foreign currency risk. A currency risk exists when fair values or future payments vary due to changes in foreign exchange rates. It arises when transactions are denominated in a currency other than the functional currency of the Group company concerned. In order to minimize such foreign currency risks, the Company endeavors to minimize currency risks by achieving a balance between receipts and payments in non-functional currencies, i.e., a so-called natural hedge.

Currency hedges are entered into for the remaining net foreign currency positions (those that are not naturally hedged). In accordance with its internal hedging policy, SGL Carbon hedges up to 80% of these net foreign currency positions, as and when required, over a time horizon of up to of two years. In terms of volume, the most significant currency risk from the operating business results from potential movements in the euro/US dollar exchange rate. As of the balance sheet date, the company was hedged at an average rate of EUR/USD 1.0687. Additionally, a hedge was also entered into with the Chinese yuan, at an average rate of EUR/CNY 7.6657. The Company plans to continuously reduce the cash flow risk through further hedging transactions in 2025.

The residual term of the derivative financial instruments used to hedge currency risks as of the balance sheet date is currently one year at most.

Derivative financial instruments in hedge accounting

SGL Carbon generally uses currency forwards to hedge its future net currency exposures. The derivatives used are accounted for as cash flow hedges (hedge accounting). The hedged transactions are highly probable future revenues or purchases in foreign currency. Hedges designated as cash flow hedges (recorded in the hedging reserve in equity) amounted to a total of €-0.6 million as of December 31, 2024 (2023: €1.4 million). Changes in the market value of operating hedging transactions that are allocated to hedged items already realized as of the balance sheet date and therefore can no longer be designated as cash flow hedges are recognized in profit or loss at the balance sheet date. The market values here amount to €-0.1 million (2023: €0.2 million). As of December 31, 2024 and 2023, the ineffective components of the derivative financial instruments designated as cash flow hedges will have no significant impact on net result.

The effectiveness of any designated hedges is determined prospectively using the critical terms match method in accordance with IFRS 9. Under this effectiveness test method for hedging relationships, some important parameters (the “critical terms”) are reviewed in order to check the matching of hedged items to hedging instruments. Where there is a match, an economic hedging relationship exists between the hedged item and the hedging transaction; therefore the hedging relationship is deemed effective. Ineffectiveness may occur due to an unexpected discontinuation of the hedged items, a mismatch in timing between the hedged item and hedging transaction, or a default by the counterparty.

Qualitative effectiveness tests are performed retrospectively using the dollar offset method with hypothetical derivatives for the hedged items.

The table below shows the nominal amounts, the carrying amounts as of December 31, 2024, and the gains and losses from designated foreign currency derivatives in fiscal year 2024. The nominal amount is the functional currency equivalent of the foreign currency amounts bought or sold with external counterparties.

	Nominal amounts			Carrying amounts				
€m	Purchase Dec. 31, 24	Sale Dec. 31, 24	Total Dec. 31, 24	Total Dec. 31, 24	Balance sheet disclosure of hedging instruments	Gains and losses recognized in other comprehensive income	Gains/losses transferred from equity (cash flow hedge) to profit and loss	Disclosure of the reclassified amount in prodit and loss
Forward contracts	0.0	44.3	44.3	–0.6	other receivables / financial liabilities	–2.0	–0.8	Sales revenues
Thereof:								
USD		23.4	23.4	–0.4				
CNY		20.9	20.9	–0.2				
JPN								

The table below is a reconciliation of the accumulated other comprehensive income from cash flow hedges:

€m	Cash flow hedge 2024	Cash flow hedge 2023
Balance at January 1,	**1.4**	**0.6**
Changes of the year recognized in equity	–1.2	2.5
Reclassifications from equity to profit and loss because the transaction originally hedged occured	–0.8	–1.7
Balance at December 31,	**–0.6**	**1.4**

In the 2024 fiscal year, no profits or losses (2023: gains of €1.7 million) were recognized in other comprehensive income (currency translation reserve) for the hedging of net investments in foreign operations.

IFRS 7 requires sensitivity analyses to be performed to illustrate the currency risk relating to financial instruments. The analyses show the effects of hypothetical changes in relevant risk parameters on profit or loss and equity.

The analyses include all primary financial instruments used by SGL Carbon in its operating activities. Specifically, these include cash and cash equivalents of €18.6 million (2023: €30.7 million), trade receivables of €44.2 million (2023: €43.0 million), and trade payables of €48.0 million (2023: €55.9 million). Foreign currency effects from internal lending activities, whether recognized in profit or loss or directly in equity, are also included. It is assumed that the portfolio as of the reporting date is representative of the corresponding reporting period. All financial instruments not denominated in the functional currency of the relevant SGL subsidiary are therefore generally considered to be exposed to currency risk. Changes in exchange rates result in changes in fair value and impact either net profit or the hedging reserve, as well as SGL Carbon's total equity.

The following table provides a comparison between the amounts reported as of December 31, 2024, and December 31, 2023. The analysis is based on a hypothetical 10% increase in the value of the euro or the US dollar against all other currencies on the balance sheet date.

EUR	Hypothetical exchange rate		Change in fair value/equity		Thereof: change in net profit/loss		Thereof: change in hedging reserve	
€m	Dec. 31, 24	Dec. 31, 23	Dec. 31, 24	Dec. 31, 23	Dec. 31, 24	Dec. 31, 23	Dec. 31, 24	Dec. 31, 23
USD	1.1428	1.2155	1.8	–2.7	2.2	–4.2	–0.4	1.5
CNY	8.2783	8.6451	–1.8	2.1	–1.6	1.8	–0.2	0.3
PLN	4.7003	4.7828	0.3	0.0	0.3	0.0	0.0	0.0
GBP	0.9121	0.9560	–0.5	0.4	–0.5	0.4	0.0	0.0
JPN	179.3660	171.9630	–0.3	–1.1	–0.3	–1.0	0.0	–0.1
Other	-	-	0.0	0.0	0.0	0.0	0.0	0.0

USD	Hypothetical exchange rate		Change in fair value/equity		Thereof: change in net profit/loss		Thereof: change in hedging reserve	
US$m	Dec. 31, 24	Dec. 31, 23	Dec. 31, 24	Dec. 31, 23	Dec. 31, 24	Dec. 31, 23	Dec. 31, 24	Dec. 31, 23
EUR	1.0588	0.9955	–2.5	4.8	–2.5	4.8	0.0	0.0
CNY	7.9683	7.8236	–0.2	–0.1	–0.2	–0.1	0.0	0.0
JPN	172.6499	155.6226	–0.3	0.1	–0.3	0.1	0.0	0.0
GBP	1.1390	1.1559	0.3	–0.2	0.3	–0.2	0.0	0.0
Other	-	-	0.0	0.1	0.0	0.1	0.0	0.0

The approximate effect on SGL Carbon’s equity, net result and hedging reserve of a hypothetical 10% devaluation of the euro or the US dollar against all other currencies would be a reversal of the positive and negative signs shown above, with the amounts themselves remaining approximately the same.

Interest rate risk

Interest rate risk is the risk that the fair values of or future cash flows from existing or future financial liabilities may fluctuate due to changes in market interest rates. No interest rate risk existed as a result of variable-interest financing instruments as of December 31, 2024.

As of the balance sheet date, SGL Carbon had financial liabilities with a principal amount of €256.2 million (2023: €315.2 million). These all bear interest at a fixed rate and are therefore not subject to interest rate risk.

