ANNUAL REPORT 2025

SALZGITTER AG
People, Steel and Technology

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On the cover: Employees from the blast furnace plant and from finance at Salzgitter Flachstahl GmbH's Visitor Center

TO OUR SHAREHOLDERS

SALZGITTER GROUP IN FIGURES

		2025	2024
Crude steel production	kt	5,880	6,391
External sales	€ m	8,981	10,012
Steel Production Business Unit	€ m	3,166	3,389
Steel Processing Business Unit	€ m	1,222	1,576
Trading Business Unit	€ m	2,629	3,057
Technology Business Unit	€ m	1,767	1,804
Industrial Participations / Consolidation	€ m	198	186
EBIT before depreciation, amortization and valuation exchangeable (EBITDA VX)	€ m	406	-
EBIT before depreciation and amortization (EBITDA)	€ m	376	445
Steel Production Business Unit	€ m	170	186
Steel Processing Business Unit	€ m	–64	–79
Trading Business Unit	€ m	58	–21
Technology Business Unit	€ m	140	148
Industrial Participations / Consolidation	€ m	71	210
of which earnings effects from valuation exchangeable	€ m	–30	-
Earnings before interest, taxes and valuation exchangeable (EBIT VX)	€ m	88	-
Earnings before interest and taxes (EBIT)	€ m	59	–179
Earnings before taxes and valuation exchangeable (EBT VX)	€ m	2	-
Earnings before taxes (EBT)	€ m	–28	–296
Steel Production Business Unit	€ m	–66	–61
Steel Processing Business Unit	€ m	–116	–391
Trading Business Unit	€ m	31	–81
Technology Business Unit	€ m	113	93
Industrial Participations / Consolidation	€ m	11	144
of which earnings effects from valuation exchangeable	€ m	–30	-
Consolidated result	€ m	–70	–348

		2025	2024
Earnings per share – basic	€	–1.37	–6.51
Return on capital employed VX (ROCE VX)[1]	%	1.2	-
Return on capital employed (ROCE)[1]	%	0.7	–3.4
Cash flow from operating activities	€ m	505	408
Investments[2]	€ m	528	899
Depreciation / amortization[2,3]	€ m	–318	–624
Total assets	€ m	10,481	10,465
Non-current assets	€ m	5,170	4,992
Current assets	€ m	5,311	5,474
Inventories	€ m	2,532	2,741
Cash and cash equivalents	€ m	1,061	1,002
Equity	€ m	4,433	4,449
Liabilities	€ m	6,048	6,016
Non-current liabilities	€ m	3,707	2,485
Current liabilities	€ m	2,341	3,532
of which due to banks[4]	€ m	717	674
Net financial position on the reporting date[5]	€ m	–954	–574
Employees			
Personnel expenses	€ m	–1,958	–2,016
Core workforce on the reporting date[6]	empl.	22,014	22,381
Total workforce on the reporting date[7]	empl.	24,047	24,473

1 ROCE (VX) = EBIT I (VX) (= EBT (VX) + interest expenses excl. interest portion in transfers to pension provisions) divided by the sum of shareholders' equity (excl. calculation of deferred tax), tax provisions, interest-bearing liabilities (excl. pension provision) as well as liabilities from finance leasing and forfaiting
2 Excluding financial assets
3 Scheduled and unscheduled write-downs
4 Current and non-current bank liabilities
5 Including investments, e.g. securities and structured investments
6 Excl. trainee contracts and excl. non-active age-related part-time work
7 Incl. trainee contracts and incl. non-active age-related part-time work

LETTER OF THE EXECUTIVE BOARD

Valued Shareholders,
Ladies and Gentlemen,

The year 2025 proved to be a difficult one for many of us. A feeling of insecurity and pessimism permeated sentiment, both in society and in the business community. An autumn of much anticipated reforms failed to materialize. Although key structural challenges were clearly defined, they have so far not been addressed with the necessary consequences. A fragile economic recovery at best is on the cards for Germany but is insufficient for a sustainable trend reversal.

Even though discouragement made an appearance, at least temporarily, across Europe and in Germany in particular, the year 2025 brought remarkable activity in some areas. Major decisions were taken, especially in the political arena, that will have a long-term and positive impact on the economy in general and on Europe's steel industry in particular. In terms of our sector, the European Union's Steel and Metals Action Plan is an example. Shortly before the end of last year, this action plan resulted in a robust proposal put forward by the European Commission as a successor to the not very effective safeguard trade defense measures that are due to expire in mid-2026. Beyond this, the German Bundestag's resolutions on facilitating a special fund for infrastructure and increasing defense spending should have far-reaching implications in the years ahead.

The Salzgitter Group can also look back on 2025 as an intensive, eventful and groundbreaking year, shot through by huge uncertainty but also marked by significant achievements. Compared with 2024, general conditions were determined by even weaker demand in core customer sectors and high energy prices, compounded by fierce international competition. Both shipment volumes and most rolled steel product prices dropped below the level posted the year before. This decline is also reflected in a pre-tax result of € –28 million that was impacted by the high losses sustained by the Steel Production and Steel Processing business units. The fact that this result derived major support from the earnings contributions of our Technology Business Unit and our participating interest in Aurubis AG clearly evidences the importance of diversification in our business model. Against this backdrop, every decision we took and implemented this past year focused on a central goal: safeguarding the Salzgitter Group's competitiveness and sustainability in the long term while promoting growth. We met these challenges by harnessing everything that makes us strong as Salzgitter AG: a solid sense of community, the will to shape whatever comes, and the courage to resolutely continue on our chosen path. It was evident from the situation that waiting for the market to recover was not an option and that taking decisive action was necessary. This is precisely what we did with our P28 profit improvement program. Around 95 % of the planned profit improvement potential in a volume exceeding € 500 million has meanwhile been backed up by specific measures. In the financial year 2025, we targeted cost-cutting effects of € 97 million from P28 and, by achieving € 110 million in total, rising to € 129 million when including non-sustainable effects, exceeded this figure. This achievement underscores our determination to rigorously deal with the challenges we face. At the same time, these effects, with the majority of their full impact on earnings only anticipated in 2026, were unable to fully compensate for the burdens on consolidated earnings from rolled steel selling prices trending down and persistently high energy costs. Structural changes in demand and the failure of economic stimuli to materialize also necessitated painful decisions such as closing tubes production at Helmond in the Netherlands as well as restructuring the stockholding steel trade, decisions that were nevertheless necessary in the interest of the Salzgitter Group's sustainable future.

Determined action also entailed adjusting the SALCOS® timeline: The start to production from the first stage has now been scheduled for the first half of 2027. We will decide on the further stages of development at a later point in time. The modular concept of SALCOS® gives us the headroom for the necessary flexibility. We are not compromising on the goal itself and are holding fast to the full transformation of steel production in Salzgitter, with plans to have concluded this process by the mid-2030s. A visible marker for the progress made in our decarbonization is the reactor tower of the Salzgitter steelworks' DR plant that reached its final height of 140 m in December 2025. As the now highest edifice on our steelworks site, it dominates the "Salzgitter skyline" and stands as a technological landmark for more climate compatible steel production.

Along with a clear focus on strengthening our operational and financial resilience, we concertedly forged ahead with the Group's strategic development in 2025, achieving further milestones under the "Salzgitter AG 2030" corporate strategy. We are investing in the future in a targeted manner – in a new walking beam furnace on the hot strip mill at the Salzgitter location that enables much greater energy efficiency and has been aligned to the use of hydrogen going forward. In addition, our subsidiary DEUMU invested in a new large shredding facility for scrap recycling, with the groundbreaking ceremony taking place in September to mark the start to construction. This facility ensures the supply of qualitatively high-grade scrap required for low-carbon steel production. Go-live has been scheduled on time, before the start to the initial SALCOS® stage in the first half of 2027. At the Mülheim location, the construction of the new hot leveling machine for especially thick plate used in energy infrastructure applications is proceeding according to plan. Furthermore, we also continued to pursue our active portfolio management with the disposal of DESMA Schuhmaschinen GmbH.

Another milestone was reached with the initial classification under the Low Emission Steel Standard (LESS) of the production routes of our four subsidiaries Salzgitter Flachstahl, Peiner Träger, Salzgitter Mannesmann Grobblech and Ilsenburger Grobblech. The certificate categorizes steel production processes depending on the amount of scrap and carbon emissions, thereby rendering our commitment to transformation transparent and comparable. A key component of our SALCOS® brand's product promise for physically CO_2-reduced green steel products lies in SALCOS® steels complying with LESS classification C at minimum. This promise has been externally ratified by the classification now available, with some SALCOS® products bearing classifications A and B, thus significantly exceeding the minimum requirements.

Our sector has long been given the promise of stronger support from the policymakers. The year 2025 saw measures approved at national and European level that take account of this promise. The draft of a successor instrument for the safeguard measures due to expire at the end of June 2026 and presented by the European Commission in October comprised many components that we consider suitable for strengthening the long-term competitiveness of the European steel industry. We therefore rate the draft very positively. This instrument is currently being debated in the European Parliament and in the Council of Ministers, and we assume that it will be introduced in mid-2026. The Carbon Border Adjustment Mechanism (CBAM) has been in effect since January 2026 with the aim of addressing one of the critical demands of Europe's steel industry in relation to importers - namely the demand for equitable competitive conditions. The German Steel Summit 2025 also came to an end with a positive outcome for the sector. The German government shares our concern that value chains once disrupted are unlikely ever to be rebuilt again and has made a clear commitment to steel production in Germany. The German Chancellor affirmed unbridled support for the safeguard successor instrument and announced relief regarding energy costs and action to create key green markets. The time has now come to implement these pledges in the form of concrete steps, which will be a core task for 2026.

Valued Shareholders,

Despite the adverse framework conditions, the Salzgitter share price performance was most gratifying in 2025. Over the course of 2025, the share price almost trebled compared with its 2024 year-end status. Shortly after the turn of the year 2025/2026, the price hit the mark of € 45, reflecting a performance that – a year ago - just one lone financial analyst expected the share to achieve. This trend mirrors not only the company's own operational and strategic progress but also the 60 % increase in the Aurubis share price. Another key influence lies with the capital market's expectations regarding the implementation of the aforementioned political and regulatory framework conditions. These effects are likely to filter through in our results over the course of the financial year 2026 at the earliest.

Over many years, our aspiration has been to be reliable and transparent for our shareholders. Despite a once again unsatisfactory result, we nevertheless propose a dividend payout of € 0.20 per share for the financial year 2025. This proposal is also an expression of our moderately optimistic expectations for the current financial year.

Ladies and Gentlemen, we would like to express our special thanks and recognition to our employees who, with their strong motivation, dedication and conscientiousness, secure the Group's ability to operate also in these difficult times. Similarly, our thanks go to you as our valued shareholders and business partners of Salzgitter AG for the trust you have placed in our company. We are looking forward to continuing to chart the course together with you.

Sincerely,

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

(f.l.): Dr. Sebastian Bross, Amit Bedi, Birgit Potrafki, Gunnar Groebler, Birgit Dietze, Dr. Heike Denecke-Arnold, Kai Acker

REPORT OF THE SUPERVISORY BOARD

Ulrike Brouzi, Chairwoman of the Supervisory Board

The financial year 2025 remained dominated by geopolitical tension and uncertainties from economic policies. Weak growth in our domestic market reflected the high energy prices that are not competitive in the international arena along with the impact of US trade policy that represented an additional burden on the economic environment. The steel industry in particular recorded greater competitive pressure as a result of US protectionist measures. Throughout the reporting year, no notably positive effects emanated from the programs implemented under the German government's policies for bolstering the economy and the planned preventive safeguards at EU level. Following the start to the financial year 2025 when the Salzgitter Group generated a marginally positive pretax result in the first quarter, political framework conditions and protracted economic weakness over the course of the year hampered the development of business in the Steel Production and Steel Processing business units in particular. In this difficult environment, the Trading Business Unit initiated a turnaround in the second quarter thanks to cost adjustments and restructuring measures that then stabilized in the second half of the year. Positive earnings contributions resulted again from the strong performance of the Technology Business Unit and the participating interest in Aurubis AG. Our diversified business model once again delivered proof of its effectiveness. With our profit improvement program P28 we counteract the challenging market conditions. In the financial year 2025, the program generated a contribution to earnings of € 129 million, € 110 million of which sustainably, thus notably exceeding the target value of € 97 million. All in all, the Salzgitter Group delivered earnings before taxes of € –28 million that included a valuation effect amounting to € –30 million from the exchangeable bond, launched in October 2025, with the option of converting into the shares of Aurubis AG.

At the end of the financial year 2024, Salzgitter AG was informed by its shareholder GP Günter Papenburg AG about considerations given – together with TSR Recycling GmbH & Co. KG – to submitting a voluntary public takeover offer to Salzgitter AG's shareholders to purchase their shares. The Executive Board subsequently set about engaging in discussion with the potential bidders with a view to understanding the economic rationale behind this potential offer. In April 2025, the Executive Board brought discussions to an end due to the very different opinions of the Executive Board and the Supervisory Board, on the one hand, and the potential consortium of bidders, on the other, on the current and future value of Salzgitter AG.

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

In the financial year 2025, the Supervisory Board kept itself continuously apprised of the situation of the Group and the development of business. The Executive Board informed the Supervisory Board by way of detailed written quarterly reports about the Group's result of operations, the current financial position and the net assets, as well as about developments in the relevant markets, the course of business and the investments in the individual business units. The reports also comprised information on the developments and activities in the personnel area as well as detailed estimates on the opportunities and risks over the course of the year. Moreover, in four of its five meetings the Supervisory Board was informed orally in detail on the respective current situation of the Group and the important Group companies, as well as on material business transactions and meetings the Supervisory Board was informed orally in detail on the respective current situation of the Group and the important Group companies, as well as on material business transactions and relevant changes. The development of business compared with corporate planning was explained to the Supervisory Board. Any deviations from planning were elaborated on and then queried and discussed by the Board. Compensatory measures were addressed. In addition, the meetings also focused on the status of implementation of the groupwide P28 efficiency program. The Supervisory Board devoted special attention to long-term planning, as well as to the status of the SALCOS® program. By using the dashboard provided by the Executive Board, the Supervisory Board was able to track the development of the SALCOS® in a timely manner and, if necessary, engage in clarifying discussion with the Executive Board. Business transactions requiring the consent of the Supervisory Board were approved by the Board after thorough examination and consultation. Furthermore, between meetings, the Chairman of the Supervisory Board and, following Mr. Wente's withdrawal, his representative was kept regularly informed by the Executive Board Chairman on current topics.

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

With the exception of two members of the Supervisory Board, no conflicts of interest were brought to the attention of the Supervisory Board in the reporting year, neither by the Supervisory Board members nor by members of the Executive Board. Only the Supervisory Board members Ms Hardekopf and Mr. Papenburg indicated in December 2024 that they may be exposed to a conflict of interest insofar as the Supervisory Board would need to deliberate on the voluntary public takeover offer submitted to Salzgitter AG's shareholders by GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG. This conflict of interest was resolved in the financial year 2024 and 2025 through the aforementioned Supervisory Board members not participating in committee meetings and resolutions passed by the Supervisory Board in connection with the potential takeover offer.

Upon assuming his mandate, Mr. Dahmen who was newly appointed to the Supervisory Board in the financial year, was supported, as is customary with all new Supervisory Board members, through an onboarding program that includes detailed information on the Group and its various business activities, along with an extensive manual with further information relevant to Supervisory Board activities.

FOCUS OF THE CONSULTATIONS OF THE SUPERVISORY BOARD

In its meeting on March 20, 2025, and as is customary in March meetings, the Supervisory Board focused primarily on the financial statements of Salzgitter AG and of the Group, both drawn up as of December 31, 2024, as well as on the combined management report on the company and the Group for the financial year 2024. The representatives from EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, the statutory auditor elected by the Annual General Meeting of Shareholders, explained the key findings of their audit. In doing so, they also responded to the questions put to them by Supervisory Board members. Following a detailed examination of the documentation pertaining to the financial statements, with the aid of the report of the auditor, the Supervisory Board ratified the separate and consolidated annual statements.

With a view to the variable remuneration of Executive Board members, the Supervisory Board used the fixed performance criteria to determine the degree to which targets set had been achieved for the Performance Cash Award 2021 and the annual bonus for 2024. Moreover, the Board ratified its report for the Annual General Meeting of Shareholders, the remuneration report and the resolutions to be put forward to the 2025 Annual General Meeting of Shareholders on the individual agenda items. Furthermore, the Supervisory Board also consulted on the 2024 non-financial report and, following its own detailed examination, approved the audit findings in the report by the auditor. In addition, among other matters and in view of the reallocation of responsibility for data protection, the Supervisory Board approved an adjustment to the Executive Board's scheduled responsibilities. Finally, the Board informed itself about the strategic vision targeted for the Group's IT for the year 2028.

In its meeting on May 21, 2025, the Supervisory Board gave its regular approval to the target envisaged for the proportion of women on the Executive Board through to May 2030, among other matters, and had the Executive Board report in detail both in writing and orally on the Group's compliance management system and the compliance events investigated.

An extraordinary meeting of the Supervisory Board was held on July 4, 2025, for the express purpose of discussing the outcome of its assessment of itself and the effectiveness of its work with external support. Moreover, the Supervisory Board approved the sale of DESMA Schuhmaschinen GmbH.

Finally, Supervisory Board Chairman Mr. Wente declared his intention at this meeting of laying down his office as a member of the Supervisory Board, effective at the end of October 4, 2025. In this connection, the Supervisory Board dismissed Mr. Wente at his suggestion from the Nomination Committee and elected Ms Brouzi as a new committee member.

On September 18, 2025, the Supervisory Board discussed the most recent business development and informed itself about the current status of the SALCOS® program. In this context, the Board extended its approval for investment in the first stage of development. In addition, the Board was informed about the status of considerations for the future allocation of crude steel capacities within the Group. It also approved the issuing of an exchangeable bond in an amount of up to € 500 million exchangeable into the shares of Aurubis AG. Finally, Dr. Drouven declared his intention at this meeting of laying down his office as a member of the Supervisory Board, effective at the end of December 31, 2025.

In its meeting on December 4, 2025, the Supervisory Board and the Executive Board discussed the corporate planning in detail prepared and submitted by the latter for the financial years 2026 through 2028. The Supervisory Board was also brought up to date on the SALCOS® program. Other topics of consultation in this meeting included the imminent defining of the qualitative criteria determining variable Executive Board remuneration in 2026 for assessing the performance of the individual Executive Board members, as well as the stakeholder objectives for the performance period from 2026 through 2029. Moreover, the Supervisory Board deliberated on the successor to the office of Chairman of the Supervisory Board, the recommendations by the German Corporate Governance Code for submitting the Declaration of Conformity 2025, along with strategic options for Hüttenwerke Krupp Mannesmann GmbH. Finally, the Supervisory Board dissolved the Takeover Committee that had been temporarily set up and elected Mr. Dahmen as a member of the Strategy and Sustainability Committee, effective January 1, 2026.

WORK OF THE COMMITTEES

In order to prepare for its consultations and decisions, the Supervisory Board has formed a presiding, an audit, a strategy and sustainability, a nomination, and a takeover committee, which has since been dissolved.

The Presiding Committee met seven times in person and once via web conference in 2025. The committee consulted in detail on business development. The committee also dealt with the following: stabilizing the 2025 operating result, the medium-and long-term growth outlook, portfolio optimization, the long-term financing of the company, the status of SALCOS®, a possible adjustment of the management and control model for the Group, the components of the Executive Board's remuneration, corporate planning, the Supervisory Board's self-assessment, the potential takeover offer addressed to shareholders of the company, the future composition of the Supervisory Board, issuance of an exchangeable bond, the recommendations of the German Corporate Governance Code, along with the current situation and the future prospects of Hüttenwerke Krupp Mannesmann GmbH.

The members of the Audit Committee held six meetings during the reporting period, with two of them held as a web conference and all other meetings with physical attendance. As is customary in March, it prepared the audit of the 2024 annual financial statements at company and at Group level by the whole Supervisory Board in the presence of representatives from the auditor, in particular by way of in-depth consultation on the respective audit reports and the oral report by the representatives of the auditor on the key findings of the audit. To this end, the Audit Committee met twice: on March 10 exclusively with representatives of the statutory auditor and again on March 18 with these auditor representatives and the Executive Board. In the context of its audit, the Audit Committee saw no reason to raise objections and recommended that the full Supervisory Board approve the annual financial statements.

In the same manner, the members of the Audit Committee examined the 2024 non-financial report in preparation and discussed the results of reviewing the remuneration report. In addition, the Audit Committee focused on the independence of the statutory auditor and on the auditor of sustainability reporting, in particular the scope of non-audit services provided by the auditor and the quality of the audit. The consultations of further meetings of the Audit Committee concerned IT security and IT structures, monitoring the accounting process, as well as the effectiveness of the (accounting-related and non-accounting-related) internal control system, the risk management system, the internal audit system, and the issuance of an exchangeable bond. In addition, the Audit Committee had itself informed in detail about the Group's compliance management system and compliance measures (including data protection compliance), as well as the status of using the company's financing instruments. The Audit Committee also dealt with preparing the proposal of the Supervisory Board for the appointing of the statutory auditor for the financial year 2025 by the Annual General Meeting of Shareholders, the assignment of the audit engagement, and agreeing the fees with the statutory auditor (including sustainability reporting) and the stage reached in preparing sustainability reporting. The quarterly financial reporting of the Group was discussed in detail with the Executive Board before publication. The Chairman of the Audit Committee also maintained regular dialog with the statutory auditor between meetings.

In March 2026, following a detailed preliminary review, the Audit Committee recommended that the full Supervisory Board approve the 2025 annual financial statements at company and at Group level. The committee's preliminary review of the 2025 sustainability statement did not give rise to any objections either.

The Strategy and Sustainability Committee met three times in person in 2025. The topics addressed included the scrap and slag strategy, the SALCOS® program, the financial framework conditions and the Group's liquidity planning, performance and restructuring initiatives, active portfolio management, strategic options for Hüttenwerke Krupp Mannesmann GmbH, as well as Supervisory Board duties in connection with sustainability issues.

The Nomination Committee met twelve times in 2025 in order to determine a successor for Mr. Wente as a member and as Chairman of the Supervisory Board, as well as for Dr. Drouven as a member of the Supervisory Board by means of a structured search and selection process with the support of an external consultant.

The Takeover Committee dissolved by the Supervisory Board on December 4, 2025, met ten times in the form of a web conference in 2025. During these meetings, the Committee dealt with a possible public voluntary takeover offer by GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG to buy the shares in the company, in particular with the valuation of the indicative offer prices, and the implications of a possible takeover for the company and its stakeholders, as well as the respective status of the activities.

Participation of the Supervisory Board members in Supervisory Board and committee meetings in the financial year 2025

Members of the Supervisory Board	SB meetings (5)	Presiding Committee (8)	Audit Committee (6)	Strategy and Sustainability Committee (3)	Takeover Committee (10)	Nomination Committee (12)	Attendance
Heinz-Gerhard Wente, Chairman	4/4	6/6	/	3/3	10/10	2/2	100 %
Prof. Dr. Hans-Jürgen Urban, Vice Chairman	5/5	8/8	/	3/3	10/10	/	100 %
Konrad Ackermann	5/5	8/8	/	3/3	10/10	/	100 %
Manuel Bloemers	5/5	/	6/6	3/3	/	/	100 %
Ulrike Brouzi	3/5	/	/	/	10/10	10/10	92 %
Hasan Cakir	5/5	7/8	/	3/3	9/10	/	92 %
Burkhard Dahmen	1/1	/	/	/	/	/	100 %
Dr. Bernd Drouven	5/5	/	/	3/3	/	/	100 %
Marco Gasse	5/5	/	/	/	/	/	100 %
Gabriele Handke	5/5	/	/	/	/	/	100 %
Karin Hardekopf	5/5	/	6/6	/	/	/	100 %
Gerald Heere	5/5	8/8	/	3/3	/	12/12	100 %
Frank Klingebiel	5/5	/	/	/	/	/	100 %
Prof. Dr. Susanne Knorre	5/5	/	/	/	/	/	100 %
Heinz Kreuzer	5/5	/	/	/	/	/	100 %
Dirk Markowski	5/5	/	/	/	/	/	100 %
Klaus Papenburg	5/5	8/8	/	3/3	/	12/12	100 %
Anja Piel	4/5	/	/	/	/	/	80 %
Prof. Dr. Joachim Schindler	5/5	/	6/6	/	10/10	/	100 %
Christine Seemann	5/5	/	6/6	/	/	/	100 %
Clemens Spiller	5/5	/	/	/	/	/	100 %
Dr. Susanna Zapreva-Hennerbichler	5/5	/	/	/	/	/	100 %

DEALING WITH SUSTAINABILITY TOPICS

A recurring key topic addressed by the Supervisory Board in its work concerns sustainability issues. At each regular Supervisory Board meeting, the Executive Board reported on generally significant developments and progress made by the Salzgitter Group in the field of sustainability. Regarding these sustainability issues, the SALCOS® program that is geared to the company's virtually climate-neutral steel production forms the centerpiece of this work. While the program is also a fixed item on the agenda of each regular meeting of the Supervisory Board, including the relevant preliminary discussions in the Presiding Committee, it was also the topic of a meeting held by the Strategy and Sustainability Committee. Deliberations in the committees were then reported on in the next full Supervisory Board meeting. The head of the Steel Production Business Unit who also bears responsibility for the program as General Manager of Salzgitter Flachstahl GmbH also participated in the Board meetings held in May, September and December.

In determining the variable remuneration of the Executive Board members, the Supervisory Board also agreed with Executive Board members on non-financial targets in 2024 for 2025 mainly ,and in 2025 for 2026 exclusively, which are related to sustainability (reducing the number of accidents, increasing the proportion of women in management positions, establishing regular and structured employee discussions, developing and implementing an idea management system).

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

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

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

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

In its meeting on March 19, 2026, the Supervisory Board conducted a detailed examination of the financial statements of Salzgitter AG and of the Group, both drawn up as of December 31, 2025, as well as of the combined management report on the company and on the Group for the financial year 2025. Prior to this meeting, the independent auditor EY GmbH & Co. KG Wirtschaftsprüfungs-gesellschaft, Hanover, selected by the Annual General Meeting of Shareholders, reviewed both sets of financial statements and the management report on the Group and issued an unqualified → "Auditor's Opinion". The auditor thereby confirmed that the accounting, valuation and consolidation carried out in the consolidated financial statements complied with the International Financial Reporting Standards (IFRS) as applicable within the EU. Moreover, it was confirmed that the management report on the Group provides an accurate picture of the Group's position. As part of its assessment of the early risk detection system, the auditor also ascertained that the Executive Board had taken the steps required by the German Stock Corporation Act (AktG) for the early recognition of risks that could endanger the company as a going concern.

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

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

SUSTAINABILITY STATEMENT

In its meeting on March 19, 2026, the Supervisory Board also consulted on the topic of the 2025 sustainability statement. Prior to this Supervisory Board meeting, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover, mandated by the Supervisory Board, examined it to obtain limited assurance **(→ Opinion)**. The auditor confirmed that no matters came to its attention that would cause it to believe that the statement had not been prepared in all material respects in accordance with Sections 315b, 315c of the German Civil Code (HGB) in conjunction with the requirements set out under Article 8 of the Directive (EU) 2020/852.

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

CHANGES TO THE SUPERVISORY BOARD

The following changes in the composition of the Supervisory Board took place in the financial year 2025.

- Having declared his intention of resigning his office, Mr. Heinz-Gerhard Wente, shareholder representative, withdrew from the Supervisory Board, effective end of October 4, 2025. Through to March 19, 2026, Prof. Dr. Hans-Jürgen Urban subsequently assumed the tasks of Supervisory Board Chairman in the role of Vice Chairman of the Supervisory Board.
- Mr. Burkhard Dahmen was appointed by the court as a member of the Supervisory Board and successor to Mr. Wente, effective October 10, 2025, up until the end of the next Annual General Meeting of Shareholders.
- Having declared his intention of resigning his office, Dr. Bernd Drouven, shareholder representative, withdrew from the Supervisory Board, initially effective end of December 31, 2025. As the process of finding a new Chairman of the Supervisory Board took longer than planned, Dr. Drouven was, however, again appointed by the court as a member of the Supervisory Board, effective January 8, 2026, through to the end of the next Annual General Meeting of Shareholders.
- Having declared his intention of laying down his office on December 15, 2025, Mr. Konrad Ackermann will be withdrawing from the Supervisory Board effective end of March 31, 2026.
- On March 19, 2026, the Supervisory Board elected Ms Ulrike Brouzi as the new Chairwoman of the Supervisory Board.

As already notified, Ms Brouzi replaced Mr. Wente as a member of the Nomination Committee, effective July 4, 2025. Upon his withdrawal from the Supervisory Board, Mr. Wente also resigned from the Presiding Committee, the Strategy and Sustainability Committee and the Takeover Committee. Similarly, Dr. Drouven withdrew from the Strategy and Sustainability Committee, effective end of December 31, 2025. As already notified, Mr. Dahmen succeeded him in this role. On February 3, 2026, Ms Brouzi was elected member of the Strategy and Sustainability Committee. On March 19, 2026, the Supervisory Board elected Ms Brouzi as member and Chairwoman of the Presiding Committee.

CHANGES TO THE EXECUTIVE BOARD

Ms Birgit Dietze has been the Executive Board member responsible for Personnel since January 1, 2025. There were no further changes to the Executive Board in the financial year 2025.

THANKS FROM THE SUPERVISORY BOARD

The Supervisory Board thanks Mr. Wente for his long-standing successful activities to promote the good of the company.

Our thanks go to the Executive Board and to all the employees of the Group for their dedicated work and sound commitment throughout the financial year 2025.

Salzgitter, March 19, 2026

The Supervisory Board

Ulrike Brouzi
Chairwoman

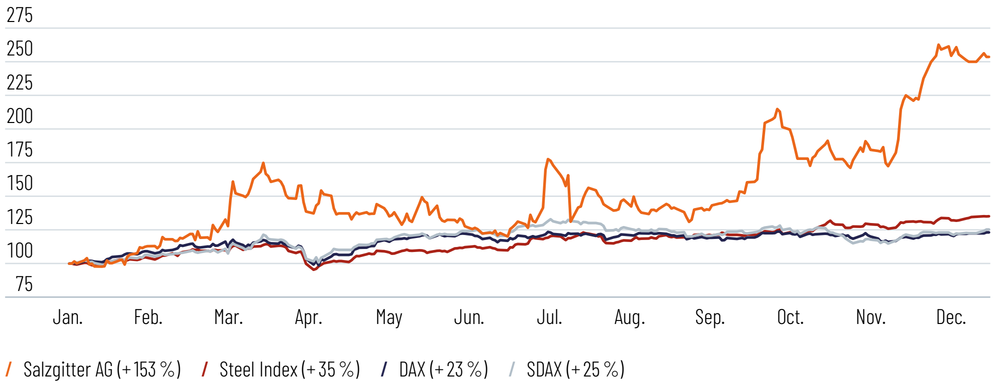
THE SALZGITTER SHARE

		2025	2024	2023
Basic data				
Share capital[1]	€ m	161.6	161.6	161.6
Number of shares[1]	units m	60.1	60.1	60.1
Number of shares outstanding[1]	units m	54.1	54.1	54.1
Trading volume				
Average daily turnover[2]	unit	178,000	109,000	99,000
Market capitalization[1,3]	€ m	2,171.6	856.9	1,514.8
Xetra prices				
Year-end closing price	€	40.14	15.84	28.00
High	€	42.20	28.34	41.64
Low	€	15.23	12.96	22.30
Salzgitter share key data				
Earnings per share / EPS[4]	€	–1.37	–6.51	3.70
Cash flow per share / CPS[4,5]	€	9.33	7.55	16.49
Dividend per share / DPS[6]	€	0.20	0.20	0.45
Total dividend[6]	€ m	12.1	10.8	24.3

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

Salzgitter share price trend 2025

in %



As per December 31, 2025

In 2025, Germany's economic situation was determined by a weak economy and geopolitical uncertainties. The German stock market remained largely unaffected, however. Despite burdens emanating from general conditions that were reflected, among other aspects, in lackluster industrial production and the German economy's structurally induced competitive disadvantages, the DAX continued its uptrend, breaking through the barrier of 24,000 points for the first time in May. This development is due in particular to the strong international positioning of many listed companies whose value added is largely generated outside Germany. In the domain of small and mid caps, price trends initially proved to be more volatile before a notable recovery set in as the year progressed. In the SDAX, this recov ery was driven by a few stocks that more than doubled their value over the course of the year for various reasons, enabling the SDAX to even outperform the DAX in the year as a whole. Our share also featured among the aforementioned equities.

Over the course of the year, the Salzgitter share benefited increasingly from the outlook offered by the special funds earmarked for infrastructure projects, higher defense spending, and the price of the Aurubis shares that rose by around 60 %. Following a brief consolidation phase in the fall, the share continued its uptrend that was being bolstered by the European Union's new trading policy measures in particular. Posting a year-end closing price of € 40.14, the Salzgitter share delivered a very gratifying annual performance of + 153 %. Over the same period, the European Steel Index gained + 35 %, while the SDAX rose by + 25 %. The DAX also performed well, generating growth of + 23 %.

TRADING VOLUME

The average daily turnover of our share in Xetra trading climbed to 178,000 shares in the year under review, thereby considerably exceeding the year-earlier figure (109,000 units / day). This development was driven first and foremost by the keener interest of the capital market in steel equities in the second half of the year, along with an anchor shareholder reducing its ownership interest. The sum total of shares traded in the financial year 2025 amounted to around 46 million shares (previous year: 28 million units).

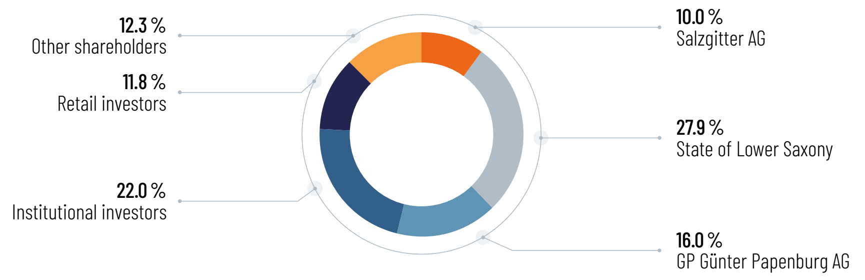
POSITION IN DEUTSCHE BÖRSE'S LEAGUE TABLE

As of January 2, 2026, the Salzgitter share took 89th place in Deutsche Börse's market capitalization ranking, thus featuring among SDAX frontrunner companies. Our position in the index ranking list therefore improved considerably on the back of the gratifying share price performance compared with the status at year-end 2024 (135th place).

SHAREHOLDER STRUCTURE

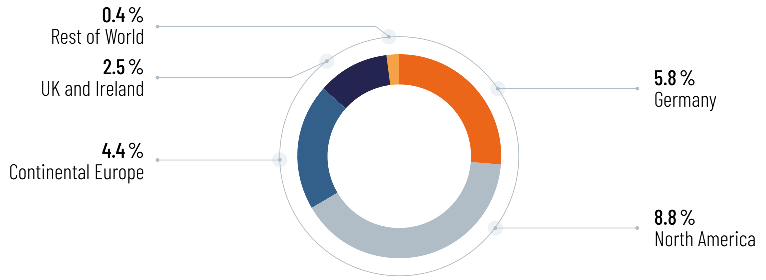
Compared with year-end 2024, the following changes took place in Salzgitter AG's shareholder structure in the reporting year: The participation of the Federal State of Lower Saxony and of GP Günter Papenburg AG as our anchor shareholders moved in opposite directions. While the Federal State raised its participating interest slightly to just under 28 % (previous year: 26 %), GP Günter Papenburg AG pared down its shareholding to 16 % (previous year: 27 %). The share of strategic investors that, according to the definition of Deutsche Börse, are assigned to fixed ownership declined overall as a result of GP Günter Papenburg AG reducing its stakeholding and now stands at the lower level of 44 % of the Salzgitter shares (previous year: 53 %). Furthermore, a shareholder structure analysis carried out in December 2025 shows that the proportion of shares held by institutional investors increased to 22 % over the course of the year (previous year: 15 %). This development is principally the result of higher positions held by German and continental European investors. Other investors, including retail investors, brokers and institutional investors not subject to reporting, held 24 % (previous year: 21 %). The percentage of Salzgitter shares in free float amounted to 46 % at the end of 2025 (previous year: 37 %). Salzgitter AG itself held 10 % in treasury shares, as before.