Liquidity totaled €148.0 million (2023: €199.4 million). An increase in interest rates of 100 basis points would lead to a theoretical positive increase of €1.5 million in income from liquidity (2023: €2.0 million).

29. Segment reporting

Segment reporting corresponds to the internal organizational and reporting structure. Operations are managed by the four business units, which are also the reporting segments.

Based on established specialty graphites, the Graphite Solutions business unit supplies customer-specific solutions for traditional and structurally growing customer industries from 14 plants in Europe, America and Asia. Customized graphite components are offered based on a differentiated product portfolio. Growth drivers include the semiconductor and LED market and industrial applications.

The Process Technology business unit focuses on the construction and repair of plants and equipment for the chemicals industry. The focus here is on the design and manufacture of graphite heat exchangers and syntheses that are exposed to corrosive media.

The Carbon Fibers business unit pools the manufacturing activities for carbon fibers and carbon fiber semi-finished products. The business unit includes the carbon fiber plants in Moses Lake (US) and Muir of Ord (UK) and the plant in Lavradio (Portugal), which manufactures precursors for carbon fibers and textile fibers. The focus of the business unit is on the comparatively large-volume production of carbon fibers, especially for the wind and automotive industries. The business unit controls the entire value chain, starting with the polymerization of the main raw material, acrylonitrile, through the production of carbon fibers to the manufacture of fabrics. BSCCB, an equity-accounted joint venture for the production of carbon-ceramic brake discs, is linked to Carbon Fibers both via the supply chain and in terms of technology and is therefore also assigned to this business unit.

The focus of the Composite Solutions business unit is the production of customer-specific components and tailor-made applications made of composite materials based on glass and carbon fibers, especially for the automotive industry. The business unit focuses primarily on battery housing applications and GRP leaf springs as well as on various types of carbon friction materials. Manufacturing is carried out at two sites each in Austria and the United States.

The reporting segments presented below are derived directly from the business units. In addition to the four operational reporting segments, there is a fifth reporting segment, Corporate, which comprises head office functions.

EBITDA adjusted for one-off effects and non-recurring items (“EBITDA pre”) is used as the central operating KPI for the business units. EBITDA pre is calculated from the operating earnings before interest and taxes (EBIT), excluding non-recurring items and one-off effects. Non-recurring items and one-off effects can include impairments/reversals of property plant and equipment and intangible asses, expenses and income from restructuring, effects from purchase price allocations, gains or losses on the sale of land and buildings, insurance receipts and other items that are not directly related to the operating earnings of the business units.

External sales revenue relates almost exclusively to revenue from the supply of products. Trading or other sales revenue is only generated to a small extent. Intersegment transfer prices are set at standard market conditions. The functions of the Corporate reporting segment include providing services to the other segments.

Capital expenditure and depreciation and amortization relate to intangible assets (excluding goodwill) and property, plant and equipment. The consolidation adjustments relate to the elimination of intersegment sales of products and services.

Interest income and financing expenses are not allocated by segment, as this type of activity is performed by the central treasury department, which manages the Group's liquidity.

Current tax, deferred taxes and certain financial assets and liabilities are also not allocated to the individual segments, as they are managed at Group level.

Selected information on the segments of SGL Carbon is provided below:

€m 2024	Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions	Corporate	Consolidation	SGL Carbon
External sales revenue	539.0	138.3	209.8	124.6	14.7		1,026.4
Intersegment sales revenue	4.5	2.1	8.4	0.6	32.0	–47.6	0.0
Total sales revenue	**543.5**	**140.4**	**218.2**	**125.2**	**46.7**	**–47.6**	**1,026.4**
Timing of revenue recognition							
Products transferred at point in time	156.1	0.0	130.3	29.1	14.7	0.0	330.2
Products and services transferred over time	382.9	138.3	79.5	95.5			696.2
Total sales revenue	**539.0**	**138.3**	**209.8**	**124.6**	**14.7**	**0.0**	**1,026.4**
Sales revenue by customer industry							
Mobility	52.4		64.0	119.8	13.5	0.0	249.7
Energy	51.8		38.3			0.0	90.1
Industrial Applications	160.6		55.9	4.8	1.2	0.0	222.5
Chemicals	23.6	138.3				0.0	161.9
Digitization	250.6					0.0	250.6
Textile Fibers			51.6			0.0	51.6
Total sales revenue	**539.0**	**138.3**	**209.8**	**124.6**	**14.7**	**0.0**	**1,026.4**
EBITDA pre	131.0	33.0	–11.0	18.2	–8.3	0.0	162.9
Amortization/depreciation on intangible assets and property, plant and equipment	33.6	1.5	9.7	6.7	7.2	0.0	58.7
EBIT pre	97.4	31.5	–20.7	11.5	–15.5		104.2
Impairment losses			–91.2				–91.2
Restructuring expenses	–19.8		–2.3		3.1		–19.0
One-off effects/purchase price allocation	–0.7		–2.9	–0.9	–3.8		–8.3
EBIT	76.9	31.5	–117.1	10.6	–16.2	0.0	–14.3
Capital expenditure [1)]	60.5	2.3	3.1	7.5	23.9	0.0	97.3
Working capital (Dec. 31) [2)]	164.3	24.7	114.4	32.9	–53.1	0.0	283.2
Capital employed (Dec. 31) [3)]	491.5	39.2	214.7	84.6	54.8	0.0	884.8
Cash generation [4)]	85.8	27.8	–12.4	21.8	–48.0	0.0	75.0
Result from investments accounted for At-Equity			15.8			0.0	15.8
Sales of investments accounted for At-Equity [5)]			284.3			0.0	284.3

€m 2023	Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions	Corporate	Consolidation	SGL Carbon
External sales revenue	565.7	127.9	224.9	153.9	16.7		1,089.1
Intersegment sales revenue	5.0	1.3	24.6	1.0	34.1	–66.0	0.0
Total sales revenue	**570.7**	**129.2**	**249.5**	**154.9**	**50.8**	**–66.0**	**1,089.1**
Timing of revenue recognition							
Products transferred at point in time	177.7	0.0	160.1	36.5	16.7	0.0	391.0
Products and services transferred over time	388.0	127.9	64.8	117.4			698.1
Total sales revenue	**565.7**	**127.9**	**224.9**	**153.9**	**16.7**	**0.0**	**1,089.1**
Sales revenue by customer industry							
Mobility	50.6		68.3	148.5	9.6	0.0	277.0
Energy	60.0		42.2			0.0	102.2
Industrial Applications	169.6		61.4	5.4	7.1	0.0	243.5
Chemicals	23.8	127.9				0.0	151.7
Digitization	261.7					0.0	261.7
Textile Fibers			53.0			0.0	53.0
Total sales revenue	**565.7**	**127.9**	**224.9**	**153.9**	**16.7**	**0.0**	**1,089.1**
EBITDA pre	134.0	22.4	7.2	22.2	–17.4	0.0	168.4
Amortization/depreciation on intangible assets and property, plant and equipment	29.4	1.4	14.8	6.5	6.8	0.0	58.9
EBIT pre	104.6	21.0	–7.6	15.7	–24.2		109.5
One-off effects/Non-recurring items			–44.9	–5.8	–2.2		–52.9
EBIT	104.6	21.0	–52.5	9.9	–26.4	0.0	56.6
Capital expenditure [1)]	57.4	1.5	12.0	5.3	10.9	0.0	87.1
Working capital (Dec. 31) [2)]	181.6	21.8	127.5	44.0	–68.9	0.0	306.0
Capital employed (Dec. 31) [3)]	483.9	34.1	309.0	93.8	21.0	0.0	941.8
Cash generation [4)]	104.2	14.7	–13.1	5.5	9.2	0.0	120.5
Result from investments accounted for At-Equity			18.3			0.0	18.3
Sales of investments accounted for At-Equity [5)]			325.4			0.0	325.4

1) Defined as the sum of capital expenditure in other intangible assets and property, plant and equipment and investment property.
2) Defined as sum of inventories and trade receivables and contract asset less trade payables and contract liabilities
3) Defined as the sum of goodwill, other intangible assets, property, plant and equipment, investment property, investments accounted for At-Equity and working capital
4) Defined as total of EBITDA pre plus change in working capital minus capital expenditure
5) Aggregated, non-consolidated 100% values with third parties

The significant one-off effects/non-recurring items include impairment losses on property, plant and equipment as well as write-downs of inventories and investments accounted for At-Equity in Carbon Fibers totaling €91.2 million, as shown in Note 9 (2023: depreciation of property, plant and equipment in Carbon Fibers and Composite Solutions totaling €49.5 million), initiated restructuring measures at Carbon Fibers of €2.3 million and from impairment of assets as well as personnel measures in the Battery Solutions business line totaling €19.8 million due to the discontinuation of activities for graphite anode material. A positive effect of €3.1 million was achieved through the partial reversal of the provision for the restructuring of the former Griesheim site, as the dismantling costs were lower than anticipated. Other significant one-off effects and non-recurring items include an expected contractual penalty of minus €2.0 million imposed on a supplier due to a shortfall in the volume purchased, also in the Carbon Fibers business unit, effects from the amounts of minus €1.2 million (2023: minus €1.3 million) capitalized as part of the purchase price allocations of the SGL Composites companies, consulting expenses from strategy projects of minus €3.1 million as well as other one-off effects of minus €2.0 million, including for personnel measures at Graphite Solutions in China.

The following table presents selected items by geographic region:

€m	Germany	Europe excluding Germany	USA	China (incl. Hong Kong)	Rest of Asia	Other [2]	SGL Carbon
2024							
Sales revenue (by destination)	263.9	208.6	226.5	134.2	144.8	48.4	1,026.4
Sales revenue (by company headquarters)	412.5	270.2	271.3	53.5	18.9		1,026.4
Capital expenditure	51.4	13.2	29.6	3.0	0.1		97.3
Non-current assets [1]	245.3	156.6	143.8	28.7	3.8		578.2
2023							
Sales revenue (by destination)	282.9	207.5	243.5	180.5	121.5	53.2	1,089.1
Sales revenue (by company headquarters)	408.2	311.1	257.8	94.3	17.7		1,089.1
Capital expenditure	30.4	20.1	29.3	7.1	0.2		87.1
Non-current assets [1]	224.9	189.0	167.9	28.4	3.4		613.6

[1] Non-current assets comprise other intangible assets, property, plant and equipment, investment property, investments accounted for At-Equity and other non-current assets (excluding financial assets)
[2] In particular Middle-/South America, Canada and Africa

30. Management and employee participation programs

SGL Carbon currently has two management and employee participation programs, comprising one active plan (Short-Term Incentive Plan) and one active Long-Term Incentive Plan. The Stock Appreciation Rights Plan from prior years was settled in the reporting year.

Short-Term Incentive Plan (“STI”)

Non-tariff employees, as well as employees classified in one of the four current internal SGL management groups (MG1–MG4), receive an annual bonus based primarily on the achievement of short-term corporate and business unit targets. The reference value is the amount of the individual’s fixed annual remuneration.

The aim is to incentivize all managers on the basis of the Company’s short-term success, thereby giving individuals a strong incentive to contribute to the positive development of the business.

In 2024, the maximum potential bonus a manager could achieve was again based on the targets for SGL Carbon as a whole and for the manager’s business unit. The targets were based on adjusted EBITDA, cash generation, and accident frequency at Group level, with the exception of the Graphite Solutions business unit. For the business units, the targets were based on adjusted EBITDA, cash generation, as well as the accident frequency at the Graphite Solutions business unit. For employees in management groups MG1–MG3, a personal target component was also agreed in fiscal year 2024. Payment of the STI for managers in management groups MG1–MG3 is contingent on positive free cash flow and positive (adjusted) net profit.

The bonus is paid in March or April in the year after it is earned. The amount of the STI for the management levels is within a defined corridor (expressed as a percentage of basic salary) and reflects an appropriate contribution to the success of the enterprise.

MG	Threshold	Target	Stretch
MG1	0%	40%	70.00%
MG2	0%	30%	52.50%
MG3	0%	25%	43.75%
MG4/AT	0%	12%	24.00%

The three target categories have identical weightings for the three senior management groups. In order for entitlement to a bonus to arise, the “threshold” (0%) must be exceeded. A "stretch" was also set (175% for MG1–MG3, 200% for MG4/non-tariff), which represents the maximum achievable bonus entitlement.

Long-Term Incentive Plan (“LTI”)

The Long-Term Incentive Plan for senior management, i.e., the members of management groups MG1–MG3 (“SGL Performance Share Plan” or “PSP”), is the basis for a uniform scheme with a long-term incentive effect and a balanced risk/reward profile, under which remuneration is granted in the form of virtual shares (“Performance Share Units” or “PSUs”). Adjusted LTI plan terms were agreed with senior management in 2021, following the review of the approach to senior management incentivization. Since then, senior managers who are promoted to MG3 or join the company from outside no longer participate in the Long-Term Incentive Plan. The LTI replaces the previously applicable SGL Performance Share Plan (PSP) with effect from January 1, 2022.

The long-term remuneration component is generally based on SGL Carbon’s return on capital employed (ROCE) as an internal measurement basis. Prior to the start of individual LTI plan tranches, the Board of Management of SGL Carbon SE may decide to use the ROCE for individual SGL Carbon business units or one or more other performance indicators as the basis for the tranche in question, either alternatively or cumulatively to Group ROCE. The long-term remuneration component also depends on the performance of the SGL Carbon SE share price at the end of the performance period.

The PSP or LTI is a cash-settled long-term incentive plan. It does not grant a right to receive actual SGL Carbon SE shares and payouts depend on the degree of target achievement. The objective of granting PSUs is to retain senior management and to motivate them to ensure SGL Carbon’s long-term success. In addition, the share price feature is intended to align the interests of senior management with the interests of shareholders in SGL Carbon's long-term value growth.

Based on an allocation value in euros to be determined by the Board of Management of SGL Carbon SE as well as the average opening share price for the last 20 trading days prior to commencement of the performance period, each participant is allocated a preliminary number of Performance Share Units ("number of allocated PSUs") at the beginning of the performance period. This number is then recalculated after the end of the performance period based on the actual degree of target achievement (the result of this performance-based adjustment is the "final number of PSUs"). The payout amount is calculated by multiplying the final number of PSUs by the average closing share price for the final 20 trading days of the performance period.