Shareholder structure



Treasury shares: as of July 8, 2010
All other information based on the external analysis of the shareholder structure from November 2025.

Geographical distribution of institutional investors' free float shares



ANALYST COVERAGE

As of December 31, 2025, 13 financial institutions and research companies regularly conducted coverage of our company. At the end of December, five analysts recommended buying the share. Five further recommendations opted for hold, with three analysts advising sell. Analysts' average share price target stood at € 34.55 at the end of December 2025.

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

DIVIDEND

The Salzgitter Group's performance is largely determined by the cyclical fluctuations customary in the sector. Against this backdrop, Salzgitter AG continues to the extent possible to pursue its policy of distributing steady dividend that does not necessarily have to fully reflect the cyclicality of the earnings performance.

The Executive and Supervisory boards propose that the 2025 General Meeting of Shareholders approve a dividend payment of € 0.20 per share for the financial year 2025. The total payout therefore stands at € 12.1 million and dividend yield at 0.5 % in relation to the share's 2025 year-end closing price of € 40.14.

		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Dividend per share / DPS	€	0.20	0.20	0.45	1.00	0.75	0.00	0.00	0.55	0.45	0.30
Total dividend	€ m	12.1	10.8	24.3	54.1	40.6	0	0	29.7	24.3	16.2

CREDIT RATING

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

SUSTAINABILITY RATINGS

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

In the reporting year, Salzgitter AG scored 70 of 100 points for the first time in the EcoVadis agency's sustainability rating for which it was awarded a silver medal (previous year: 60 of 100; bronze medal). This positions us in the top 14 % of all companies rated worldwide. We held our top rating of A in the CDP Climate Rating, which places us in the top 4 % of over 22,000 participating companies. We achieved gratifying results again in the MSCI ESG ratings (A; 2024: A) and in the S&P Global Corporate Sustainability Assessment (42/100, 81st percentile as per December 29, 2025; previously: 41/100, 84th percentile).

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

INVESTOR RELATIONS ACTIVITIES

With a view to fostering intensive communication with institutional and private investors, we used a range of different channels again in the financial year 2025 for our investor relations activities. Along with the earnings trend and the market conditions, the interest of our capital market partners focused on the possible takeover bid of a syndicate formed around anchor shareholder GP Günter Papenburg AG, the European Union's trade policy measures, the German government's initiatives to stimulate the economy, market potential in the defense sector, as well as the issuance of a bond convertible into the shares of Aurubis AG in the third quarter of 2025. We presented the Salzgitter Group to institutional investors at investor conferences in Frankfurt, Munich, Hamburg and London, as well as via online conferences and roadshows. In addition, capital market participants visited our Salzgitter location with a view to informing themselves on site about processes, facilities and products as well as the Salzgitter Group's potential. We presented the results of the financial year 2024 and those of the first half of 2025 in online analyst conferences and discussed these results with investors and analysts.

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

COMBINED MANAGEMENT REPORT

BACKGROUND INFORMATION ON THE GROUP

BUSINESS ACTIVITIES AND GROUP STRUCTURE

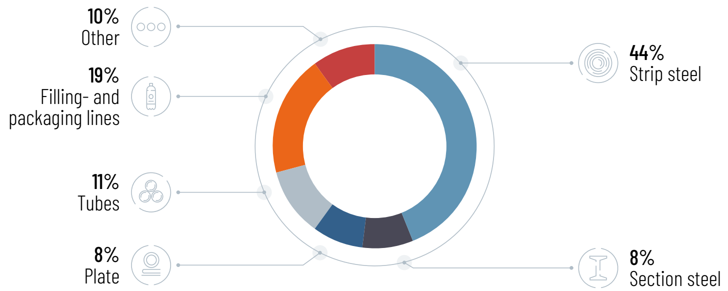
In accordance with information typically part of management reports, the following section also includes disclosures in compliance with European Sustainability Reporting Standards (ESRS).

With external sales of € 9 billion and more than 24,000 employees in the financial year 2025, the Salzgitter Group ranks among Europe's leading steel and technology corporations. The Group has an annual capacity of around 7 million tons of crude steel and comprises more than 130 subsidiaries and affiliated companies.

OUR PRODUCTS AND SERVICES

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

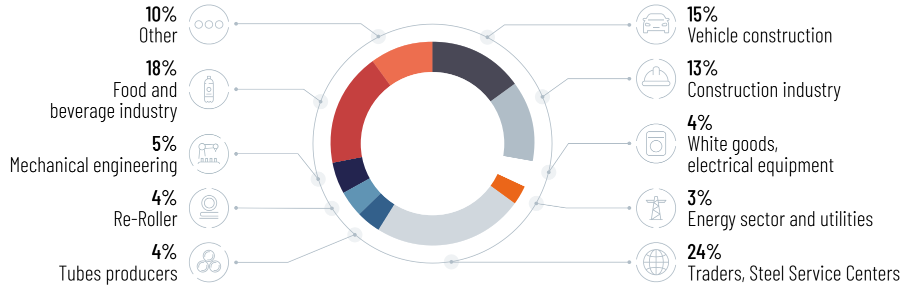
External sales by product group



Only companies forming part of the Salzgitter Group's consolidated scope, excluding the EUROPIPE Group.

[ESRS 2 SBM-1-40 aii]: A breakdown by **customer sector** shows that 24 % of our external sales in the reporting year was attributable to trading and the Steel Service Centers that sell directly or process beforehand – generally in smaller batches. Other key customer sectors consist primarily of the food and beverages industry (18 %), automotive manufacturing (15 %), as well as the construction industry (13 %).

External sales by customer sector

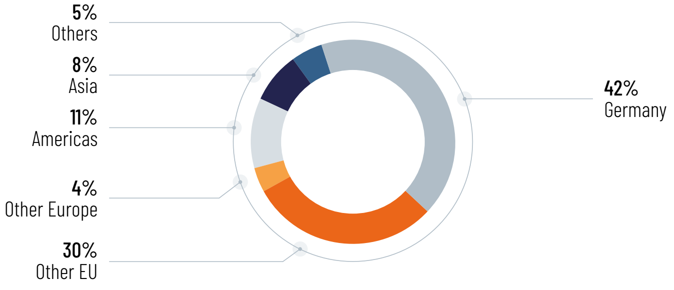


Only companies forming part of the Salzgitter Group's consolidated scope, excluding the EUROPIPE Group.

BUSINESS ACTIVITY FOCUSED ON EUROPE

[ESRS 2 SBM-1-40 aii]: In the financial year 2025, we generated 76 % of our external sales in Europe. With a share of 42 %, Germany is traditionally by far our most important single market. The Steel Production Business Unit's delivery quota to Germany stood at 71 %, while that of the Steel Processing and Trading business units came in at 55 % and 24 % respectively. It should be noted in this context, however, that many of our products are supplied to export-oriented German businesses and therefore ultimately find their way abroad. Sales outside Europe are primarily generated in the Trading and Technology business units.

External sales by region



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

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

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

GROUP STRUCTURE AND BUSINESS UNITS

Group structure

Salzgitter Group

Salzgitter Mannesmann/Salzgitter Klöckner-Werke

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

As of: December 2025 (simplified presentation)

STEEL PRODUCTION BUSINESS UNIT

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

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

The second pillar of the product portfolio consists of the medium-sized and heavy beams and sections of PTG that produces crude steel from steel scrap in a mini mill with two electric arc furnaces, with a current annual capacity of around one million tons a year. Along with use in manufacturing beams, part of the crude steel produced in the form of slab is delivered to SZFG for strip steel production. By way of its production method based on scrap recycling, PTG makes an important contribution to the circular economy and thus to conserving resources. Harnessing green electricity additionally reduces carbon emissions. The construction industry is the main customer for beams and sections.

In DMU, the Salzgitter Group has its own scrap and metal supplier. In playing this role, DMU functions as an important internal transformation partner for our → SALCOS® (Salzgitter Low CO_2 Steelmaking) decarbonization program. Moreover, the company provides loading services for the Group's steel producing and processing companies and performs complex processing services for strip steel products.

As part of its SALCOS® program, it is the Salzgitter Group's aspiration to achieve virtually climate-neutral steel production by incrementally switching from today's coal-based production to a hydrogen-based route. In contrast to the former process involving blast furnaces, hydrogen and green electricity replace the carbon formerly required for producing steel. This technology enables steel production's carbon footprint to be reduced by around 95 %. Implementing the first stage of SALCOS® commenced back in 2022. As from mid-2027, products from the new production route are expected to be available on the market, produced initially through using a mix of a natural gas and hydrogen. Following connection to the hydrogen core network, the proportion of hydrogen can be raised in stages. We plan to have completed the technical transformation of the steelworks to accommodate the new procedure by the mid-2030s.

As the first European steel producer, SZFG obtained conformity statements back in 2021 also for its green steel products, produced together with PTG with reduced carbon emissions in accordance with the VERIsteel standard of TÜV SÜD (German technical inspectorate). The process provides proof of product-specific carbon emissions in steel production. Moreover, we have been offering physically low carbon green steel products under our SALCOS® brand since 2024. In this context, carbon emissions are recorded for the conventional blast furnace route as well as for the already low carbon, scrap-based electric arc furnace route. Products from the electric arc furnace route already conform today to Green Steel Classification Category C of the voluntary and recognized ↗ Low Emission Steel Standard (LESS) labeling system. This promise has been externally ratified by the classification now available. In terms of SALCOS® products, LESS Category A was issued for products produced via the Peine electric arc furnace route and LESS Category B for products processed at SZFG using Peiner slab.

STEEL PROCESSING BUSINESS UNIT

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

The heavy plate mill of Ilsenburger Grobblech GmbH (ILG) manufactures custom-designed heavy plate products across a wide range of grades and for diverse project requirements - even in comparatively small batch sizes. The company's particular expertise lies in producing high-strength and wear-resistant steel plates, for example for the construction industry, as well as security steels for civil and military applications. Production takes place in a modern heat treatment line.

The core competence of Salzgitter Mannesmann Grobblech GmbH (MBG) resides above all in the production of plate for sophisticated line pipes and wind turbines in medium to large batch sizes. The company is a key supplier to EUROPIPE.

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

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

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

TRADING BUSINESS UNIT

Salzgitter Mannesmann Handel GmbH as the business unit's management holding maintains a distribution network with its own stockholding locations for steel products in Europe. Customers can source steel products from the Salzgitter Group and complementary products from other producers from these locations where they can also have them processed further.

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

In addition, Universal Eisen und Stahl GmbH (UES), a heavy plate specialist that operates in Europe and North America with its own warehouses, also belongs to the business unit. The company maintains stock levels across a broad spectrum of different dimensions and grades and offers a wide range of processing capabilities. Furthermore, UES delivers high-strength security steels and assembles components, for protected vehicles and the protection of critical infrastructure, for instance.

TECHNOLOGY BUSINESS UNIT

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

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

As part of our active portfolio management, DESMA Schuhmaschinen GmbH (KDS), a producer of plants, machinery and automated solutions and forms for industrial shoe manufacturing, was sold in the year under review in accordance with the best-owner principal and deconsolidated at year-end.

INDUSTRIAL PARTICIPATIONS / CONSOLIDATION

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

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

THE GROUP'S LEGAL STRUCTURE

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

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

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

STRATEGY

SALZGITTER AG 2030

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

VISION AND MISSION

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

Our vision meshes to a high degree with the European Union's political direction and supports the demand for strengthening Europe's resilience and independence.

Our **PARTNERING FOR TRANSFORMATION** mission not only highlights the significance of the internal interplay between all business units, products and technologies, and with our workforce, but also our understanding of thinking and acting in terms of holistic customer solutions in collaboration with our customers, suppliers and partners. This approach is pioneering and represents the precondition for the Salzgitter Group's profitable and successful transformation. To this end, we continued to work on building on our partnerships in 2025 as well. Our → **Sustainability Statement** sets out a selection of the strategic partnerships formed in the financial year 2025.

STRATEGIC DIRECTIONS

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

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

The planned update of our **strategy scorecard** has been postponed due to lack of clarity about many framework conditions that influence our target parameters in the various strategic directions, both directly and indirectly. This includes in particular the outlook for Germany's manufacturing industry, the effectiveness of the trading policy measures the EU envisages, lowering Germany's electricity and energy prices to levels competitive in an international comparison, and expanding Germany's hydrogen core network.

Postponing the investment decision on the next stages of our **SALCOS® program** to 2028/2029, as announced in September 2025, is also a direct consequence of this lack of clarity. Salzgitter AG is nevertheless holding fast to the full transformation of steel production in Salzgitter and plans to have concluded this process by the mid-2030s. Thanks to the modular design of SALCOS®, we are in a position to adjust the further stages in the transformation flexibly to changes in market conditions and in the economic and political environment.

In the following, we provide an overview of progress made in the various strategic directions during the period under review. In addition, you will find explanations on the strategic core topics of our Steel Production, Steel Processing, Trading and Technology business units under the ↗ Strategy heading.

CIRCULAR ECONOMY

In our case, decarbonizing steel production, ramping up scrap recycling, and sourcing power from renewable energies form focal points in the field of circular economy. Strategic partnerships enable us to achieve the goals entailed by these endeavors. Such partnerships include enabling access to high-quality scrap and renewable energy sources, along with the availability of green hydrogen, direct reduction grade class pellets, and facilities for direct iron reduction and electric arc furnaces. Another focus is on establishing → **closed-loop partnerships**, through which we aim to establish closed material and recyclable material cycles.

Under the SALCOS® (Salzgitter Low CO_2 Steelmaking) transformation program, our aim is to convert the Salzgitter integrated steelworks incrementally into **low carbon crude steel production** over the period up until the mid-2030s. Implementing the first stage of SALCOS® commenced back in 2022 and incurs investments approved by the Supervisory Board in a volume of € 2.7 billion, of which approximately € 1 billion sourced from state and federal funds.

- At the present point in time, we are building a 100 MW electrolysis plant, direct reduction facilities (DR) and an electric arc furnace (EAF) at the Salzgitter location. The facilities will be capable of producing around two million tons of low carbon crude steel a year, thereby replacing a blast furnace and a converter in the first stage.
- Significant headway was made in implementing construction work on the first stage of SALCOS® during the reporting period. The structural steel work on the DR plant's reactor reached its final height of 140 m in December 2025, while assembling the plant technology on the entire construction site took place at the same time. Construction work on implementing the main and ancillary facilities for the electric arc furnace and the structural steel construction of the building have also made progress. The furnace transformer has been assembled and craned into place. The third quarter of 2025 saw the handover to the plant engineering company of the land on which the 100 MW electrolysis plant is to be built, followed by the start to construction work on the building. Commissioning the energy input system has been completed. In addition, developing the media infrastructure was expedited, creating the necessary routes for connection, also to the nitrogen and natural gas networks.

The groundbreaking ceremony for the new large shredding facility in Salzgitter aimed at **expanding scrap recycling**, as planned, took place in September 2025. With an investment volume of almost € 30 million, the plant will secure the supply of low carbon steel production with qualitatively high-grade scrap in sufficient quantities. Go-live has been scheduled before the start to the initial SALCOS® stage in the first half of 2027. In an accompanying phase, DEUMU Deutsche Erz- und Metall-Union GmbH set about developing scrap Type 4 SALCOS® together with internal partners. This scrap fulfills the properties required in the SALCOS® production process.

The third focus in the field of circular economy consists of increasing the volume of **energy from renewable sources**. Wherever economically viable, we are switching our energy supply to renewable sources. First and foremost, this includes procuring green electricity instead of gray electricity deliveries, along with producing power at our own locations. Additional electrical energy will be required for the planned commissioning of the first stage of the SALCOS® program. Taking account of all relevant parameters in the integrated steelworks, we currently assume that these requirements will amount to around 2 TWh in 2028. To this end, a series of long-term green power purchase agreements (PPAs) have already been concluded. For 2028, the contractually secured PPA volume for all the Group's major consumers will amount to around 1.7 TWh a year.

PROFITABILITY

With an overall effect of € 575 million through to 2028, our extended profit improvement program → **P28** will make an important contribution to sustainably improving the Group's cost and earning structure. In achieving an effect of € 129 million compared to the previous year, of which € 110 sustainable, the annual target of € 97 million was clearly outperformed in the financial year 2025. The efficiency and process optimizations achieved in procurement, logistics, sales and technology have had a particularly notable impact on the Steel Production and Steel Processing business units. In addition, the Technology and Trading business units, as well as the companies in the Industrial Investments / Consolidation segment, made a significant contribution.

GROWTH AND CUSTOMER-ORIENTED SOLUTIONS

Salzgitter AG has anchored the principle of the circular economy throughout the entire Group in its "Salzgitter AG 2030" strategy.

- Production routes of four member companies of the Salzgitter Group were classified in accordance with ↗ Low Emission Steel Standard (LESS) for the first time in 2025: Salzgitter Flachstahl GmbH, Peiner Träger GmbH, Salzgitter Mannesmann Grobblech GmbH and Ilsenburger Grobblech GmbH. The certificate classifies steel production processes depending on the amount of scrap and carbon emissions, thereby clearly highlighting our commitment to transformation. The LESS scale ranges from "E" through to "Low Emissions" ("D" to "A") and onto the very challenging "Near Zero" category for virtually emission-free steel production. The Salzgitter Group's carbon-reduced products are sold under the SALCOS® brand. An integral part of the product promise is the claim that SALCOS® products correspond at minimum to LESS Category C. Compliance with this promise has been confirmed externally with the classifications now available.