The payout potential of the LTI from 2022 is a maximum of 120% (LTI 2021–2024: maximum 200%). The existing plan tranches, including the relevant targets, are presented below as of December 31, 2024:

Tranche	Allocation value [1]	Price [2]	PSU [3]	ROCE-Performance	Fair value [4]
	€m	€	Number	in%	€m
LTI 2021-2024	4.7	3.78	923,595	150.0	5.7
LTI 2022-2025	3.7	7.73	422,330	0.0	0.0
LTI 2023-2026	3.5	7.15	415,058	0.0	0.0
LTI 2024-2027	3.2	6.24	474,074	30.5	0.6

[1] Corresponds to the value at grant date
[2] Fair value at grant date
[3] Outstanding at December 31, 24
[4] PSU-number weighted with the performance and the average share price of 4.10€, calculated on the basis of the last 20 trading days of the 2024 financial year

Target indicators ROCE	Minimum	Target	Maximum
Plan 2021-2024	5.0%	7.8%	9.0%
Plan 2022-2025	10.0%	11.3%	-
Plan 2023-2026	12.0%	13.9%	-
Plan 2024-2027	10.5%	12.6%	-

The provisions for the existing LTI plans for the selected executives as of December 31, 2024, amounted to a total of €5.8 million (2023: €12.9 million). In fiscal year 2024, €1.4 million (2023: €2.6 million) was reversed to profit.

Stock Appreciation Rights Plan (SAR Plan)

The 2010 SAR Plan came into effect on January 1, 2010. The SARs could be issued at any time during the period until the end of 2014. In January 2024, all outstanding SARs (246,720 units) expired without replacement.

31. Audit fees and services provided by the auditors

The audit fees of KPMG AG Wirtschaftsprüfungsgesellschaft mainly related to the audit of the consolidated financial statements and parent company financial statements of SGL Carbon SE. Other assurance services in 2024 mainly concerned the audit of the non-financial Group report 2024 including CSRD, the audit of the business unit CF in accordance with ISA 800, the audit of a closing balance sheet in accordance with Section 17 UmwG and the audit of the remuneration report under stock corporation law in accordance with IDW PS 490.

€m	2024	2023
Audit fees	1.0	0.8
Other assurance services	0.8	0.4
Total	**1.8**	**1.2**

32. List of shareholdings of SGL Carbon according to Section 313 [2] of the German Commercial Code [HGB]

A.	Consolidated Companies		Interest in %	held via
a)	**Germany**			
1	SGL Carbon SE	Wiesbaden		
2	SGL CARBON GmbH [1)]	Meitingen	100	1
3	SGL Fuel Cell Components GmbH [1)]	Meitingen	100	1
4	SGL Battery Solutions GmbH	Meitingen	100	1
5	Dr. Schnabel GmbH [1)]	Limburg	100	2
6	SGL CARBON Beteiligung GmbH [1)]	Wiesbaden	100	1
7	SGL TECHNOLOGIES GmbH [1)]	Meitingen	100	1
8	SGL Carbon Fibers GmbH	Meitingen	100	7
9	SGL epo GmbH [1)]	Willich	100	7
10	SGL/A&R Immobiliengesellschaft Lemwerder mbH	Lemwerder	51	7
11	SGL/A&R Services Lemwerder GmbH	Lemwerder	100	10
12	SGL/A&R Real Estate Lemwerder GmbH & Co. KG	Lemwerder	100	11
13	SGL Carbon Asset GmbH [1)]	Meitingen	100	6
14	SGL Composites Materials Germany GmbH [1)]	Meitingen	100	7

[1)] Exemption in accordance with section 264 –3 of the German Commercial Code (HGB)

A.	Consolidated Companies		Interest in %	held via
b)	**Other countries**			
15	SGL GELTER S.A.	Madrid, Spain	64.0	2
16	SGL CARBON S.p.A. in liquidazione (i.L.)	Milan, Italy	99.8	13
17	SGL Graphite Verdello S.r.l.	Verdello, Italy	100	2
18	SGL CARBON do Brasil Ltda.	Diadema, Brazil	100	2
19	SGL Composites GmbH	Ried im Innkreis, Austria	100	7
20	SGL CARBON FIBERS LTD.	Muir of Ord, United Kingdom	100	7
21	SGL Composites S.A.	Lavradio, Portugal	100	7
22	SGL BUSINESS SERVICES, UNIPESSOAL, LDA	Lavradio, Portugal	100	2
23	SGL GRAPHITE SOLUTIONS POLSKA sp. z o.o.	Nowy Sącz, Poland	100	6
24	SGL Battery Solutions Polska sp. z o.o.	Nowy Sącz, Poland	100	23
25	SGL CARBON S.A.S.	Passy (Chedde), France	100	1
26	SGL CARBON Technic S.A.S.	Saint-Martin d'Heres, France	100	1
27	SGL CARBON Ltd.	Alcester, United Kingdom	100	1
28	SGL CARBON, LLC	Charlotte, NC, USA	100	6
29	SGL Technologies LLC	Charlotte, NC, USA	100	28
30	SGL COMPOSITES INC.	Gardena, CA, USA	100	29
31	SGL TECHNIC LLC	Valencia, CA, USA	100	28

A.	Consolidated Companies		Interest in %	held via
b)	**Other countries**			
32	SGL CARBON TECHNIC LLC	Strongsville, OH, USA	100	28
33	SGL Carbon Fibers America LLC	Moses Lake, WA, USA	100	29
34	SGL CARBON Far East Ltd.	Shanghai, China	100	1
35	SGL CARBON Japan Ltd.	Tokyo, Japan	100	1
36	SGL CARBON Korea Ltd.	Seoul, South Korea	100	1
37	SGL CARBON ASIA-PACIFIC SDN BHD	Kuala Lumpur, Malaysia	100	1
38	SGL Quanhai High-Tech Materials (Shanxi) Co. Ltd.	Yangquan, China	89.1	6
39	SGL PROCESS TECHNOLOGY PTE. LTD.	Singapore	100	1
40	SGL CARBON Graphite Technic Co. Ltd.	Shanghai, China	100	39
41	SGL Carbon Technic Japan Ltd.	Yamanashi, Japan	100	39
42	SGL Graphite Solutions Taiwan Ltd.	Taipei City, Taiwan	100	2

B. Equity investments over 20%

	Other countries			
43	Brembo SGL Carbon Ceramic Brakes S.p.A.	Stezzano, Italy	50.0	1
44	MCC-SGL Precursor Co. Ltd.	Tokyo, Japan	33.3	7
45	Fisigen S.A.	Lisbon, Portugal	49.0	21

33. Declaration of conformity with the German Corporate Governance Code

The annual declaration of conformity with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) was issued by the Board of Management and Supervisory Board of SGL Carbon SE on December 3, 2024, and has been published on the SGL Carbon SE website.

34. Subsequent events

Changes to the Board of Management
The Supervisory Board of SGL Carbon has resolved to appoint Andreas Klein as Chief Executive Officer (CEO) of the Company with effect from January 1, 2025 for a term of three years. Dr. Stephan Bühler was also appointed to the Board of Management of SGL Carbon for a term of two years from January 1, 2025. In addition, the Supervisory Board complied with Dr. Torsten Derr's request and approved the early termination of his Board of Management contract at the end of December 31, 2024.