- In the Trading Business Unit, we collaborate with partners with the aim of significantly increasing the volume of green steel available on the market in the future. Based on the consistent evolution of procurement sources and the product mix, international trading has already significantly reduced its carbon footprint. Trading in steel scrap was notably expanded to include Africa, while sales potential for green steel products within the Group were also developed in Southeast Asia. Upon the signing of several memorandums of understanding for sourcing decarbonized steel, the keystone for achieving further sustainable reduction in the carbon footprint has already been set in place today. To this end, Salzgitter Mannesmann Handel is deploying a tool developed in house and verified by German Inspectorate TÜV SÜD to calculate the product carbon footprint. The company calculates the individual carbon footprint for virtually all the products it trades, factoring in carbon emissions from raw material extraction right through to delivering to the factory gate at the customer.

- In the Technology Business Unit, the KHS Group offers processes, products and services that are designed for a resource-conserving and low carbon closed production chain. Customers are therefore provided with new, value-added solutions and upgrades during the entire life cycle of KHS plants, along with used machinery re-adapted for further deployment. This approach supports customers in achieving their own sustainability targets. Moreover, the KHS Group has been using certified green electricity in all its German locations for years and is planning to do so in its international production sites as well. The innovative ↗ Plasmax Technology was successfully placed in the Indian market in 2025, with market entry in Africa as well as in North and South America initiated.

We generate additional growth through product innovations that enable us to tap into new markets. Under the ↗ Salzgitter AG Defence brand, we combine our services for defense applications and enable customers to gain a quick overview of our competences and products in the military and civil domain for security steels. Along with SECURE security steels, the portfolio also comprises assembly components for armor and security applications, mobile bunker systems, tubes for military vehicles, and protection solutions for civilian facilities. Multiple grades belonging to the SECURE family were approved in terms of materials by the German Armed Forces in 2025. This group includes the SECURE 500® security steel in thicknesses ranging from 6 to 25 mm, along with the SECURE 450® grade in the segment of 6 to 25 mm. These approvals significantly enlarge the scope of application while serving to strengthen our position in the growing market for military applications.

We view active portfolio management at the level of the business areas as well as the individual companies and holdings as members of the Group, as an integral part of a successful growth strategy. Portfolio measures carried out in the financial year 2025 involved the sale of DESMA Schuhmaschinen GmbH, as well as adjustments to the Trading Business Unit's regional portfolio and that of the Steel Processing Business Unit.

CAPITAL MARKET

Our aim is to be perceived on the capital market as a successful and sustainable long-term investment, a position that hinges on reliability and transparency. A decisive factor here consists of reliability and transparency. These attributes are reflected in our forecast policy as well as in regular interaction with the capital market in the form of mandatory disclosures and personal communication. In our exchange with investors and analysts, we have identified dividend and aspects of sustainability as important capital market topics.

- The Executive and Supervisory boards propose that the 2026 General Meeting of Shareholders approve a dividend payment of € 0.20 per share for the financial year 2025.

- Customers, banks and investors demand proof of sustainable action. ESG ratings assess the implementation of sustainability criteria and enable peer competitor comparison. Salzgitter AG is evaluated mainly in the top third in terms of its defined set of international and recognized ↗ Sustainability Ratings.

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

- Occupational safety is one of SZAG's high-priority corporate goals. Our safety and healthcare policies, flanked by components and standards set out under our occupational management standards, are defined in our new "Safety at Work" Group guideline that was approved in the summer of 2025 and replaces the former "Occupational Safety" guideline. Implementing the new → Health and Safety Strategy that was crafted in 2024 for the Salzgitter Group continued in the reporting year. The aim is to further reinforce the interconnected topics of health and safety at work in the future, to bring about a measurable continuous improvement in occupational health and safety, and to further enhance the occupational health and safety culture within the Group. With a view to further reinforcing the Group's safety culture, emphasis in the reporting year was also placed on holding action days focused on the issues of → Health and Safety at Work.

- We work consistently on enhancing our appeal as an employer, also for female staff in particular, and on raising the proportion of women in open positions not subject to collective bargaining and in management positions. In the year under review, the target we set in this respect was incorporated into the objectives agreed with the Executive Board, with managers, heads of personnel and leading executives, with a view to anchoring implementation at top level management. Our established → FORWARD personnel development program functions as a central component for securing specialist and management staff within the Salzgitter Group. Our "Career Path for Women" program is aimed at women in all functions who wish to actively plan their careers and who are considering a management career. In response to strong demand, an additional course was offered in the reporting year. Moreover, the target group for the mentoring program for women is composed of dedicated female managers.

EMPLOYEES

As of December 31, 2025, the core workforce of the Salzgitter Group numbered 22,014 employees, which is 367 persons less than at the end of the financial year 2024 (22,381).

The decline in workforce numbers is mainly attributable to restructuring in the Trading Business Unit, coupled with the sale of Salzgitter Mannesmann Stahlhandel Austria GmbH and DESMA Schuhmaschinen GmbH that took place in the financial year 2025. At year-end 2024, these companies were included in Group workforce numbers with 291 employees in total. A countertrend emanated from the initial consolidation of KHS subsidiaries KHS Sales & Service Romania S.R.L. and KHS North & West Africa S.A.R.L. Adjusted for these consolidation effects, the Group's workforce numbers decreased by 107 employees in 2025 in a year-on-year comparison. As in previous years, the organic growth in workforce numbers is mainly due to the value-added expansion of the KHS Group's business, along with additional temporary personnel requirements from the SALCOS® program at Salzgitter Flachstahl GmbH. The resulting higher workforce numbers were partly offset by the initial effects of the Trading Business Unit's restructuring program and the closure of the precision tubes company initiated in The Netherlands.

Including trainees and employees in non-active age-related part-time work, the core workforce of the Salzgitter Group came in at 24,047 persons (previous year: 24,473). At the end of the financial year 2025, we employed additional 464 temporary staff outsourced (previous year: 779). This corresponds to a reduction of 315 persons compared to the previous year. The share of external staff outsourced in the sum total of core workforce members and staff outsourced stood at 2.1 % (previous year: 3.4 %).

Due to temporary capacity utilization problems in a number of companies, short-time work was necessary in some instances in 2025. At the end of the reporting period, 446 employees were working short time in the domestic Group companies (previous year: 201). In 2025, an average of 197 employees a month were affected by short-time work (previous year: 423).

Employee key data

	2025/12/31	2024/12/31	Change
Core workforce Group[1]	22,014	22,381	–367
Steel Production Business Unit	7,637	7,578	59
Steel Processing Business Unit	4,112	4,233	–121
Trading Business Unit	1,599	1,850	–251
Technology Business Unit	5,897	5,957	–60
Industrial Participations / Consolidation	2,769	2,763	6
Apprentices, students, trainees	1,456	1,486	–30
Non-active age-related part-time employment	577	605	–28
Total workforce	24,047	24,473	–426

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

Regional distribution

		Germany	Rest of Europe	America	Asia	Other regions
Core workforce[1]	Employees	18,240	1,108	1,468	956	242
	%	82.9	5.0	6.7	4.3	1.1

[1] Excluding executive body members

Personnel expenses stood at € 1,958 million in 2025, down 2.9 % compared to the year before. The lower level of expenses is due mainly to the sale of the Mannesmann Stainless Tubes Group, effective October 31, 2024, and further disposals of companies in the financial year 2025. The tariff increases from the collective bargaining process that took effect in 2025 were therefore more than compensated by the decline in the annual average workforce. In addition, non-recurrent restructuring expenses relating to personnel expenses that had burdened the financial year 2024 were not incurred in the financial year 2025.

RESEARCH AND DEVELOPMENT

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

Patents and trademark rights underscore our innovative capabilities: The Group's portfolio comprised 4,199 patent and 1,546 trademark rights in 2025 (2024: 4,643 and 1,575 respectively). With 3,744 patents and patents registrations (2024: 4,169) and 423 trademark rights (2024: 510), the majority is accounted for by the Technology Business Unit.

R&D EXPENSES

In 2025, the Salzgitter Group spent € 87,1 million on R&D and R&D-associated activities (2024: € 82.0 million). R&D-related activities also include expenses in the area of quality management systems that serve to create and maintain product and process quality. The breakdown of expenses per business unit developed as follows:

Research and development expenses by business unit

		Group	Steel Production	Steel Processing	Technology	Third party and no BU allocation
R&D expenses	€ m	87.1	30.5	17.9	25.4	13.2
	%	100.0	35.0	20.6	29.2	15.2

Excluding the EUROPIPE Group

As of December 31, 2025, 667 employees in our Group were engaged in research and development activities. Of this number 256 members of staff work at SZMF and 411 at the operating companies This allocation underscores how strongly our R&D activities are focused on products – and therefore on our customers – as the majority of the R&D employees work in the production-related areas. We dedicate a notable part of our research capacity to pre-development projects that generally have project durations of two to five years.

Multi-year overview of research and development

		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
R&D expenses[1]	€ m	85	80	85	85	80	88	93	96	91	85
R&D employees	Number	667	650	669	681	684	700	762	763	750	733
R&D ratio[2]	%	0.9	0.8	0.8	0.7	0.8	1.2	1.1	1.0	1.0	1.1
R&D intensity[3]	%	4.1	4.3	3.7	2.7	3.1	5.7	5.7	4.5	4.5	4.8

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

R&D FOCAL POINTS

Research and development activities focus on the future requirements of our products and market needs. In the case of **strip steel**, such requirements include high strength steel with optimal formability, so-called "Dual-phase High (DH)" and "Formability High (FH)" third-generation steels. "Complex Phase (CP)" and "Martensit (MS)" steels are being developed for simple cold-formed components geometries, along with a range of press hardened steels for hot-formed automobile bodywork. A further area of activity involves chassis steel with 1,000 MPa strength that, in supplementation of the VDA standards (German Association of the Automotive Industry), also complies with the additional requirements of our key customers. Current hot strip developments target the yellow goods market segment for high-strength, wear-resistant, tough hot strip.

Flanking R&D, "Advanced Analytics" methods, "Artificial Intelligence" and "Operations Research" provide support first and foremost for the continuous optimization of existing production processes in the steelworks, in the hot and cold rolling mill, and in surface finishing. Moreover, transforming the processes and semi-finished products in the context of decarbonizing steel production for our customers plays an increasingly important role.

In terms of R&D, the preparations under way for commissioning the first electric arc furnace in Salzgitter aimed at producing green steel continue to be a high priority. Investigations in this field are specifically focused on the impact of individual chemical elements in the steel composition through the use of steel scrap in combination with DRI.

The "BeWiSer" SALCOS®-affiliated research project, funded by the Federal Ministry of Education and Research, has been running since 2023 and is being expedited in particular under the umbrella of SZFG and SZMF technological developments. This project builds on the results of the predecessor projects "MACOR" and "BeWiSe". Furthermore, the direct reduction process is being optimized based on experimental and numerical models and on technologies for harnessing ferrous and biogenic waste materials. Extensive trials have been planned for the experimental investigations in the µDRAL facility, with the special aim of examining the flexible use of natural gas / hydrogen and the impact of different iron-bearing materials in more detail. With a view to capturing all the relevant aspects of SALCOS®, sociological and techno-economic aspects are also included in the form of dialog for the future and in more comprehensive environmental footprint models.

The development priorities in the field of **precision steel tubes** have been repositioned away from e-mobility for the time being to await pending decisions from OEMs. Along with the development of hydrogen-resistant line pipes and steel tanks with special coatings for sustainable fuel cell vehicles, the focus has now been placed on the qualification of primary materials from alternative sources. HPL (Hydraulic Pressure Lines) in the industry sector remain a key development topic. Projects are under way here for galvanizing and eliminating discontinuities on the interior surfaces. Highest-strength drill rods in the energy sector are also being qualified and developed further. Various projects aimed at enhancing sustainability and raising efficiency, along with digitalizing the process steps, are being carried out in the processes.

An R&D focus on **large-diameter pipes** and **medium-line pipes** consists of requirements arising from transporting hydrogen, on the one hand, and carbon dioxide for applications for use in carbon capture, utilization and storage (CCUS) applications, on the other. Despite the delay in the hydrogen ramp-up, building the test facility for investigating the fracture mechanics of small samples under H_2 pressure atmosphere remains a priority. The challenge inherent in CCUS applications lies in the product requirements for transporting carbon dioxide in the supercritical "dense phase". Furthermore, emphasis regarding these product lines has also been placed on destruction-free testing, process efficiency and digitalizing the production stages.

With regard to **heavy plate**, importance continues to be attributed to the ongoing development of very thick plate for offshore wind turbine towers. The customary thicknesses of 100 mm and more result in specific requirements in the manufacturing process and for product properties. Applications in the domain of defense and wear resistance also form a focal point. Along with grade qualification, as required for SECURE steels, for instance, development projects are being carried out. All in all, we are improving the welding properties of our heavy plate grades. Our activities also center around process reliability in terms of the mechanical properties and the development of other grades, particularly high-strength variants. In the area of production processes, work is continuing on improving sheet evenness and optimizing destruction-free testing.

R&D measures have been planned in the **Technology Business Unit** in the coming years so as to guarantee the competitiveness of the product program, on the one hand, while reducing the carbon footprint of new and existing machinery on a running basis through innovative products and intelligent facilities solutions, on the other. Market requirements are translated into suitable product properties through a range of different channels. Examples include sustainable packaging solutions and an increasingly efficient use of auxiliary and consumption media, flanked by improving facility flexibility and user friendliness. Our aspiration lies in harnessing sustainable solutions to assist our customers in achieving a better performance as measured by earnings, along with cost and resource efficiency. The ongoing, new development of systems solutions at the cutting-edge of technology are defined through strategic product portfolio planning. The measures are implemented in accordance with an R&D road map. The priority here is placed on core applications. The fungibility of new and innovative products is always inspected.

Development activities focus on the downstream adjustment and expansion of the product portfolio to include core applications. This approach is taken, on the one hand, to factor in rising market requirements, including performance and flexibility of system solutions, while, on the other, to strengthen the market position of KHS's leading technology. The ongoing optimization of product costs is permanently on the radar, especially through modularization and standardization, and encompasses running projects for bottle cleaning, palletizing and filling technology, for instance. The current KHS IoT platform is being developed further with a view to leveraging optimization potential based on digital technologies in operating filling and packaging plants. A further aim here consists of implementing applications also focused on cloud-based services for collecting and processing production data. In this context, the ongoing, rising demands and requirements placed on the operational safety of networked KHS filling and packaging facilities at customers is also a special focus. In addition, development projects are being carried out to improve the user-friendliness of KHS machinery and facilities.

DECLARATION OF CORPORATE GOVERNANCE[1]

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

2025 DECLARATION OF CONFORMITY WITH THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE

The Executive Board and Supervisory Board submitted the following declaration on December 4, 2025, in respect of the recommendations of the German Corporate Governance Code, pursuant to Section 161 of the German Stock Corporation Act (AktG):

"Since submitting the last Declaration of Conformity dated December 5, 2024, Salzgitter AG has complied – and will continue to comply in the future – with all of the recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette, bar the following exception:

/ Recommendation G.10, sentence 1, is not complied with. This recommends that amounts of variable remuneration shall be invested predominantly in company shares or granted as share-based remuneration.

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

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

MANAGEMENT AND CONTROL

THE EXECUTIVE BOARD OF SALZGITTER AG

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

In the financial year 2025, the Executive Board comprised three members consisting of Chief Executive Officer Mr. Groebler, Chief Financial Officer Ms Potrafki and Chief Personnel Officer Ms Dietze. The Supervisory Board has fundamentally assigned each Executive Board member a portfolio of responsibilities for specific organization units and has specified the decisions for which all Executive Board members are jointly responsible. The management of the four business units is the joint responsibility of all the members. A Group Management Board is at hand to assist them. Members of this board are the Executive Board members and generally one manager from each of the four business units who coordinates the activities of their respective business unit (business unit manager).

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

In the financial year 2025, the following members belonged to the Executive Board of Salzgitter AG and held memberships in the following a) statutory supervisory boards and b) comparable domestic and foreign controlling bodies of commercial enterprises:

Members	Mandates
Gunnar Groebler Chairman Born in 1972 German nationality Member since May 17, 2021 Chairman since July 1, 2021 Appointed through to September 30, 2029	**Consolidated companies** a) Membership in other statutory supervisory boards: / Aurubis AG, Hamburg / Hüttenwerke Krupp Mannesmann GmbH, Duisburg, since April 1, 2025 (Vice Chairman since April 3, 2025) / Ilsenburger Grobblech GmbH, Ilsenburg (Chairman), until January 31, 2026 / KHS GmbH, Dortmund (Chairman) / Mannesmann Precision Tubes GmbH, Mülheim an der Ruhr (Chairman) / Peiner Träger GmbH, Peine (Chairman), until January 31, 2026 / Salzgitter Flachstahl GmbH, Salzgitter (Chairman) / Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Chairman), until January 31, 2026 / Salzgitter Mannesmann Handel GmbH, Düsseldorf (Chairman) b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Hansaport Hafenbetriebsgesellschaft mbH, Hamburg (Chairman) since January 1, 2025 / Ilsenburger Grobblech GmbH, Ilsenburg, and Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Joint Advisory Council, Chairman), until January 31, 2026

Members	Mandates
	Non-listed and non-consolidated companies a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: / Heidelberg Materials AG, Heidelberg b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Members	Mandates
Birgit Dietze Personnel Born in 1973 German nationality Member since September 1, 2024 Appointed through to August 31, 2027	**Consolidated companies** a) Membership in other statutory supervisory boards: / KHS GmbH, Dortmund, since January 1, 2025 / Mannesmann Precision Tubes GmbH, Mülheim an der Ruhr, since January 1, 2025 / Peiner Träger GmbH since January 1, 2025 / Salzgitter Flachstahl GmbH, Salzgitter / Salzgitter Mannesmann Handel GmbH, Düsseldorf since January 1, 2025 / Verkehrsbetriebe Peine-Salzgitter GmbH, Salzgitter, since January 1, 2025 (Chairwoman since March 25, 2025) b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Hansaport Hafenbetriebsgesellschaft mbH, Hamburg, since January 1, 2025 / Ilsenburger Grobblech GmbH, Ilsenburg, and Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Joint Advisory Council), since January 1, 2025 / Wohnungsbaugesellschaft mbH Salzgitter, Salzgitter since January 1, 2025

Members	Mandates
	Non-listed and non-consolidated companies a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Projektgesellschaft Salzgitter-Watenstedt GmbH, Salzgitter (Vice Chairwoman since January 1, 2025) / Allianz für die Region GmbH, Braunschweig, since March 11, 2025 **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Members	Mandates
Birgit Potrafki Finance Born in 1971 German nationality Member since February 1, 2024 Finance since April 1, 2024 Appointed through to January 31, 2027	**Consolidated companies** a) Membership in other statutory supervisory boards: / KHS GmbH, Dortmund / Peiner Träger GmbH, Peine, until January31, 2026 / Salzgitter Flachstahl GmbH, Salzgitter / Salzgitter Mannesmann Handel GmbH, Düsseldorf / Mannesmann Precision Tubes GmbH, Mülheim an der Ruhr b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Ilsenburger Grobblech GmbH, Ilsenburg, and Salzgitter Mannesmann Grobblech GmbH, Mülheim an der Ruhr (Joint Advisory Council), until January 31, 2026 **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

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

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

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

The following members belonged to the Group Management Board in the financial year 2025:

Gunnar Groebler
Chairman and Chief Executive Officer

Kai Acker
Technology Business Unit

Amit Bedi
Steel Processing Business Unit

Dr.-Ing. Sebastian Bross
Trading Business Unit

Dr. Heike Denecke-Arnold
Steel Production Business Unit (as from May 1, 2025)

Birgit Dietze
Chief Personnel Officer

Birgit Potrafki
Chief Financial Officer

APPOINTING OF MEMBERS AND COMPOSITION OF THE EXECUTIVE BOARD

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

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

- that the member to be appointed possesses the personal competence, skills and expertise necessary for professionally and responsibly performing their tasks; this includes, on the one hand, the specific skills and knowledge for heading up the executive portfolio in question and, on the other, the necessary leadership skills for participating in the management of both company and Group by the entire Executive Board;
- that, along with their suitability in terms of personal competence, skills and expertise, consideration is also given to age as far as possible, on the one hand in order to permit service to the company for a number of years so as to promote continuity and sustainability in corporate management and, on the other, to have younger persons who are familiar with more recent specialist knowledge and management methods as well as older persons on the Executive Board who have greater professional, life and management experience;
- that, in the case of equal suitability of personal competence, skills and expertise, as far as possible both male and female persons are represented on the Executive Board, with the Supervisory Board targeting a proportion of women of at least 1/3 by May 20, 2030 in the event of any future opening for a successor;
- that, along with their suitability in terms of personal competence, skills and expertise, members of the Executive Board have as wide a range of educational backgrounds as possible, including technical, business, legal and other humanistic and scientific disciplines.