Restructuring of the Carbon Fibers (CF) business unit
On February 18, 2025, SGL Carbon announced the restructuring of the loss-making business unit CF. SGL Carbon will significantly reduce CF business operations and focus on a profitable core. Individual solutions are being developed for all CF sites, including the closure of unprofitable sites. The Brembo SGL Carbon Ceramic Brakes S.p.A. (BSCCB) joint venture, which is assigned to the Carbon Fibers business unit, is not affected by the closure of our carbon fiber business. The Company expects one-off cash charges related to the extensive restructuring in the range of €50 million over the next two years. CF accounted for 20.5% of SGL Carbon’s Group revenue in 2024 (2023: 20.7%). The adjusted EBITDA of CF (excluding the company’s share of the EBITDA of Brembo SGL Carbon Ceramic Brakes, BSCCB, which is accounted for At-Equity) was minus €27.0 million in the reporting period (2023: minus €10.9 million).

Extension of the syndicated credit facility
As in the previous year, the company exercised an option to extend the term of its €100 million syndicated credit line. This extends the term of the syndicated credit line, which was not drawn as of the balance sheet date, by an additional year to March 2028.

Wiesbaden, March 18, 2025

SGL Carbon SE
The Board of Management of SGL Carbon SE

Andreas Klein **Dr. Stephan Bühler** **Thomas Dippold**

Additional Information

Independent Auditor's Report

To SGL Carbon SE, Wiesbaden, Germany

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of SGL Carbon SE, Wiesbaden, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from January 1 to December 31, 2024, and notes to the consolidated financial statements, including significant information on the accounting policies. In addition, we have audited the group management report of SGL Carbon SE for the financial year from January 1 to December 31, 2024.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

The group management report contains cross-references that are not required by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

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 issued by the International Accounting Standards Board (IASB) (hereinafter referred to as “IFRS Accounting Standards”) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 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 of December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report. The group management report contains cross-references that are not required by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer

Pursuant to Section 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 group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 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 Group 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 Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group 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 financial year from January 1 to December 31, 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.

Recognition of deferred tax assets of the US tax group

Please refer to Note 2 in the notes to the consolidated financial statements for information on the accounting policies applied. Information on deferred tax assets and liabilities can be found under Note 21.

THE FINANCIAL STATEMENT RISK

Deferred tax assets in the amount of EUR 55.6 million are presented in the consolidated financial statements of SGL Carbon SE (hereinafter also referred to as "SGL", "Company" or "Group") as of December 31, 2024, of which EUR 53.7 million are attributable to the US tax group.

For the recognition of deferred tax assets, management assesses the extent to which existing deferred tax assets can be used in subsequent reporting periods. Utilizing these deferred tax assets requires that sufficient taxable income is generated in future periods. If there are reasonable doubts as to the future usability of the calculated deferred tax assets, deferred tax assets are not recognized or deferred tax assets already recognized are impaired.

The recognition of deferred tax assets greatly depends on the estimates and assumptions of management about the operating performance of country units and the Group's tax planning and therefore is subject to considerable uncertainty. Moreover, utilizing deferred tax assets also depends on the respective tax environment.

In the prior year, the Group capitalized deferred tax assets on loss carryforwards, interest carryforwards and temporary differences for the US tax group in the amount of EUR 70.0 million, which resulted from previous years and were considered recoverable. Although the tax group concerned generated taxable profits in the current financial year and in the two previous financial years on a cumulative basis, an impairment of deferred tax assets in the amount of EUR 20.0 million was recognized due to weaker earnings prospects in financial year 2024.

There is the risk for the consolidated financial statements that the Group's assessment is not appropriate and that the impairment is incorrectly determined and that the other deferred tax assets recognized for the US tax group are not recoverable.

OUR AUDIT APPROACH

We involved our German and US tax specialists in the audit to assess the recognition of the deferred tax assets of the US tax group. First, we critically examined the tax calculation for the current financial year and the calculation of the temporary differences between the IFRS carrying amounts and the tax carrying amounts. Furthermore, we reconciled the interest and loss carryforwards for the tax assessment notices and the tax calculations for the current financial year and also evaluated the off-balance sheet corrections.

We assessed the recoverability of deferred tax assets on the basis of the Company's internal forecasts of future taxable income and critically reviewed the underlying assumptions. In this regard, we reconciled the planning of the future taxable income of the US tax group with group planning and checked it for consistency with the group planning prepared by management and acknowledged by the Supervisory Board. The appropriateness of the planning used was assessed on the basis of external market analyses. We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual earnings realized and by analyzing deviations.

We had SGL Carbon SE's assessment of the development of the earnings position of the US tax group with interest and loss carryforwards explained to us by management. In this context, we analyzed the causes of the weakened earnings outlook and assessed the appropriateness of the impairment recognized in financial year 2024 and the sustainability of the expected taxable results.

OUR OBSERVATIONS

The assumptions underlying the recognition of the deferred tax assets for the US tax group are appropriate as a whole.

Valuation of property, plant and equipment of the Carbon Fibers („CF“) cash-generating unit

Please refer to Note 2 in the notes to the consolidated financial statements for information on the accounting policies applied. The business performance of the business units is explained in the section "Financial performance of reporting segments" and the expected development with its opportunities and risks in the section "Opportunities and risks report" of the group management report.

THE FINANCIAL STATEMENT RISK

The carrying amount of the CF cash-generating unit amounted to EUR 136.1 million as of December 31, 2024, and, at 10.2%, represents a significant share of total assets.

The ongoing challenging business situation within the CF cash-generating unit led to management's decision to review all strategic options for the CF business unit. These included a possible partial or complete sale of the business unit. The structured transaction process initiated was still ongoing at the end of 2024.

In financial year 2024, demand for carbon fibers from the wind industry, an important market segment for the CF cash-generating unit, declined once again. The automotive and industrial applications market segments also recorded a decline in sales. SGL assumes that demand will not recover in the coming months and that the achievable prices for these products will remain at a low level beyond 2025. Furthermore, SGL expects that the anticipated improvement in the sales and earnings situation for the Carbon Fibers business unit will be delayed. This resulted in an indication of impairment of the property, plant and equipment allocated to the CF cash-generating unit, with the result that SGL carried out an indicator-based impairment test as of December 31, 2024.

The impairment test was performed at the level of the cash-generating unit. SGL determines the recoverable amount of the cash-generating unit and compares this with the respective carrying amount. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of fair value less costs to sell and value in use of the cash-generating unit. Value in use is determined using a discounted cash flow model. The reduction in expected future cash inflows resulted in the need to recognize an impairment loss of EUR 76.5 million for the CF cash-generating unit. This was allocated proportionately to the non-current assets of the cash-generating unit and the key assets allocated to it. The remaining carrying amount of this cash-generating unit as of December 31, 2024 amounts to EUR 136.1 million.

Impairment testing of property, plant and equipment is complex and based on a range of assumptions that require judgment. These include, in particular, the forecast cash flows, the assumed useful economic life of the significant production plants, the assumed long-term growth rates and the discount rates used.

There is the risk for the consolidated financial statements that the impairment loss as of the reporting date is not recognized in the amount required.

OUR AUDIT APPROACH

With the involvement of our valuation experts, we assessed, among other things, the appropriateness of the Company's significant assumptions and calculation method. To this end, we discussed the expected development of business and earnings as well as the assumed long-term growth rates with those responsible for planning. We also carried out reconciliations with the budget prepared by management and taken note of by the Supervisory Board. Furthermore, we evaluated the consistency of assumptions with external market assessments.

In addition, we examined the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with the actual earnings and by analyzing deviations. As budgeted figures were not met, we have assessed the significant assumptions in particular, e.g. revenue and margin performance. We compared the assumptions and data underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data and checked the estimated useful life assumed for significant production plants for plausibility.

To evaluate the methodically and mathematically correct implementation of the valuation method, we verified the measurement made by the Company using our own calculations and analyzed deviations.

In order to take forecast uncertainty into account, we examined the impact of potential changes in earnings performance and the long-term growth rate on the recoverable amount by calculating alternative scenarios and comparing these with the values stated by the Company (sensitivity analysis).

The calculation method used for impairment testing the property, plant and equipment of the CF cash-generating unit is appropriate and in line with the accounting policies to be applied. The Company's assumptions and data used for measurement are appropriate.

Other Information

The Board of Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the separate non-financial group sustainability statement, including the non-financial group report, which is referred to in the group management report,
- the Group's corporate governance statement included in the section "Corporate governance declaration, corporate governance and compliance report" of the group management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon. Our opinions on the consolidated financial statements and on the group 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 group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Board of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Board of Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 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 Board of Management is responsible for such internal control as it has 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 Board of Management is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is 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 Board of Management is responsible for the preparation of the group 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 Board of Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group 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 group 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 group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group 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 group 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 group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 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 group 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 group 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 controls.
- 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 group 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 or of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group 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 IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 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 segments within the Group to provide a basis for our opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group 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 Board of Management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the

- Board of Management 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 actions taken or safeguards applied to eliminate independence threats.

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 Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file " SGLCarbon-2024-12-31-de.zip" (SHA256 hash value: a3e51222f611cdaed7917d3c00b775f8d9999ecf87f930dbcce809d19c166acc) made available and prepared for publication purposes complies in all material respects with the requirements of Section 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 group management report into the ESEF format and therefore relates neither to the information contained in 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 group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2024, contained in the "Report on the Audit of the Consolidated Financial Statements and the Group 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.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1) (09.2022).

The Company's Board of Management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Board of Management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

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 Section 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 Section 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 made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements at the Annual General Meeting on May 23, 2024. We were engaged by the Supervisory Board on September 5, 2024. We have been the auditor of the consolidated financial statements of SGL Carbon SE without interruption since financial year 2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 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 group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited group 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 examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Daniel Hermanns.

Munich, March 18, 2025

KPMG AG

Wirtschaftsprüfungsgesellschaft

[signature] Pritzer	[signature] Hermanns
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Wiesbaden, March 18, 2025

SGL Carbon SE
The Board of Management of SGL Carbon SE

Andreas Klein   Dr. Stephan Bühler   Thomas Dippold

Corporate Bodies

Board of Management

(Status: December 31, 2024)

Dr. Torsten Derr

Chairman/Chief Executive Officer of SGL Carbon SE

Responsible for:

Human Resources & Management Development
Legal, Compliance & Internal Audit
Corporate Development / Strategy / Transformation Process
Corporate Communications
Sustainability & ESG
Purchasing
Production Technology Safety Environment (PTSE)
Global Engineering & Construction
BU Graphite Solutions
BU Composite Solutions
BU Carbon Fibers
BU Process Technology

Internal board memberships:
Brembo SGL Carbon Ceramic Brakes S.p. A., Stezzano, Italy [1)]

Thomas Dippold

Chief Financial Officer of SGL Carbon SE

Responsible for:

Group Accounting
Group Controlling
Group Treasury
Financial Reporting
Group Taxes
Risk Management
Legal, Compliance & Internal Audit
Investor Relations
Information Technology, Information Security & Digitization
BU Graphite Solutions
BU Composite Solutions
BU Carbon Fibers
BU Process Technology

Internal board memberships:
SGL CARBON GmbH, Meitingen,
SGL CARBON LLC, Charlotte, USA
SGL Process Technology Pte. Ltd., Singapore
SGL Carbon Asia-Pacific Sdn. Bhd., Malaysia (since November 28, 2024)

[1)] Shareholder Committee
With memberships outside Germany, the respective country is mentioned

Supervisory Board

(Status: December 31, 2024)

Prof. Dr. Frank Richter (since May 9, 2023)

Chairman of the Supervisory Board of SGL Carbon SE
Chairman of the Personnel and Nomination Committee

Managing Director SKion GmbH, Bad Homburg

Board memberships pursuant to Sec. 125 (1) 5 AktG:
SKion GmbH group companies:
- Altana AG, Wesel
- Landa Digital Printing, Israel

Georg Denoke

Deputy Chairman of the Supervisory Board of SGL Carbon SE
Chairman of the Audit Committee

Managing Director and CEO of ATON GmbH, Munich

Board memberships pursuant to Sec. 125 (1) 5 AktG:
EDAG Engineering Group AG, Arbon, Switzerland 2)

Edwin Eichler

Consultant

Board memberships pursuant to Sec. 125 (1) 5 AktG:
SMS Group GmbH, Duesseldorf 1)
Käfer SE & Co KG, Bremen 3)

Ingeborg Neumann

Managing partner of Peppermint Holding GmbH, Berlin

Board memberships pursuant to Sec. 125 (1) 5 AktG:
FUCHS PETROLUB SE, Mannheim
BERLINER WASSERBETRIEBE AöR, Berlin

Markus Stettberger

Deputy Chairman of the Supervisory Board of SGL Carbon SE
Deputy Chairman of the Works Council (full-time), SGL CARBON GmbH, Meitingen
Deputy Chairman of the SE-Works Council

Dieter Züllighofen

Chairman of the Works Council (full-time)
SGL CARBON GmbH, (Site Bonn)

Kathrin Bamberger

Back Office Sales Professional,
SGL Composites GmbH, Ort im Innkreis/Austria

Axel Hemleb

Deputy Chairman of the Works Council (full-time), SGL CARBON GmbH, (Site Bonn)
Member of the Supervisory Board of SGL CARBON GmbH, Meitingen

1) Chairwoman/Chairman of the supervisory board
2) Chairman of the administrative board
3) Member of the administrative board
With memberships outside Germany, the respective country is mentioned

Glossary

Commercial Glossary

Associated companies
Associated companies are entities in which significant influence can be exercised over their operating and financial policies and which are not subsidiaries, joint ventures or joint operations. In general, this applies to companies in which SGL has an investment of between 20% and 50%.

At-Equity method
Method used in the consolidated financial statements for measuring and accounting for investments in which the SGL Carbon has joint control in, or significant influence over. Under the equity method, investments of this kind are initially recognized at cost. In subsequent years, these investments then change in line with their profit or loss contribution.

Bond
Collective term for interest-bearing debt instruments with contractually fixed repayment terms. Bonds are issued either by governments or companies and sold through financial institutions and provide long term external financing.

Cash flow
An economic measure for the inflow and outflow of cash funds representing the net inflow from sales activity and other cur-rent activities in a period. In a cash flow statement, the change in cash and cash equivalents is broken down by operating activity, investing activity and financing activity.

Cashflow-Hedge
A hedge of a recognized asset or of future, highly likely (foreign currency) transactions. The change in value of the hedging instrument is recognized directly in equity.

Cash Generation
EBIT adjusted plus amortization/depreciation on intangible assets and property, plant & equipment plus change in working capital less capital expenditure.

Capital employed
The sum of Goodwill, other intangible assets, property, plant & equipment and working capital.

Capital expenditures (capex)
Capex is defined as additions to other intangible assets and property, plant and equipment excluding additions from acquisitions and right-of-use assets arising from leases.