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

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

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

WORKING PRACTICES OF THE EXECUTIVE BOARD

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

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

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

HANDLING CONFLICTS OF INTEREST

We counteract conflicts of interest at Executive Board level by having Executive Board sideline activities (beyond the prohibition on competition pursuant to Section 88 AktG) subject to prior consent by the Supervisory Board, and Executive Board members are obliged to disclose any conflicts of interest immediately to the Chairman of the Supervisory Board and the other Executive Board members. No Executive Board member disclosed a conflict of interest in the financial year 2025.

THE SUPERVISORY BOARD OF SALZGITTER AG

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

COMPOSITION AND WORKING PRACTICES OF THE SUPERVISORY BOARD

The company's Supervisory Board comprises 21 members, specifically ten shareholders and ten employee representatives plus one other member. This composition has been laid down under the provisions of the Co-Determination Amendment Act applicable to the company, in conjunction with Article 7 of the company's Articles of Incorporation. In the proposals for election or, in the case of the judicial appointment of Supervisory Board members, the Supervisory Board ensures that the candidates have generally not reached the age of 70 at the start of their term of office and, in the case of judicial appointments, when they join the Supervisory Board. Once the mandate has been accepted, Salzgitter AG supports new members of the Supervisory Board by offering them an onboarding program that presents the Group and its business activities. In addition, each Supervisory Board member is provided with an extensive manual comprising information on the Group relevant to Supervisory Board activities. Furthermore, Salzgitter AG supports Supervisory Board members with measures for continuous professional development. The Supervisory Board regularly assesses how effectively it performs its tasks overall and the effectiveness of its committees. In the financial year 2025, this self-assessment took place with the aid of an external consultant in the form of structured one-on-one interviews arranged by the consultant with members of the Executive Board and the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD

In the financial year 2025, the following members belonged to the Supervisory Board of Salzgitter AG and held memberships in the following a) statutory supervisory boards and b) comparable domestic and foreign controlling bodies of commercial enterprises.

Members	Mandates
Heinz-Gerhard Wente Member since September 16, 2015 Chairman since April 1, 2016 Resigned effective October 4, 2025 Member of the Management Board of Continental AG, retired, Hanover	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Alpha ABMD Holdco B.V., Alkmaar, Netherlands (Supervisory Board member) **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

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

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

Members	Mandates
Manuel Bloemers Member since July 1, 2021 Elected until 2028 Union Secretary at the IG Metall Management Board, Düsseldorf	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: / Siemens Energy Management GmbH, Munich b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: / Siemens Energy AG, Munich b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

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

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

Members	Mandates
Burkhard Dahmen Member since October 10, 2025 Appointed by the court until 2026 Business Consultant, Tegernsee	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Aumund Holding B.V., Venlo, Netherlands **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Members	Mandates
Dr. Bernd Drouven Member since May 24, 2018 Resigned effective December 31, 2025 Reappointed by the court on January 8, 2026 until 2026 Member of the Executive Board of Aurubis AG, retired, Hamburg	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

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

Members	Mandates
Gabriele Handke Member since March 1, 2015 Elected until 2028 Chairwoman of the Works Council of Peiner Träger GmbH, Peine	**Consolidated companies** a) Membership in other statutory supervisory boards: / Peiner Träger GmbH, Peine b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.
Karin Hardekopf Member since January 1, 2023 Elected until 2028 Member of the Management Board of GP Günter Papenburg AG, Hanover	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

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

Members	Mandates
Frank Klingebiel Member since May 19, 2021 Elected until 2028 Lord Mayor of the independent City of Salzgitter, Salzgitter	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: / Öffentliche Versicherung Braunschweig, Braunschweig / Helios Klinikum Salzgitter GmbH, Salzgitter, (Vice Chairman) b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Braunschweigische Landessparkasse, Braunschweig (Board of Administration, First Vice Chairman) / Supervisory Board of WEVG Salzgitter GmbH & Co. KG, Salzgitter (Chairman) / Supervisory Board of Entsorgungszentrum Salzgitter GmbH, Salzgitter (Chairman) / Supervisory Board of Projektgesellschaft Salzgitter-Watenstedt GmbH, Salzgitter (Chairman) / Supervisory Board of Wohnungsbaugesellschaft mbH Salzgitter, Salzgitter / Supervisory Board of Kraftverkehrsgesellschaft mbH Braunschweig, Salzgitter / Supervisory Board of Allianz für die Region GmbH, Braunschweig / Supervisory Board of Wirtschafts- und Innovationsförderung Salzgitter GmbH, Salzgitter

Members	Mandates
Frank Klingebiel	**Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.
Prof. Dr. Susanne Knorre Member since May 24, 2018 Elected until 2028 Business consultant, Hanover	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: / Deutsche Bahn AG, Berlin, until October 23, 2025 / NORD/LB, Hanover / Rain Carbon Germany GmbH, Castrop-Rauxel, until June 30, 2025 b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

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

Members	Mandates
Dirk Markowski Member since May 25, 2023 Elected until 2028 Chairman of the Works Council of Mannesmann Precision Tubes GmbH, Werk Brackwede, Bielefeld Chairman of the General Works Council of Mannesmann Precision Tubes GmbH, Hamm	**Consolidated companies** a) Membership in other statutory supervisory boards: / Mannesmann Precision Tubes GmbH, Hamm b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.
Klaus Papenburg Member since July 1, 2021 Elected until 2028 Member of the Management Board of GP Günter Papenburg AG, Halle	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: / Advisory Council of STOCKMEIER Holding GmbH, Bielefeld **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

Members	Mandates
Anja Piel Member since July 22, 2021 Elected until 2028 Member of the Federal Executive Board of Deutscher Gewerkschaftsbund, Berlin	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.
Prof. Dr. Joachim Schindler Member since November 24, 2017 Elected until 2028 Member of various supervisory boards	**Consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Non-listed and non-consolidated companies** a) Membership in other statutory supervisory boards: / Zoologischer Garten Berlin AG, Berlin / CMBlu Energy AG, Alzenau (Vice Chairman since January 28, 2025) / ML Real AG, Berlin (Vice Chairman) b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./. **Listed non-consolidated companies** a) Membership in other statutory supervisory boards: ./. b) Membership in comparable domestic and foreign controlling bodies of commercial enterprises: ./.

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

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

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

COMMITTEES OF THE SUPERVISORY BOARD

PRESIDING COMMITTEE

Heinz-Gerhard Wente (Chairman) until October 4, 2025
Konrad Ackermann
Hasan Cakir
Gerald Heere
Klaus Papenburg
Prof. Dr. Hans-Jürgen Urban

AUDIT COMMITTEE

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

STRATEGY AND SUSTAINABILITY COMMITTEE

Heinz-Gerhard Wente (Chairman) until October 4, 2025
Konrad Ackermann
Manuel Bloemers
Ulrike Brouzi since February 3, 2026
Hasan Cakir
Burkhard Dahmen since January 1, 2026
Dr. Bernd Drouven until December 31, 2025
Gerald Heere
Klaus Papenburg
Prof. Dr. Hans-Jürgen Urban

NOMINATION COMMITTEE
Gerald Heere
Ulrike Brouzi as from July 4, 2025
Klaus Papenburg
Heinz-Gerhard Wente until July 4, 2025

TAKEOVER COMMITTEE (UNTIL DECEMBER 4, 2025)
Heinz-Gerhard Wente (Chairman) until October 4, 2025
Prof. Dr. Hans-Jürgen Urban (Vice Chairman)
Konrad Ackermann
Ulrike Brouzi
Hasan Cakir
Prof. Dr. Joachim Schindler

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

On December 4, 2025, the shareholder representatives serving on the Supervisory Board resolved to provide information as follows on the independence of the shareholder representatives on the Supervisory Board: The shareholder representatives on the Supervisory Board consider at least six independent shareholder representatives on the Supervisory Board to be an appropriate number. In the opinion of the shareholder representatives, the following shareholder representatives can currently be considered independent within the meaning of the German Corporate Governance Code: Ulrike Brouzi, Burkhard Dahmen, Dr. Bernd Drouven, Karin Hardekopf, Gerald Heere, Prof. Dr. Susanne Knorre, Heinz Kreuzer, Klaus Papenburg, Prof. Dr. Joachim Schindler and Dr. Susanna Zapreva-Hennerbichler. Despite membership of more than twelve years on the Supervisory Board, this also applies to Ms Brouzi. In assessing her independence and, in the light of her past and current discharging of office, the shareholder representatives as a group do not see any reason to change their existing assessment of independence.

In December 2017, the Supervisory Board defined the objectives set out below as further important goals for its composition and competence profile and redefined them last in December 2024: Along with all statutory requirements placed on the individual Supervisory Board members, they should possess the necessary expertise and personal competence anchored in expert knowledge, capabilities and experience, as well as in their personal suitability for assuming the tasks incumbent on them. As a whole, they must be familiar with the sectors of steel and mechanical / plant engineering. The members should include persons with technical expertise, practical experience in managing companies and in developing corporate strategies, with expertise in aspects of sustainability important for the company, knowledge of financial instruments, expertise in digitalization and information technologies, and preferably international experience. Furthermore, they should have skills and competences in work organization, knowledge of labor and social law, as well as of codetermination, along with familiarity with the company's geographical locations and know-how in the field of transformation and change in organizational structures. At least one member must be qualified in accounting and at least one member in statutory auditing. Expertise in accounting should in particular comprise knowledge and experience in the application of accounting principles and internal control and risk management systems, and expertise in statutory audit should consist of special expertise and experience in this field. Sustainability reporting and the audit thereof also form part of accounting and statutory audit. Regarding the Supervisory Board proposals to be put to the 2023 Annual General Meeting of Shareholders for the Board's re-election, as well as the Executive Board's applications, based on the Nomination Committee's recommendation, for the court to appoint additional members to the Supervisory Board in 2025, the objectives defined by the Supervisory Board for its composition and the competence profile that it has drawn up for the entire Board have been implemented.

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

Qualification matrix

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

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

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

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

DIVERSITY CONCEPT FOR THE COMPOSITION OF THE SUPERVISORY BOARD

With regard to the composition of the Supervisory Board, and while taking account of the company-specific requirements, the diversity concept applied to the composition of the Executive Board is aimed at contributing to the professional and responsible performing of the management duties of the entire Board. To this end, the concept is anchored in achieving the greatest possible diversity of the personal competences, skills and expertise represented on the Board, the educational and professional backgrounds, as well as different assessment aspects based on age and gender.

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

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

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

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

WORKING PRACTICES OF THE SUPERVISORY BOARD

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

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

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

WORKING PRACTICES OF THE COMMITTEES OF THE SUPERVISORY BOARD

In order to prepare its meetings and decisions the Supervisory Board has currently formed four standing committees and a temporary committee that was dissolved on December 4, 2025:

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

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

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

Members of the Audit Committee in the financial year 2025 included Prof. Dr. Schindler and Ms Hardekopf.

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

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

The **Strategy and Sustainability Committee** consults when required in detail with the Executive Board on the company's strategy and on sustainability aspects that are significant for the company.

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

The **Takeover Committee**, dissolved on December 4, 2025, was responsible for all questions and decisions in the context of a possible takeover offer by the consortium consisting of GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG to purchase the shares of the company, with the exception of the decision on a substantiated statement that is to be submitted by the Executive Board and the Supervisory Board pursuant to Section 27 of the Securities Acquisition and Corporate Takeover Act (WpÜG).

HANDLING CONFLICTS OF INTEREST

Supervisory Board members must disclose conflicts of interest to the Supervisory Board. In the event of critical conflicts of interest that are not of a temporary nature, the respective Supervisory Board member must lay down his or her office. In the financial year 2024, Supervisory Board members Karin Hardekopf and Klaus Papenburg indicated that they may be subject to a conflict of interest insofar as the Supervisory Board would need to deliberate on the voluntary public takeover offer submitted by GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG to the shareholders. This conflict of interest was resolved in the financial years 2024 and 2025 by the aforementioned Supervisory Board members not participating in committee meetings and resolutions taken by the Supervisory Board in connection with the possible takeover.

REMUNERATION SYSTEM AND REMUNERATION REPORT

The remuneration report on the financial year now ended and the auditor's report pursuant to Section 162 AktG, the current remuneration system pursuant to Section 87a para. 1 and 2 sentence 1 of the German Stock Corporation Act (AktG), and the resolution on remuneration passed by the Annual General Meeting of Shareholders on May 29, 2024 and amended on May 22, 2025 pursuant to Section 113 (3) AktG have been made available at ↗ Corporate Governance.

SUSTAINABLE CORPORATE GOVERNANCE

The Salzgitter Group reports on its sustainability activities in the financial year 2025 in a → Sustainability Statement that forms part of the combined management report. The sustainability statement for the period from January 1 through December 31, 2025, complies with the requirements placed on the non-financial statement in accordance with Sections 315b and 315c of the German Civil Code (HGB) and the requirements pursuant to Article 8 of the Directive (EU) 2020/852. The European Sustainability Reporting Standards (ESRS) have been fully applied as a framework.

TARGET PARAMETERS FOR THE PROPORTION OF WOMEN IN MANAGEMENT

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

In 2020, the Supervisory Board decided, in the event of an Executive Board member having to be replaced by June 30, 2025, to strive for a target of 30 % in respect of the proportion of women represented on the Executive Board that at that time consisted of three male persons. The Supervisory Board took the decision on May 21, 2025, to target a proportion of women of at least 1/3 by May 20, 2030, in the event of any future opening for a successor on the Executive Board that currently consists of one man and two women.

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

CORPORATE COMPLIANCE

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

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

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

Further information on our CMS is available on our website at ↗ Compliance as well as in the → Sustainability Statement.

ETHICAL STANDARDS OF SALZGITTER AG

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

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

SHAREHOLDERS AND ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

The results of voting by the ↗ 2025 Annual General Meeting of Shareholders have been published on the website of Salzgitter AG.

DIRECTORS' DEALINGS

In 2025, the members of the Executive Board and the Supervisory Board were obliged, pursuant to Section 19 Regulation (EU) No. 596/2014 dated April 16, 2014 on market abuse (market abuse regulation) of the European Parliament and of the Council, to disclose their own dealings with shares or debt instruments of Salzgitter AG, or the relevant derivatives or other associated financial instruments, inasmuch as the overall amount of the transactions carried out by a member or related parties reaches or exceeds an amount of € 20,000 (up until December 31, 2025, since January 1, 2026, € 50,000) in a single calendar year. No transactions on own account exceeding this threshold were reported to Salzgitter AG in the financial year now ended.

TRANSPARENCY OF THE COMPANY

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

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

ACCOUNTING AND STATUTORY AUDIT

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

The consolidated financial statements of Salzgitter AG, Salzgitter, and its subsidiaries were drawn up in accordance with the IFRS Accounting Standards (IFRS) of the International Accounting Standards Board (IASB) applicable within the European Union (EU). Salzgitter AG's financial statements were drawn up in accordance with the principles of HGB.

Salzgitter AG's separate annual financial statements and consolidated financial statements, as well as the combined management report at company and at Group level, are prepared by the Executive

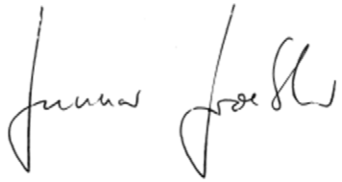
Board and audited by the statutory auditor as well as, following preparation by the Audit Committee, by the Supervisory Board. The statutory auditor participates in consultations of the Audit Committee and the Supervisory Board on the annual financial statements at company and at Group level, reports on the process and on the findings of its audit and is available to respond to questions and to provide additional information. With regard to the financial year 2025, the Annual General Meeting of Shareholders selected EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover, on May 22, 2025, as the auditor of the two sets of annual financial statements at company and at Group level. EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft has acted in this capacity on behalf of Salzgitter AG since the financial year 2020. Before the Supervisory Board puts forward a proposal to the Annual General Meeting of Shareholders for appointing the statutory auditor, the statutory auditor gives the Supervisory Board assurance of its independence and objectivity.

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

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

Salzgitter, March 16, 2026

The Executive Board



Gunnar Groebler
Chief Executive Officer

The Supervisory Board

Prof. Dr. Hans-Jürgen Urban
Vice Chairman

INFORMATION CONCERNING TAKEOVERS

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

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

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

A participating interest of more than 10 % of the voting rights as per the reporting date accrued to Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover (HanBG), that announced in its voting rights notification on April 2, 2002, that it owned 25.5 % of the voting rights in Salzgitter AG; as a proportion of the total number of shares issued that has fallen since then, this corresponds to a share of 26.5 % in the voting rights. Sole shareholder of HanBG is the Federal State of Lower Saxony. Moreover, a participating interest of more than 10 % of the voting rights as per the reporting date accrued to GP Günter Papenburg AG, Hanover, that announced in its voting rights notification on November 26, 2025, that it owned 16.02 % of the voting rights in Salzgitter AG. This holding is assigned to Mr. Günter Papenburg pursuant to Section 34 of the German Securities Trading Act (WpHG).

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

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

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

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

In the reporting year, the Executive Board did not avail itself of the authorization to issue shares from the Approved Capital 2022 nor to issue warrants, convertible bonds, profit participation rights and / or participating bonds or a combination of these instruments from Contingent Capital 2022. Similarly, during the reporting year, the Executive Board did not avail itself of the authorization to buy back the company's own shares, which expired on July 7, 2025.

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

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

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

FINANCIAL CONTROL SYSTEM

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

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

Along with sales, the Salzgitter Group's key financial indicators in the financial year 2025 include, as before, return on capital employed (ROCE), earnings before interest, tax, depreciation and amortization (EBITDA) and earnings before taxes (EBT).

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

SALES – REVENUES

Sales are defined as external sales, namely the proportion of overall sales generated by transactions with companies outside the consolidated group of Salzgitter AG. As a key figure eligible for comparison, sales permits conclusions regarding market performance and the competitive position, while also forming the basis for calculating other important key figures, such as margins, for example.

ROCE – RETURN ON CAPITAL EMPLOYED

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

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

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

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

EBITDA – OPERATING RESULT

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

EBT – PROFITABILITY

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

CHANGES TO THE FORECAST AS OF FINANCIAL YEAR 2026

Starting with the financial year 2026, the management and control system at Group level will focus on adjusted figures in place of the previously reported key figures for EBT, EBITDA and ROCE in order to guarantee meaningful management and control of the Group's operations and comparability with the results of former periods. In calculating EBT VX (Earnings before Taxes and Valuation Exchangeable) and EBITDA VX (Earnings before Interest, Taxes, Depreciation, Amortization and Valuation Exchangeable), as well as ROCE VX (Return on Capital Employed before Valuation Exchangeable), the earnings effects from the valuation associated with the exchangeable bond placed in October 2025 by Salzgitter AG will be eliminated. The elimination is carried out for Industrial Participations / Consolidation. This adjustment of the control system ensures that the market-induced fluctuations do not distort the presentation of operating performance. As this effect impacted the consolidated results of the Group for the first time at year-end 2025, the figures in question are already disclosed in the current annual report.

For the first time, guidance for the Group in the financial year 2026 is based accordingly on the adjusted key earnings figures of EBT VX, EBITDA VX and ROCE VX, while guidance for the segments is still based on EBT and EBTDA as the valuation effect is not relevant here.

PERFORMANCE REPORT

GENERAL BUSINESS CONDITIONS

OVERALL ECONOMIC DEVELOPMENT

US protectionist trade policy exerted a disruptive influence on the **global economy** over large parts of 2025, with global goods trading exposed to massive preemptive and knock-on effects. While numerous bilateral trade agreements concluded with the US served to somewhat mitigate the trade policy uncertainty overall, it nevertheless remained heightened compared with previous years. The economy presented a disparate picture in the various regions: While, in the US and most industrial nations, with the exception of the United Kingdom and Japan, growth slowed to some extent, China's growth rate remained at the previous year's level. By contrast, India's economy continued on its strong growth trajectory. In its most recent study on **global economic growth**, the International Monetary Fund (IMF) anticipated growth of 3.3 % in the reporting period, unchanged year on year.

Following two years of lackluster economic momentum, the **eurozone** returned to a path of stabilization over the course of 2025. According to the economic research institutes, this development was partly attributable to advanced exports in response to US trade policy. A countertrend emanated from the appreciation of the euro against the US dollar that burdened the competitiveness of Europe's export business during the year. While most large euro economies only recorded moderate growth rates, Spain's economy continued to expand strongly, albeit with growth somewhat lower compared with 2024. All in all, the IMF estimated growth for the euro area at 1.4 % for 2025 (previous year: 0.9 %).

In 2025, **Germany** recorded an uptick in economic output for the first time since 2022, bolstered in the first half of the year by a surge in private consumption as well as, similar to other euro countries, preemptive exports. This scenario was juxtaposed to production in a downturn and the still generally weak domestic economy that manifested in a considerable loss of jobs in the processing industry and especially in the automotive sector and its supplier industries. Foreign trade was hampered by the upheavals caused by US trade policy and the appreciation of the euro. The IMF and the German Statistical Federal Office predict only minimal growth of 0.2 % for the German economy in 2025 (previous year: –0.5 %).

This information was obtained mainly on the basis of the following sources: International Monetary Fund (1/2026): World Economic Outlook Update; ifo Economic Forecast Winter 2025; German Council of Economic Experts: Annual Report 2025/26; World Bank (1/2026): Global Economic Prospects; German Federal Statistical Office, January 2026.

OVERALL STATEMENT BY MANAGEMENT ON THE ECONOMIC SITUATION

The Salzgitter Group's business performance in 2025 was characterized by persistently weak demand in key customer industries, high energy prices, and intense international competition. Prices for rolled steel products were below the 2024 level. Together with the global disruptions in the flow of goods resulting from US trade policy, this placed a considerable strain on steel-producing and steel-processing companies. This was offset by the record results of the Technology Business Unit, and another very pleasing contribution to earnings from the investment in Aurubis AG, as well as the cost-cutting effects of the P28 earnings improvement program.

The Salzgitter Group's external sales declined to € 9.0 billion (previous year: € 10.0 billion) due to lower average revenues for steel products and the deconsolidation of the stainless steel pipe group in the Steel Processing Business Unit. EBITDA fell accordingly to € 376.3 million (previous year: € 445.2 million). Earnings before taxes rose to € –27.7 million (previous year: € –296.2 million) compared with the previous year's figure, which was impacted by negative non-recurrent items. This includes a € 179.6 million contribution from the investment in Aurubis AG accounted for using the equity method (IFRS accounting; previous year: € 183.9 million), that was positively impacted by higher valuation effects from fluctuations in metal prices, particularly in the fourth quarter. This was offset in an amount of € –29.7 million (previous year: € 0) in valuation effects from the exchangeable bond issued in October 2025 with conversion rights into the shares of Aurubis AG. The after-tax result of € –69.8 million (previous year: € –347.9 million) translates into earnings per share of € –1.37 (previous year: € –6.51). The return on capital employed (ROCE) stood at 0.7 % (previous year: –3.4 %). Net financial debt increased to € –954 million on the back of the high level of investment under the SALCOS® decarbonization program (2024: € –574 million).

Given the sustained economic weakness, the Executive Board focused on its own ability to take action in the financial year 2025. Specifically, this includes rigorous cost cutting, restructuring and active portfolio management. The P28 profit improvement program achieved cost savings of € 129 million compared to the previous year, and initial success from restructuring measures was marked by the turnaround completed by the Trading Business Unit. At the same time, the portfolio was optimized in line with the best owner principle, for example through the sale of DESMA Schuhmaschinen GmbH. Placing a bond in 2025 that is convertible into the shares of Aurubis AG gave the Salzgitter Group greater financial flexibility. In future, the earnings fluctuations resulting from the valuation of the bond will be eliminated in our key performance indicators, which will enhance our transparency and underpin the comparability of our operating performance.

Although strengthening profitability, investment discipline, and working capital management constitute key financial priorities, reliable political conditions are necessary, for example, in terms of European carbon emission regulation. The Executive Board anticipates support for investment reliability and competitiveness from the EU trade safeguard instruments and the carbon border adjustment mechanism.

COMPARISON BETWEEN ACTUAL AND FORECASTED PERFORMANCE

The guidance that we published in March 2025 reflects the uncertainties prevailing at the start of the year. There was still no end in sight to the economic stagnation in Germany, and the special funds planned by the federal government were not expected to provide any economic stimulus until the second half of 2025. At the same time, the trade policy signaled by the new US government caused heightened uncertainty, particularly in foreign trade. Against this backdrop, we anticipated the following for the Salzgitter Group in the financial year 2025:

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

This guidance was based on the expectation of better performance in the Steel Production Business Unit on the back of higher shipment volumes and a significant increase in earnings compared with the previous year that was burdened by non-recurrent effects in the Steel Processing Business Unit. The result was nevertheless expected to remain in negative territory. In the Trading Business Unit, a notable improvement in earnings was generally anticipated, and the Technology Business Unit was expected to stay its positive course.

Based on the Salzgitter Group approaching breakeven in its pre-tax result in the first quarter of 2025, we reaffirmed our annual guidance in May. Determining factors included the ongoing sound contribution from the Technology Business Unit, earnings stabilizing in Trading Business Unit, and progress made in our extended P28 performance program.

Given the weaker trend in sales and earnings compared with expectations in the first half of 2025, caused by ongoing reticence in the markets of steel and steel-related areas, we specified our guidance in July as there were no signs then of a notable market recovery in the second half of the year either. At the same time, we took account of the positive effects from ramping up the P28 profit improvement program, combined with ongoing restructuring measures. Accordingly, we anticipated the following for the Salzgitter Group: sales of between € 9.0 billion and € 9.5 billion, EBITDA of between € 300 million and € 400 million, a pre-tax result in a range of € –100 million to € 0 million, as well as a slightly higher ROCE compared with the previous year.

Despite a marginally positive pre-tax result in the third quarter, we specified the sales and earnings guidance in November 2025 in the lower half of the existing corridor and within the framework of analyst expectations. We assumed that, given the persistent economic weakness, margins would remain under pressure throughout the entire year 2025. Although, at that point in time, there were signs of prices trending up moderately, the positive effects resulting from this uptrend were only likely to manifest in sales and earnings in 2026. We therefore predicted sales slightly above € 9.0 billion, EBITDA of between € 300 million and € 350 million, a pre-tax result of between € –100 million and € –50 million, as well as slightly higher return of capital employed year on year.

At € 9.0 billion, consolidated sales settled around the level anticipated in November 2025. EBITDA (€ 376.3 million) and the pre-tax result (€ –27.7 million) proved to be notably better than last forecast. This improvement was mainly due to the contribution (€ 179.6 million) from Aurubis AG, a participating interest accounted for at equity (IFRS accounting), which was positively impacted by high valuation effects from metal price fluctuations, especially in the fourth quarter of 2025. A countertrend emanated from valuation effects amounting to € –29.7 million from a bond convertible into the shares of Aurubis AG. The result also includes € –5.4 million from the final purchase price determined for KDS in the Technology Business Unit, along with € +21.8 million in income from restructuring and other non-recurrent items. In line with expectations, ROCE of 0.7 % slightly exceeded the year-earlier level.

Forecast-actual comparison for the Salzgitter Group

		2024	Forecast March 2025	Forecast July 2025	Forecast November 2025	2025
Sales	€ billion	10.0	9.5 - 10.0	9.0 - 9.5	Slightly above 9.0	9.0
EBITDA	€ m	445.2	350 - 550	300 - 400	300 - 350	376.3
EBT	€ m	–296.2	Between –100 and +100	Between –100 and 0	Between –100 and –50	–27.7
ROCE	%	–3.4	Slightly higher y/y	Slightly higher y/y	Slightly higher y/y	0.7

PROFITABILITY, FINANCIAL POSITION AND NET ASSETS

PROFITABILITY OF THE GROUP

The following chapter contains typical management report disclosures that also cover reporting requirements under ESRS.

[ESRS 2 SBM-1-40 b]: The Group's **external sales** declined to € 8,981 million compared with the year-earlier figure, mainly due to lower selling prices for steel products and the deconsolidation of the stainless steel tubes group within the Steel Processing business unit (previous year: € 10,012 million). Exchange rate effects resulted in a negative impact of € 58 million; deconsolidations in the financial year contributed € 315 million to the decline in sales.

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

Consolidated sales by business unit

	2025		2024		Change	
	In € million	In %	In € million	In %	In € million	In %
Steel Production	3,166	35	3,389	34	–223	–7
Steel Processing	1,222	14	1,576	16	–354	–22
Trading	2,629	29	3,057	31	–428	–14
Technology	1,767	20	1,804	18	–37	–2
Industrial Participations / Consolidation	198	2	186	2	12	6
Group	8,981	100	10,012	100	–1,030	–10

The regional distribution of sales revenues remained virtually unchanged. As before, the business activities of the Salzgitter Group are therefore focused on the EU (€ 6,409 million; 71 % share of sales). Germany remained by far the largest single market with sales of € 3,768 million, equivalent to a share of 42 %. It should be noted in this context, however, that many of our products are supplied to export-oriented German businesses and therefore ultimately find their way abroad.

Consolidated sales by region

	2025		2024		Change	
	In € million	in %	In € million	in %	In € million	in %
Germany	3,768	42	4,089	41	–321	–8
Other EU countries	2,641	29	3,021	30	–380	–13
Rest of Europe	358	4	501	5	–143	–29
America	1,018	11	1,074	11	–56	–5
Asia	746	8	878	9	–131	–15
Other regions	449	5	449	4	0	0
Group	8,981	100	10,012	100	–1,030	–10

Given the decline in sales revenues and the lower cost of materials, the Salzgitter Group generated **earnings before taxes** of € –27.7 million (previous year: € –296.2 million). The Steel Processing and Trading business units exceeded their year-earlier results that were significantly burdened by restructuring and impairment costs, while the Technology Business Unit delivered a new record result. The results of the Steel Production Business Unit and the Industrial Participations / Consolidation segment dropped below the previous year's figures. The result includes a contribution of € 179.6 million from the participating investment in Aurubis AG accounted for using the (IFRS) equity method (previous year: € 183.9 million). Moreover, the result is impacted by an effect of € –29.7 million from the exchangeable bond issued in October 2025 (previous year: € 0.0 million). The improved result is offset by a decline in depreciation and amortization, which brings **EBITDA** to € 376.3 million (previous year: € 445.2 million).

As our guidance for the financial year 2026 is based for the first time on → **figures adjusted** for the valuation effects from the exchangeable bond, we are additionally disclosing EBITDA VX, EBIT VX and EBT VX as well as ROCE VX for the purpose of better comparability.

Results for the business units and the Group

In € million	2025	2024
EBITDA VX Group	406.0	–
Earnings effects from valuation exchangeable	–29.7	–
Steel Production	169.8	186.2
Steel Processing	–63.6	–78.6
Trading	58.2	–20.9
Technology	140.4	148.5
Industrial Participations / Consolidation[1]	71.5	210.1
EBITDA Group	376.3	445.2
EBT VX Group	2.0	–
Earnings effects from valuation exchangeable	–29.7	–
Steel Production	–65.6	–60.9
Steel Processing	–116.5	–391.4
Trading	31.0	–81.2
Technology	112.8	93.5
Industrial Participations / Consolidation[1]	10.5	143.8
EBT Group	–27.7	–296.2
Taxes	42.1	51.7
Consolidated result[2]	–69.8	–347.9

[1] The earnings effect from the valuation of the exchangeable bond is included in Industrial Participation / Consolidation unit.
[2] Including minority interest

Special items

	Earnings effects valuation exchangeable		EBT VX		Restructuring[1]		Impairment / reversal of impairment[2]		Other		EBT VX without special items	
In € million	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Steel Production	–	–	−65.6	−60.9	−1.5	−16.9	–	–	–	–	−64.1	−44.0
Steel Processing	–	–	−116.5	−391.4	−0.1	−6.7	–	−260.2	–	–	−116.3	−124.5
Trading	–	–	31.0	−81.2	7.6	−21.8	–	–	16.3	−71.3	7.1	11.9
Technology	–	–	112.8	93.5	−0.4	−1.3	−5.4	−17.6	–	–	118.6	112.4
Industrial Participations / Consolidation	−29.7	–	40.3	143.8	–	0.0	–	–	–	−9.7	40.3	153.6
Group	−29.7	–	2.0	−296.2	5.5	−46.7	−5.4	−277.8	16.3	−81.0	−14.4	109.3

In the financial year 2024, the figures carrying the label VX correspond to the unadjusted figures originally reported for 2024 as valuation effects from the exchangeable bond took effect for the first time in the financial year 2025. The valuation effect has no impact on the segment financials.

[1] This disclosure takes account of expenses for a restructuring measure and gains from the release of a restructuring provision. In the period under review, it includes expenses and income for all business units. In the previous year, the disclosure included only income for the Steel Processing business unit, as opposed to all the other business units where both income and expenses were recognized.

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

DEVELOPMENT OF SELECTED INCOME STATEMENT ITEMS

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

As a result of the sales trend and the negative changes in inventory overall and other own work capitalized, total output dropped by 12.3 % to € 8.9 billion in the financial year 2025 (previous year: € 10.1 billion).

At −16.9 %, the cost of materials declined somewhat more steeply than the total output, which was largely attributable to the drop in the primary material prices.

Personnel expenses stood at € 1,957.6 million as of the reporting date on December 31, 2025 (previous year: € 2,015.8 million). The lower level of expenses is due above all to the sale of the Mannesmann Stainless Tubes Group, effective October 31, 2024, and further disposals of companies in the financial year 2025. The wage increases from the collective bargaining process that took effect in 2025 were therefore more than compensated by the decline in the annual average workforce. In addition, non-recurrent restructuring expenses relating to personnel expenses that had burdened the financial year 2024 were not incurred in the financial year 2025.