Convertible bond
A corporate bond that includes a share option. Under the option, the bond can be exchanged (converted) for shares in the company subject to certain preconditions. The exchange is possible within a specific period at a fixed price. The conversion price normally exceeds the share price on the date of the bond issue.

Corporate Governance
The German Corporate Governance Code is the primary legislation governing the management and monitoring of German publicly traded companies and comprises international standards for adequate and responsible corporate management.

CSR (Corporate Social Responsibility)
Refers to the social responsibility of companies for the impact of their activities on society and the environment and measures derived from this. Also known as sustainability concerns, which are explained in detail in the CSR Report.

Declaration of conformity
Declaration of conformity by the Board of Management and Supervisory Board of compliance with the German Corporate Governance Code pursuant to section 161 German Stock Corporation Act (AktG).

Deferred taxes
Assets and liabilities arising from the different treatment of transactions for financial and tax reporting purposes.

Distributable accumulated profits/accumulated losses
Result of SGL Carbon SE as reported in its German GAAP financial statements based on calculation pursuant to the German Commercial Code (HGB).

DSO (Days Sales Outstanding)
Trade account receivables divided by sales revenue, times 360 (A low figure indicates that the company collects its outstanding receivables quickly).

Earnings per share (EPS)
The figure of EPS is calculated by dividing the net result of the year attributable to SGL Carbon SE shareholders by the weighted average number of outstanding shares for the financial year.

EBIT
Earnings before interest and taxes. EBIT is an important key performance indicator for assessing the operational profitability of companies.

EBIT-margin
EBIT pre to sales revenue, also known as return on sales.

EBIT pre (adjusted)
EBIT pre for non-recurring items and one-off effects. Unlike EBIT, this indicator eliminates non-recurring items to establish a better baseline for forecasts. Non-recurring items mainly include restructuring costs and effects from purchase price allocation. Examples of one-off effects are land sales, insurance compensation, reversal of certain provisions.

EBITDA
Earnings before interest, taxes, depreciation and amortization. In the case of EBITDA, the focus is rather more on cash earnings potential.

EBITDA pre (adjusted)
EBITDA pre for non-recurring items and one-off effects. In contrast to EBITDA, this indicator eliminates special items so that operating performance can be better compared over several periods. See "EBIT pre (adjusted)" for definition of non-recurring items and one-off effects.

Equity ratio
The shareholders’ equity as a proportion of total assets. The higher the equity ratio, the more independent a company is from external providers of capital. The equity ratio is also an indicator of the creditworthiness and robustness of a company.

EURIBOR
Euro InterBank Offered Rate (EURIBOR) is an interest rate at which euro interbank term deposits are offered.

ESG
Sustainability aspects based on environmental concerns (environmental, social and governance concerns).

Derivative financial instruments
Forward contracts whose value is derived from another existing (primary) market value. An example of a derivative is a currency option, in which the premium largely depends on the option price, the maturity of the option and the volatility of this currency.

Free cash flow
The balance of cash flow from operating activities and cash flow from investing activities. Free cash flow therefore reflects the amount available to the company, for example, for debt repayment or distribution of dividends.

Free float
The total number of shares not owned by major investors (e.g. the parent company). Free float shares are distributed among a large number of shareholders and can therefore be bought and sold by many people. The number of free float shares therefore also normally provides an indication of the liquidity of the shares.

Functional costs
Functional costs include cost of sales, R&D expenses, selling expenses and general and administration expenses.

Gearing
The ratio of net financial debt to equity. Gearing is a key performance indicator reflecting financial strength and illustrates the dependency of a company on third-party lenders. The higher the figure, the greater the theoretical dependency.

Goodwill
The excess of cost of an acquisition over the fair value of the acquired entity at the time of acquisition.

Global Reporting Initiative (GRI)
An initiative that publishes the GRI Standards. These contain specifications and indicators for sustainability reporting. The GRI Standards are internationally established as a framework for voluntary sustainability reporting.

Gross profit
Sales revenue less cost of sales.

Hedging
Strategy to limit or eliminate price risks. Hedging is standard practice in capital markets and is used by market players to offset risks.

International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS)
Uniform accounting standards to enhance comparability of financial data. According to European Union regulation, publicly traded companies are required to prepare their consolidated financial statements in accordance with these rules.

Joint venture
A contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control.

Joint operation
A joint arrangement whereby the parties that have joint control of the arrangement have rights of the assets, and obligation for the liabilities, relating to the arrangements.

Leverage Ratio
Net financial debt to EBITDA pre. Key figure that compares debt to operating earnings before interest, taxes, depreciation and amortization. Due to the cash earnings potential of EBITDA, this key figure is often used by banks for granting loans.

Market capitalization
Key performance indicator providing information on the stock market value of a listed company. It is calculated by multiplying the number of shares by the current share price.

Net Financial Debt
Interest-bearing loans (nominal) less cash and cash equivalents less time deposits.

Non-recurring items and one-off effects
Non-recurring items mainly include restructuring costs and effects from the purchase price allocation. In contrast to non-recurring items, one-off effects do reflect a period of time. They include, among other things, the sale of real estate, insurance compensation and the reversal of certain provisions.

Operating EBIT
EBIT before non-recurring items and one-off effects. In contrast to EBIT, this parameter eliminates non-recurring effects in order to establish a better baseline for forecasts.

Rating
Internationally recognized criteria for assessing the creditworthiness of a debtor or company. Ratings are determined by specialist agencies using standardized procedures.

Return on sales
Ratio of EBIT pre to sales revenue. Return on sales (ROS) provides information on a company's operating profit as a percentage of sales revenue in the period under review. A high return on sales indicates a high level of profitability.

ROCE (Return on capital employed)
The ratio of EBIT pre to capital employed. This key performance indicator provides information on the return on average capital employed by a company over a specific period.

Syndicated loan
A loan offered by a syndicate consisting of several core industries; the loan's overall risk (e. g. resulting from credit quality or capital lock-up) is spread across the financial institutions involved.

Term Loan Facility
A credit facility that enables the borrower SGL to borrow a fixed amount for a specified period of time (the term).

UN Global Compact
World's largest initiative for responsible corporate governance. Member companies commit to implementing ten universal principles and regularly documenting their progress. These include human rights, labor standards, the environment and corruption prevention.

Weighted average cost of capital (WACC)
An average representing the expected return on all of a company's securities. Each source of capital, such as stocks, bonds and other debt, is assigned a required rate of return, and then these required rates of return are weighted in proportion to the share each source of capital contributes to the company's capital structure. The resulting rate is what the firm would use as a minimum for evaluating a capital project or investment.

Working Capital
Inventories plus trade receivables and contract assets minus trade payables and contract liabilities. This figure describes the current assets employed by a company in the short-term. The lower the working capital, the better the liquidity position of a company.

Technical Glossary

Coarse grain graphite
The grain size lies between 1 mm and up to approx. 20 mm. Key material property is the high resistance to thermal shock. Typical product examples are graphite electrodes for steel scrap recycling, cathodes for aluminum electrolysis and furnace linings for crude steel.

Fine grain graphite
Specialty graphite with a fine grain structure and a grain size of between 1 mm and few µm, with which the required material strengths can be achieved. Fine grain graphites have a broad spectrum of applications in the semiconductor, mechanical engineering, metallurgical, industrial furnace construction, medical and analysis technology industries (isostatic graphite).