Other operating income came in at € 601.8 million in 2025 (previous year: € 539.5 million). The year-on-year increase largely resulted from higher gains from exchange-rate fluctuations (€ 267.1 million; previous year: € 175.6 million) as well as higher income from reimbursements for earlier years (€ 82.6 million; previous year: € 69.5 million). By contrast, gains from the valuation of financial derivatives and foreign currency positions fell below the year-earlier level (€ 55.8 million; previous year: € 78.4 million).

As a countertrend, other operating expenses amounted to € 1,548.2 million in the reporting year (previous year: € 1,437.4 million). This item essentially includes expenses of € 373.4 million (previous year: € 391.8 million) for services sourced externally and for sales expenses (€ 313.9 million; previous year: € 344.2 million), exchange rate induced losses amounting to € 258.0 million (previous year: € 184.4 million) and expenses for the measurement of financial derivatives and foreign currency positions of € 103.2 million (previous year: € 34.3 million). In addition, expenses were incurred due to the reporting-date valuation of the exchangeable bond (€ −29.7 million; previous year: € 0.0 million).

The result of companies accounted for using the equity method remained around the high level posted in the year-earlier period of € 182.7 million (previous year: € 184.4 million). While the participating interest in Aurubis AG delivered a slightly lower earnings contribution (€ 179.6 million;

previous year: € 183.9 million), the EUROPIPE Group was able to raise its results compared with the previous year (€ 2.6 million; previous year: € 0.3 million).

EBITDA receded to € 376.3 million (previous year: € 445.2 million). Excluding the valuation effects from the exchangeable bond, EBITDA VX came in at € 406.0 million.

Depreciation and amortization declined to € 317.7 million in the 2025 financial year (previous year: € 624.2 million). While scheduled depreciation and amortization dropped only slightly below the year-earlier level, unscheduled depreciation and amortization declined substantially due to impairments implemented the year before, particularly in the Steel Processing Business Unit (€ 2.1 million; previous year: € 294.7 million). Further information can be found in the → **Notes to the Financial Statements**, Note (5), "Depreciation and amortization and impairment on property, plant and equipment and intangible assets".

EBIT posted € 58.6 million (previous year: € –179.1 million). Net of the valuation effect from the exchangeable bond, EBIT VX amounted to € 88.4 million.

While finance income somewhat exceeded the previous year's figure (€ 43.9 million; previous year: € 33.4 million), finance expenses decreased to € 130.3 million (previous year: € 150.6 million). Interest in connection with investments under SALCOS® were capitalized (€ 24.9 million; previous year: € 13.2 million).

Accordingly, earnings before taxes amounted to € –27.7 million in the reporting year (previous year: € –296.2 million). Adjusted for the valuation effect from the exchangeable bond, EBT VX stood at € 2.0 million.

Taking account of € 42.1 million in tax expenses (previous year: € 51.7 million), **consolidated net income** totaled € –69.8 million (previous year: € –347.9 million). Tax expenses comprise actual taxes amounting to € 11.0 million (previous year: € 25.0 million) and deferred taxes of € 31.1 million (previous year: € 26.7 million). The decline in actual income taxes to € 11.0 million was determined by corporate income tax reimbursements for previous years from fiscal court proceedings concluded on behalf of Salzgitter Mannesmann GmbH.

The Group tax rate in the financial year 2025 ran at –151.7 % due in particular to the re-measurement of deferred tax assets at domestic controlling company Salzgitter Klöckner-Werke GmbH (previous year: –17.4 %). Thanks to the utilization of tax loss carryforwards that had previously not been taken into consideration, actual tax expenses were reduced by € 1.7 million (previous year: € 1.6 million).

Basic earnings per share were calculated accordingly at € –1.37 (previous year: € –6.51).

P28 PROFIT IMPROVEMENT PROGRAM

The "P28" profit improvement program is aimed at safeguarding the Salzgitter Group's firm positioning going forward. Under P28, in combination with the measures carried forward from the former "Performance 2026" program, we now anticipate that efficiency and process improvements will deliver an overall effect of € 575 million through to 2028. With a view to optimal time-related and resource efficiency, P28 is structured along four sub-projects in the areas of procurement, logistics, sales and technology, under the management of dedicated sub-project leaders. These project leaders identify potential across the Group, facilitate the transfer of ideas across the companies, define action plans and accompany the implementation. Compared with the previous year, effects totaling € 129 million were generated in the financial year 2025, € 110 million thereof sustainably, thereby clearly exceeding the annual target of € 97 million. Since the program was launched in 2024, and including € 134 million in earnings contribution from the predecessor Performance 2026 program, an accumulated effect of around € 244 million has been achieved. The Steel Production and Steel Processing business units are the main contributors in this instance. The Technology and Trading business units also make notable contributions, as do the companies in the Industrial Participations segment.

Reconciliation EBIT / EBITDA

In € million	2025	2024
EBT	–27.7	–296.2
+ Interest expenses	130.3	150.6
– Interest income	–43.9	–33.4
EBIT	58.6	–179.1
+ Depreciation / amortization[1]	317.7	624.2
= EBITDA	376.3	445.2

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

Reconciliation EBIT VX / EBITDA VX

In € million	2025
EBT VX	2.0
+ Interest expenses	130.3
– Interest income	–43.9
EBIT VX	88.4
+ Depreciation / amortization[1]	317.7
EBITDA VX	406.0

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

ROCE shows the relationship of EBIT I to capital employed and measures the return on capital employed. The figures used for the calculation of the ratios are taken from the consolidated financial statements. We use reporting date-related figures from the financial statements for our calculations. ROCE stood at 0.7 % in the financial year 2025 (previous year: –3.4 %), which was due to the disproportionate improvement in EBIT, while interest-bearing equity and debt merely edged up compared with the year before.

Return on capital employed (ROCE)

In € million	2025	2024
EBT	–28	–296
+ Interest expenses	130	151
– Interest expenses for pension provisions	–56	–57
EBIT I	47	–202
Total assets	10,481	10,465
– Pension provisions	–1,408	–1,638
– Other provisions excluding provision for income taxes	–515	–494
– Trade payables, contract liabilities, other liabilities excluding notes payable, liabilities in connection with assets held for sale[1]	–1,763	–1,949
– Deferred tax assets	–223	–365
= Capital employed	6,571	6,019
in %		
ROCE	0.7	–3.4

[1] Notes payable amounting to € 0.4 million (2024: € 1.5 million).

Return on Capital Employed VX (ROCE VX)

In € million	2025
EBT VX	2
+ Interest expenses	130
– Interest expenses for pension provisions	–56
EBIT I VX	77
Total assets	10,481
– Pension provisions	–1,408
– Other provisions excluding provision for income taxes	–515
– Trade payables, contract liabilities, other liabilities excluding notes payable, liabilities in connection with assets held for sale[1]	–1,763
– Deferred tax assets	–223
= Capital employed	6,571
in %	
ROCE VX	1.2

[1] Notes payable amounting to € 0.4 million (2024: € 1.5 million).

VALUE ADDED IN THE SALZGITTER GROUP

The operational value added of the Group amounted to € 2,052.4 million in 2025 (previous year: € 1,861 million). Personnel expenses (€ 2,013 million; previous year: € 2,073 million) were therefore fully covered. In terms of the public sector, the proportion in the form of taxes and levies stood at 2.1 % (previous year: 2.8 %). Lenders received less than in the year before (3.3 %; previous year: 4.6 %). Shareholders (including treasury shares) will receive 0.6 % of value added for the financial year ended (previous year: 0.7 %). In the period under review, a negative amount remained within the Group. In the last 15 years, funds of € 0.7 billion in value added were contributed to the Group.

Value added

	2025/12/31		2024/12/31	
	In € million	in %	In € million	in %
Sources				
Group outputs	9,746.3	100.0	10,922.7	100.0
Inputs	7,693.9	78.9	9,061.4	83.0
Value added	2,052.4	21.1	1,861.3	17.0
Appropriation				
Employees	2,013.3	98.1	2,072.7	111.4
Public sector	42.1	2.1	51.7	2.8
Shareholders	12.1	0.6	12.1	0.7
Lenders[1]	66.9	3.3	84.9	4.6
Remaining within the Group	–82.0	–4.0	–360.1	–19.3
Value added	2,052.4	100.0	1,861.3	100.0

[1] Component of the finance expenses item

Reconciliation value added

In € million	2025	2024
Sales	8,981.3	10,011.7
Changes in inventories / other own work capitalized	−77.8	137.7
Other operating income	601.8	539.5
Income from shareholdings	2.0	1.3
Result from investments accounted for using the equity method	182.7	184.4
Income from reversal of impairment losses of financial assets	20.1	23.5
Financial result[1]	36.3	24.6
Group outputs	9,746.3	10,922.7
Cost of materials	5,798.8	6,975.1
Depreciation / amortization	317.7	624.2
Other operating expenses	1,548.2	1,437.4
Expenses from reversal of impairment of financial assets	29.1	24.6
Input	7,693.9	9,061.4

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

BUSINESS UNIT PERFORMANCE

STEEL PRODUCTION BUSINESS UNIT

Key data		2025	2024
Order intake	kt	4,880	5,032
Order backlog as of 12/31	kt	1,196	1,251
Crude steel production	kt	4,757	5,156
Salzgitter Flachstahl	kt	3,921	4,257
Peiner Träger	kt	836	899
Rolled steel production	kt	4,313	4,267
Salzgitter Flachstahl	kt	3,522	3,420
Peiner Träger	kt	791	847
Shipments	kt	5,214	5,225
Segment sales[1]	€ m	4,281.7	4,551.9
Sales to other segments / Group companies	€ m	-1,116.1	-1,163.2
External sales[2]	€ m	3,165.6	3,388.8
EBIT before depreciation and amortization (EBITDA)	€ m	169.8	186.2
Earnings before interest and taxes (EBIT)	€ m	-19.5	0.1
Earnings before taxes (EBT)	€ m	-65.6	-60.9

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

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

STEEL MARKET DEVELOPMENT

Weak demand continued to prevail on Europe's steel market and on that of Germany in particular. A tangible market recovery failed to materialize in virtually all relevant customer sectors for strip steel and section products. Instead, the trend displayed in the key steel-buying sectors, namely the automotive industry, mechanical engineering and the construction sector, was generally more stagnant in nature.

Germany's structural challenges that permeate almost all sectors of the manufacturing industry had still not been overcome. The special fund provided by the government only fanned cautious hopes for improvement, especially in the construction industry. A counteracting effect emanated from the US tariffs imposed and raised over the course of the year however, which dampened the outlook of Germany's steel-intensive export sector. Difficult access to the US market also exacerbated the immense pressure that volumes and imports were placing on Europe's steel market. Along with the direct impact on deliveries from the European Union to the US, Europe's steel market suffered from the flow of steel products being redirected, above all from the Asian countries. At the last count, and measured by market supply, import rates remained at a historically high level. Consequently, the difficult market situation confronting German steel producers generally persisted.

The hot strip spot price proved volatile in the financial year 2025: A notable increase in the first four months of 2025 was followed by an equally pronounced decline before the price level stabilized well into the autumn. Starting from a still low level, prices were then seen to trend up in the fourth quarter, a positive development that was mainly attributable to regulatory and supply-side stimuli that will likely take effect in 2026. Such stimuli include the European Commission's trade protection instruments under the Carbon Border Adjustment Mechanism (CBAM) and the successor safeguard regulations. Prices on the sections market came under increasing pressure over the course of the year as the market situation clearly deteriorated from the summer onward. The stockholding steel trade's real demand and sales figures entered a steep decline, which eroded the order backlog and placed substantial pressure on prices.

PROCUREMENT

IRON ORE

Iron ore price displayed volatility in 2025: Following a stable start to the year around 105 USD/ dmt for the IODEX 62 % Fe CFR China benchmark grade, tariff disputes between China and the US partly sent prices below 100 USD/ dmt before prices staged a moderate recovery in the second quarter, underpinned by a preliminary agreement between the two countries. Against the backdrop of high supply volumes, the iron ore price dropped to its lowest level of 93 USD/ dmt at the end of the first six months. In the third quarter, major construction projects and the economic measures anticipated in China ensured a price level just above 100 USD/ dmt again. Prices largely held steady in the fourth quarter above the 105 USD/ dmt mark, bolstered by stable demand. Expressed as an annual average, prices settled at 102 USD/ dmt, thereby dropping 7 % year on year.

COKING COAL

Having rebounded temporarily at the start of the year, coking coal prices declined to just under 190 USD/ t due to the downturn in trading activities. Weak demand from India and China and the supply chain, virtually unaffected by the rainy season in Australia, pushed prices to below 170 USD/ t in March. At the start of the second quarter, low availability of premium coal prompted prices to rise to 190 USD/ t. This uptrend was followed in June by replenished inventories of Indian consumers and subdued Chinese demand, which caused prices to drop again to below 175 USD/ t. China's announcement at the end of June of capping coal extraction triggered another price increase to more than 180 USD/ t. In the fourth quarter, the coking coal price resumed its uptrend, which was attributable to a shortfall in spot volumes from Australia and disruptions to deliveries due to weather conditions. December saw the price exceed the threshold of 200 USD/ t. In addition, Indian and Chinese producers in particular stepped up their activities on the spot market at the turn of the year in order to secure their inventories for the first quarter of 2026. Accordingly, the benchmark price closed the year at 218 USD/ t. In the full year 2025, the price averaged 188 USD/ t, down approximately 22 % compared to the year-earlier period.

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

STEEL SCRAP

The first quarter of 2025 saw prices rise on the German scrap market, boosted by moderate demand and accompanied by scrap supplies at a low level and a growing export business. The price trend of the BDSV 2/8 steel scrap grade (new steel scrap) reflected this development: Following a price of 305 €/ t in January, the price had reached 330 €/ t by the end of the quarter. At the start of the second quarter, US import duties, lackluster steel demand, and the growing use of beam blanks from Asia and Russia instead of scrap sent prices down sharply. By the end of the first six months, the price of the 2/8 grade had dropped to 297 €/ t. Steel scrap prices weakened further in the third quarter in response to the weak export business, seasonally induced production downtime, and sufficient material availability, with the price falling to 282 €/ t at the end of September. Only at the end of the fourth quarter did the market gradually begin to stabilize, supported by seasonal supply shortfalls and Turkish steelworks replenishing their inventories, which resulted in a recent slight upturn in prices, with the price settling at 283 €/ t at the end of the year.

BUSINESS DEVELOPMENT

In the financial year 2025, the **order intake** of the Steel Production Business Unit slightly undershot the previous year's level, while **orders on hand** too were somewhat lower year on year. The business unit's **crude steel output** dropped moderately below the figure posted the year before also due to maintenance work carried out on Blast Furnace C in Salzgitter, while **rolled steel production** repeated the year-earlier level. With **shipments** remaining stable, **external sales** declined above all due to prices that were lower year on year, which was reflected accordingly in **segment sales**. The Steel Production Business Unit generated **EBITDA** of € 169.8 million (previous year: € 186.2 million) and **earnings before taxes** of € –65.6 million (previous year: € –60.9 million). The result includes € –1.5 million in net expenses in connection with restructuring provisions (previous year: € –16.9 million). Despite lower energy and raw materials costs and a downturn in scrap prices, SZFG's result fell short of the year-earlier level, largely due to selling prices. In contrast, PTG once again achieved a positive result on the back of lower scrap prices.

INVESTMENTS

With a view to consistently lowering carbon emissions while securing the highest quality standards, investments were focused on the construction of Furnace 7 on the hot strip mill. Following the awarding of the project in the previous year, the whole of 2025 was marked by intensive planning and engineering activities. Significant progress was made in upgrading the push-pull pickling line. Following completion of the assembly work in the first half of the year, the facilities were taken into operation again in the fourth quarter. In addition, we invested in new three-phase drive systems for the tandem mill as well as a state-of-the-art double cut-to-length shear for the continuous pickling line. While engineering for the tandem mill is still at the implementation stage, we successfully transitioned to the phase of performance tests on the double cut-to-length shear.

SALCOS®

Under the SALCOS® transformation program, our aim is to fully convert the integrated steelworks in Salzgitter to low-carbon crude steel production in stages through to the mid-2030s. Implementation of the first stage of SALCOS® commenced back in 2022. We expect to be able to offer the first green steel from the new production route in the first half of 2027. In view of the deterioration in economic, political and regulatory framework conditions, the decision was taken in September 2025 to postpone investment decisions on the further development stages of the SALCOS® program to 2028/29.

Within the framework of the first SALCOS® stage, we are building a 100 MW electrolysis plant, a direct reduction (DR) plant and an electric arc furnace (EAF) at the Salzgitter location. The facilities will be capable of producing around 2 million tons of low-carbon crude steel a year, thereby replacing a blast furnace and a converter in the first stage.

Significant headway was made in implementing construction work on the first stage of SALCOS® in 2025.

The structural steel work on the DR plant's reactor reached its final height of 140 m in December 2025, while headway was made in installing the plant technology on the entire construction site at the same time.

Construction work on the main and ancillary facilities for the electric arc furnace and assembly of the building's steel structure have also made progress. The furnace transformer has been assembled and craned into place.

The third quarter of 2025 brought the handover of the land on which the 100 MW electrolysis plant is to be built to the plant engineering company, followed by assembling the fire barriers, with the start to work on the building. The energy input system's technology has been installed. Upon completion, the facilities will be capable of producing around 9 Tt of green hydrogen per year.

In the field of media infrastructure, construction of the lines necessary for connection to the nitrogen and gas network continued in the period under review.

In addition, DEUMU commenced work on the construction of a shredder plant in the direct proximity of the SALCOS® facilities in the third quarter of 2025. The new plant will enable the processing of high-quality scrap grades, thereby representing a further SALCOS® building block.