Fuel cell
A fuel cell is an electrochemical cell that convert chemical energy of a continuously supplied fuel (e.g. hydrogen, methanol) and an oxidizing agent (e.g. oxygen) into electrical energy. Gas diffusion layers (GDL), which ensure homogenous gas distribution on the electrode, are an important component of a fuel cell. This component often consists of a special paper that is based on short-cut carbon fibers.

GHG Protocol
The GHG Protocol distinguishes greenhouse gas emissions into three categories according to their origin:
Scope 1 includes all emissions that result from energy consumption directly within the company, such as the consumption of natural gas or heating oil.
Scope 2 covers all indirect emissions resulting from the generation of energy that the company purchases from external sources, such as electricity and district heating.
Scope 3 applies to all other emissions that arise in the course of corporate value creation. This includes both indirect emissions within the company itself (e.g., from business travel, commuting) and emissions from upstream value creation (e.g., purchasing, logistics) as well as emissions from the downstream value chain (e.g., at the customer).

Isostatic graphite
Special fine grain graphite for specific applications. Its name is derived from the method of production (isostatically pressed; in a chamber of water subjected to equal pressure from every side). The main features of isostatic graphite are strength, density and isotropic structure. It is therefore used in all applications where the mechanical properties of conventional graphite are inadequate.

Lithium-ion battery
Rechargeable battery with high energy and performance density. The cathode is made from a lithium compound, the anode from carbon or graphite. During the charging process, the lithium ions in the cathodes migrate to the carbon lattice of the anode material (intercalation). During discharging, the lithium ions from the intercalation migrate back to the cathode. Lithium-ion batteries are the standard batteries for mobile applications today. The anode material often consists of synthetic graphite (GAM: graphite anode material).

Natural graphite
A natural mineral. It is extracted from both surface and underground mining. High purity (> 99%) is achieved by purification processes (flotation, thermal and chemical purification). Natural graphite possesses the nearly ideal crystalline structure of graphite. Its use as a lubricant is well known. The largest natural graphite amounts are used for fire proof applications. Small amounts are also included in the recipe for fine grain graphites. Inclusion of acids produces graphite salts, which are converted to expanded graphite in a thermal process.

PAN-Precursor
Synthetic fiber made from polyacrylonitrile (PAN). PAN precursor is the raw material used in the production of carbon fibers.

Petroleum coke
Is a mass volume by-product of the oil refining process and is used as one of the raw materials for the production of synthetic graphite.

REACH (regulation for chemicals)
REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals.

Wide-bandgap semiconductor
Materials whose band gap is at the upper end of the range of semiconductors (3 eV to over 4 eV). Traditional silicon-based semiconductors have a band gap of 1.1 eV. Examples of wide-bandgap semiconductor materials are GaN, SiC. Such materials are distinguished from traditional semiconductors by advantages such as processing higher voltages, operating at higher temperatures, processing higher frequencies and greater reliability. They are therefore suitable for applications in power electronics, low-noise amplifiers and for high-frequency and microwave amplifiers.

List of Acronyms

A

AktG
German Stock Corporation Act (Aktiengesetz)

C

CFRP
Carbon Fiber Reinforced Plastic

D

DAX
German Stock Index (large caps)

DCGK
German Corporate Governance Code

E

EBIT
Earnings before Interest and Taxes

EBITDA
Earnings before Interest, Taxes, Depreciation and Amortization

EHSA
Environment, Health & Safety Affairs

EPS
Earnings per Share

H

HGB
German Commercial Code

I

IAS
International Accounting Standards

IASB
International Accounting Standards Board

IFRIC
International Financial Reporting Interpretations Committee

IFRS
International Financial Reporting Standards

IT
Information technology

L

LTCI
Long-Term Cash Incentive

LTI
Long-Term Incentive

M

MDAX
MidCap DAX

P

PSU
Performance Share Units

R

REACH
Registration, Evaluation, Authorization and Restriction of Chemicals

ROCE
Return on Capital Employed

S

SAR
Stock Appreciation Rights

SDAX
SmallCap DAX

SE
Societas Europae – (Share) corporate according to European law

STI
Short-Term Incentive

U

UmwG
German Transformation Act

V

VorstAG
Act on Appropriateness of Management Board Remuneration

W

WpHG
German Securities Trading Act

STI
Short-Term Incentive

Financial Calendar

March 20, 2025

- Publication of Annual Report 2024
- Annual Press Conference
- Investor and analyst meeting (including conference call)

May 8, 2025

- Statement on the First Quarter 2025
- Conference call for investors and analysts

May 21, 2025

- Annual General Meeting (virtual)

August 7, 2025

- Report on the First Half Year 2025
- Conference call for investors and analysts

November 6, 2025

- Statement on the First Nine Months 2025
- Conference call for investors and analysts

Contact

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Lisa Krieg

Chairman of the Supervisory Board
Martin Joppen Photography GmbH

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Five-year Financial Summary

€m	Footnote	2024	2023	2022	2021	2020
Financial performance						
Sales revenue		1,026.4	1,089.1	1,135.9	1,007.0	919.4
thereof outside Germany		*74%*	*74%*	*74%*	*69%*	*69%*
thereof in Germany		*26%*	*26%*	*26%*	*31%*	*31%*
EBITDApre	1)	162.9	168.4	172.8	140.0	92.8
Operating profit/loss (EBIT)		−14.3	56.6	120.9	110.4	−93.7
Result from continuing operations before income taxes		−46.9	22.4	94.6	82.1	−123.1
Consolidated net result (attributable to the shareholders of the parent company)		−80.3	41.0	126.9	75.4	−132.2
EBITDApre margin	2)	15.9%	15.5%	15.2%	13.9%	10.1%
Return on capital employed (ROCE $_{\text{EBIT pre}}$)	3)	11.4%	11.3%	11.3%	8.0%	1.8%
Earnings per share, basic (in €)		−0.66	0.34	1.04	0.62	−1.08
Net assets						
Equity attributable to the shareholders of the parent company		554.9	605.3	569.3	371.5	220.7
Total assets		1,336.9	1,472.6	1,480.3	1,376.3	1,258.8
Net financial debt		108.2	115.8	170.8	206.3	286.5
Equity ratio	4)	41.5%	41.1%	38.5%	27.0%	17.5%
Leverage Ratio	5)	0.7	0.7	1.0	1.5	3.1
Headcount	6)	4,394	4,676	4,760	4,680	4,837
Financial position						
Capital expenditure in non-current assets		97.3	87.1	52.9	50.0	55.8
Depreciation/amortization expense		58.7	58.9	60.8	60.3	73.3
Working capital		283.2	306.0	345.3	341.2	351.8
Free cash flow	7)	38.7	95.6	67.8	111.5	93.9

[1] Before one-off effects/non-recurring items of minus €118.5 million in 2024, minus €52.9 million in 2023, €8.9 million in 2022, €30.7 million in 2021 and minus €113.2 million in 2020
[2] EBITDApre to sales revenue
[3] EBITpre to average capital employed (total of goodwill, other intangible assets, property, plant and equipment, investment property, investments accounted for At-Equity and working capital)
[4] Equity attributable to the shareholders of the parent company to total assets
[5] Net debt to EBITDA pre
[6] As of Dec. 31, including employees with fixed-term contracts, since 2023 excluding apprentices (2024 and 2023: 117 and 132 apprentices)
[7] Cash flow from operating activities (continuing operations) minus cash flow from investing activities (continuing operations)

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