STEEL PROCESSING BUSINESS UNIT

Key data		2025	2024
Order intake	€ m	1,621	1,727
Order backlog as of 12/31	€ m	596	509
Crude steel production	kt	1,123	1,235
Rolled steel production	kt	992	912
Shipments	kt	1,308	1,326
Segment sales[1]	€ m	2,061.6	2,508.8
Sales to other segments / Group companies	€ m	–839.6	–932.5
External sales[2]	€ m	1,222.0	1,576.3
EBIT before depreciation and amortization (EBITDA)	€ m	–63.6	–78.6
Earnings before interest and taxes (EBIT)	€ m	–102.2	–371.2
Earnings before taxes (EBT)	€ m	–116.5	–391.4

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

The companies producing steel tubes and pipes and the Salzgitter Group's heavy plate activities are combined under the **Steel Processing Business Unit**. The pipes and tubes portfolio encompasses a wide range of line pipe diameters right through to high-grade precision steel tubes. Two heavy plate mills also belong to the business unit. In addition to standard grades, the modern heat treatment line at the Ilsenburg mill produces high-grade, wear-resistant plate for use in industries such as construction as well as secure steel for civil and military applications. The mill in Mülheim an der Ruhr specializes above all in the production of tube and wind turbine plate for onshore and offshore applications in medium to large batch sizes. The business unit has its own supply of input material through its participation in Hüttenwerke Krupp Mannesmann GmbH (HKM).

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

As part of active portfolio management, the Mannesmann Stainless Tubes Group (MST Group) was sold and deconsolidated, effective October 31, 2024. Consequently, the MST Group's financials are included only for the first ten months of 2024 but not in the reporting-date-related figures. In the financial year ended, production at the Mannesmann Precision Tubes' Dutch location was also closed.

MARKET DEVELOPMENT

QUARTO PLATE

The persistently weak economic situation prevailed on the heavy plate market throughout the reporting period. While demand in many customer sectors stagnated, the onshore wind, steel construction and yellow goods segments continued to enjoy stable development. At the same time, the first signs of upbeat momentum were evident in the offshore wind and tubes business. Aside from mild fluctuations, market prices hugged a low level during the period under review. Following a slight initial downturn in import volumes, import pressure increased substantially again in the fourth quarter, which kept the market share of plate and slab imports at a high level. Important import countries included South Korea, India, Japan, Indonesia and, at a much higher level year on year, Turkey. The EU measures implemented in the spring and summer to limit import volumes in the aftermath of more stringent safeguards sent a positive signal, especially regarding additional redirection effects as a consequence of US tariffs on steel imports. Insufficient EU sanctions against Russian slab nevertheless resulted in great competitive pressure from the sustained use of inexpensive Russian slab in the EU.

STEEL TUBES AND PIPES

The large-diameter pipes market was characterized by a decline in line pipe projects. Transmission system operators in Germany's hydrogen core network proved to be extremely reticent. This attitude was caused by the ongoing lack of regulatory clarity, an opaque volume-related and delivery situation of the necessary green hydrogen, the associated costs and Germany's generally strained economic situation. A positive aspect lies in the EU having confirmed all key hydrogen line pipe projects for the years ahead under the updated Projects of Common Interest overview, while also admitting a number of carbon line pipe projects. The competitive situation in the large-diameter pipes segment, which is difficult in any event, was exacerbated by tariffs on steel exports to the US being raised to 50 % in June. Following brisk demand from the US in the first quarter, tariffs also caused business in the medium-diameter line pipe segment to deteriorate as the year progressed. The precision tubes market remained weak. Production in the automotive industry – an important customer sector – declined again, leading to a lower level of uptake. Uncertainty in the market continued to run at a high level all over the world, causing investment restraint.

BUSINESS DEVELOPMENT

In 2025, the **order intake** of the Steel Processing Business Unit did not match the year-earlier level due to the deconsolidation of the stainless tubes group. Both the heavy plate companies and the steel tubes producers recorded an increase in order intake compared to the weak year-earlier period, resulting in significant growth in the business unit's **orders on hand**. **Segment** and **external sales** were substantially lower year on year. This development was primarily attributable to lower selling prices in the heavy plate segment, shipments in the tubes and pipes segment in a downtrend, along with deconsolidation effects from the stainless tubes group. The business unit generated **EBITDA** of € –63.6 million (previous year: € –78.6 million) and € –116.5 million in **earnings before taxes** (previous year: € –391.4 million). The previous year's result includes impairment of € –260.2 million (2025: € 0.0 million) in the precision tubes (€ –129.6 million) and in the stainless steel tubes business (€ –20.0 million) and at HKM (€ –110.6 million). Furthermore, an amount of € –6.7 million was recorded for restructuring expenses in 2024 (2025: € –0.1 million netted off expenses for restructuring).

INVESTMENTS

In 2025, the Steel Processing Business Unit concentrated first and foremost on replacement and supplementary investments. Strengthening the Mülheim mill's resilience formed a focus in the heavy plate segment. The investment in building a hot leveling machine expands the capabilities of plate processing and improves access to new applications and markets, especially in the domain of energy infrastructure. The construction work on installing the hot leveling machine in the mill proceeded according to plan in 2025. A further focus was placed on expanding the product range to include a higher-grade product spectrum, including grades in the new Defense (SECURE®) business line. Work on erecting a contemporary building to ensure the training of specialist staff in Ilsenburg made good headway.

TRADING BUSINESS UNIT

Key data		2025	2024
Shipments	kt	3,123	3,379
Segment sales[1]	€ m	2,695.1	3,101.1
Sales to other segments / Group companies	€ m	–66.4	–44.4
External sales[2]	€ m	2,628.7	3,056.7
EBIT before depreciation and amortization (EBITDA)	€ m	58.2	–20.9
Earnings before interest and taxes (EBIT)	€ m	37.8	–67.2
Earnings before taxes (EBT)	€ m	31.0	–81.2

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

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

Salzgitter Mannesmann Stahlhandel Austria GmbH was sold on May 31, 2025, as part of active portfolio management. The sale of the trading business in precision and seamless tubes to Hoberg & Driesch Stahlrohr GmbH took place in the same month. In addition, the stainless tubes segment was also sold to Schierle Siyaya GmbH, effective October 1, 2025.

MARKET DEVELOPMENT

In response to the existing and new trading barriers set in place in non-EU countries, market participants in international trading exercised extreme caution at the start of 2025. The second quarter brought only a short-lived recovery in demand in North America and Europe. Over the remainder of the year, the demand for imported products nevertheless declined notably again and remained at a low level, including in the final quarter.

Having proved subdued in the first half of 2025, and pressured by the economic situation in Europe, demand in the stockholding steel trade dropped off further in the second half of the year, accompanied by a reduction in inventories.

BUSINESS DEVELOPMENT

Compared to the year before, the Trading Business Unit's **shipments** declined moderately in the financial year 2025. Sales of the stockholding steel trade did not match the previous year's figures due to weak demand and location-related and portfolio streamlining in the period under review. While international trading sustained a significant downturn in volumes, the UES Group attained the year-earlier level. As a result, the business unit's **segment** and **external sales** declined notably, accompanied by a slightly lower price level. Considerable cost savings, combined with positive non-recurrent items in connection with restructuring measures (€ +23.9 million; 2024: € –93.1 million), nevertheless resulted in a significant improvement in **EBITDA** (€ 58.2 million; 2024: € –20.9 million) and in the **pre-tax result** (€ 31.0 million; 2024: € –81.2 million) in comparison with the previous year.

INVESTMENTS

Against the backdrop of a challenging market environment, investments in the Trading Business Unit in the financial year 2025 were limited to completing projects already begun and indispensable replacements.

TECHNOLOGY BUSINESS UNIT

Key data		2025	2024
Order intake	€ m	1,913	1,653
Order backlog as of 12/31	€ m	1,354	1,278
Segment sales[1]	€ m	1,767.5	1,804.7
Sales to other segments / Group companies	€ m	–0.5	–0.8
External sales[2]	€ m	1,766.9	1,803.9
EBIT before depreciation and amortization (EBITDA)	€ m	140.4	148.5
Earnings before interest and taxes (EBIT)	€ m	108.6	96.2
Earnings before taxes (EBT)	€ m	112.8	93.5

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

The **Technology Business Unit** comprises special machinery manufacturers steeped in tradition. More than 90 % of sales is generated by the KHS Group that, as a plant engineering specialist, holds a leading global position in filling and packaging technology. KHS is a full-line supplier whose products and services range from processing through to beverages filling and packaging and on to intra-logistics. The business unit also includes Klöckner DESMA Elastomer Group (KDE Group) that specializes in the production of injection molding machinery for rubber and silicon products. DESMA Schuhmaschinen GmbH (KDS) was sold subject to the purchase agreement dated July 29, 2025, and deconsolidated at year-end 2025.

MARKET DEVELOPMENT

The German Engineering Federation (VDMA) reported stagnation in the German mechanical engineering sector's order intake in 2025, while assuming that the economy is set to bottom out. Zero growth in orders compared to the previous year is attributable to an increase in orders placed from the euro area, combined with domestic order volume and orders placed from outside the euro area declining slightly.

BUSINESS DEVELOPMENT

Supported by the KHS Group's strong project business, the Technology Business Unit achieved **order intake** in the financial year 2025 that considerately outperformed the high year-earlier level, which ran counter to the downturn in the sector. This was reflected in higher **orders on hand** in a year-on-year comparison. The business unit's **segment** and **external sales** almost achieved the year-earlier figures. The Technology Business Unit's **EBITDA** of € 140.4 million dropped below the year-earlier level (€ 148.5 million), while **EBT** of € 112.8 million (previous year: € 93.5 marked a new record result. The result comprises € –5.4 million from the final purchase price of KDS and € –0.4 million in net expenses for restructuring (previous year: € –1.3 million). Both the KHS Group and KDE, whose performance was burdened in the previous year from unscheduled depreciation and amortization of € –17.6 million (2025: € 0.0 million), achieved a result that exceeded that of the year before.

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

INVESTMENTS

Replacement and growth measures progressed in the Technology Business Unit in 2025, especially at the Dortmund production site. In addition, an investment package was launched for the Dortmund location that, on the one hand, entailed expanding the assembly capacities while, on the other, enhancing the location's appeal by modernizing buildings and creating additional demonstration and training possibilities.

A multi-stage investment program to ramp up regional production capacities was initiated for the North American region. Expansion of production capacities in the North and South American market continued. Work on expanding the facilities of the production location in India also made headway. In addition, IT projects in Germany and in the international companies were carried out within the KHS Group to further optimize workflows.

INDUSTRIAL PARTICIPATIONS / CONSOLIDATION

Key data		2025	2024
Sales	€ m	1,050.0	1,101.4
Sales to other segments / Group companies	€ m	–852.0	–915.4
External sales[1]	€ m	198.0	186.0
Earnings effects from the valuation exchangeable	€ m	–29.7	-
EBIT before depreciation, amortization and valuation exchangeable (EBITDA VX)	€ m	101.2	-
EBIT before depreciation and amortization (EBITDA)	€ m	71.5	210.1
Earnings before interest, taxes and valuation exchangeable (EBIT VX)	€ m	63.7	-
Earnings before interest and taxes (EBIT)	€ m	33.9	163.0
Earnings before taxes and valuation exchangeable (EBT VX)	€ m	40.3	-
Earnings before taxes (EBT)	€ m	10.5	143.8

[1] Contribution to consolidated external sales

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

In the financial year 2025, **sales** in the Industrial Participations / Consolidation segment, which are based mainly on the business of semi-finished products and services provided to subsidiaries and external parties, settled slightly below the previous year's level. By contrast, **external sales** increased against the year-earlier period. **EBITDA** amounted to € 71.5 million (previous year: € 210.1 million). The contribution of the consolidated participating interest in Aurubis AG (IFRS accounting) dropped slightly below the previous year's figure (€ 179.6 million; previous year: € 183.9 million). At year-end, Salzgitter AG held an unchanged stake of 29.99 % in Aurubis AG in terms of the overall number of shares in circulation.

Reporting-date-related valuation effects of foreign currency and derivatives positions, as well as net interest income from the cash management of the consolidated group, delivered a negative result overall (€ –53.8 million; previous year: € +28.2 million). Aside from this, a negative effect amounting to € –29.7 million from the valuation of the exchangeable bond was also recognized in this segment, along with the negative operating results of holding services provided to the subsidiaries. **Earnings before taxes** of Industrial Participations / Consolidation declined to € 10.5 million (previous year: € 143.8 million). The companies largely acting on behalf of the Group generated a higher positive pre-tax result overall (€ +0.9 million; previous year: € –1.8 million).

FINANCIAL POSITION AND NET ASSETS

FINANCIAL MANAGEMENT

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

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

Cash investments, medium-term bilateral credit lines, a syndicated credit facility of € 1,030 million renewed in 2023 with ten banks and a residual term through to August 2030 as a back-up line largely not used to date, and the tapping of the bond markets guarantee that our liquidity requirements are covered. In 2025, the volume of Salzgitter Flachstahl GmbH's short-term genuine EUA repo agreements was reduced to € 800 million, with a due date in March 2027. Similarly, at the level of Salzgitter Flachstahl GmbH, an amount of € 503 million in ECA-covered purchaser financing was raised in 2024 to fund the DRI plant and an electric arc furnace in the context of decarbonizing the steel production. The syndicated credit facility does not include any financial covenants. The portfolio of medium-term committed but not yet utilized credit lines, including sureties, stood at € 1,030 million as of December 31, 2025 (previous year: € 830 million). A bonded loan (Schuldschein) transaction in 2019 is still valued at € 85.5 million with a residual term until May 2029 at the latest. At the time, funds were raised from around 100 investors. In addition, bonds with conversion rights into the shares of Aurubis AG were issued in October 2025 with a term through to 2032 and a fixed coupon of 3.375 % p.a. This measure also serves to diversify the structure and term of the Group's financing.

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

Pension provisions still play a significant role in corporate financing. Based on an actuarial interest rate (4.2 %) derived from the current level of the long-term capital market rates, pension provisions amounted to € 1,408 million as of December 31, 2025 (previous year: € 1,638 million; 3.5 %). In accordance with IFRS accounting standards, the effect of adjusting the actuarial interest rate was reported in the statement of comprehensive income in equity with no effect on net income.

CASH FLOW STATEMENT

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

Cash and cash equivalents

In € million	2025	2024
Cash inflow from operating activities	504.6	408.4
Cash outflow from investment activities	–692.8	–677.4
Cash inflow from financing activities	275.2	331.9
Change in cash and cash equivalents	**87.0**	**62.9**
Changes in the Group of consolidated companies / changes in exchange rates	–28.7	–0.4
Cash and cash equivalents on the reporting date	**1,060.5**	**1,002.2**

In the financial year 2025, the Group generated **cash flow from operating activities** of € 505 million (previous year: € 408 million). Due to the improved pre-tax result, and given a similar reduction in working capital as in the year before, this figure was higher than in the same period of the previous year.

The **cash outflow from investment activities** (€ 693 million) almost matched the level of the previous year (€ 677 million). Compared with 2024, funds in a higher volume were spent on investments in property, plant and equipment and intangible assets. The main investments in the reporting year were accounted for by the SALCOS® transformation program for which funds of € 229 million were paid out on balance (€ 600 million in disbursements and € 370 million in subsidies received). In addition, we invested € 29 million in replacing the walking beam furnace in the hot strip mill as well as € 12 million in the "Ofenhoch" elevated ore railway. Disbursements in the financial year were offset in particular by payments received from the sale of subsidiaries.

The cash outflow from financing activities was determined by the redemption of loans granted (€ 1,314 million; previous year: € 1,020 million), interest payments (€ 88 million; previous year: € 100 million) and dividend payouts (€ 11 million; previous year: € 24 million). This was offset by higher incoming payments from issuing an exchangeable bond (€ 500 million) and borrowing (€ 1,188 million), with the result that **cash inflow from financing activities** totaled € 275 million (previous year: € 332 million).

Net financial position

In € million	2025/12/31	2024/12/31
Cash and cash equivalents acc. to balance sheet	1,060.5	1,002.2
+ Other investments of funds[1]	6.0	2.3
= Investments of funds	1,066.5	1,004.5
Financial liabilities acc. to balance sheet	2,221.1	1,755.5
– Liabilities from leasing agreements and liabilities from financing	200.2	177.1
= Financial liabilities of net financial position	2,020.9	1,578.4
Net financial position	**–954.4**	**–573.8**

[1] Loans excl. valuation allowances (€ 1.2 million; previous year: € 1.7 million), other cash investments reported under other receivables and other assets (€ 0.6 million; previous year: € 0.6 million).

The **net financial position** of € –954 million (previous year: € –574 million) declined, due in particular to higher financial liabilities from investments.

Tangibly higher cash investments, including securities (€ 1,067 million; previous year: € 1,005 million), were offset by a substantial increase of € 2,021 million in liabilities at the end of the year (previous year: € 1,578 million). The latter included € 500 million in obligations attached to an exchangeable bond. As of the reporting date, the Federal Republic of Germany and the Federal State of Lower Saxony had committed total funding of around € 1.3 billion for the SALCOS® transformation program that will be paid out depending on the investments implemented. An amount of € 707 million has been disbursed from these funds since 2023 up until the reporting date. Obligations arising from leasing agreements are not included in the net financial position.

INVESTMENTS

Additions to property, plant and equipment and to intangible assets from investments stood at € 528 million in the financial year 2025 (previous year: € 899 million). This amount includes € 25 million from lease accounting for newly concluded or renewed contracts over their full contractual term under which the impact on payments lies in the future. Capitalized investments considerably exceeded scheduled depreciation and amortization (€ 316 million).

The two segments requiring the lion's share of investment are the Steel Production (€ 362 million) and the Steel Processing (€ 94 million) business units.

On the reporting date, order commitments from investments – essentially for SALCOS® – totaled € 793.7 million (previous year: € 1,170.0 million). More explanations on the development of the purchase commitments can be found under Note (33) "Other financial obligations" in the → **Notes to the Consolidated Financial Statements**. The planned financing of investment obligations is explained under → **Financial management** in this section. With regard to contingent liabilities, we refer to Note (32) "Contingencies" in the → **Notes to the Consolidated Financial Statements**.

Along with scheduled depreciation and amortization, impairment of € 2.1 million (previous year: € 294.7 million) was reported through profit and loss.

	Investments		Depreciation / amortization[1]	
In € million	2025	2024	2025	2024
Steel Production	362	654	189	186
Steel Processing	94	96	39	293
Trading	16	31	20	46
Technology	25	57	32	52
Industrial Participations / Consolidation	30	62	38	47
Group	**528**	**899**	**318**	**624**

[1] Scheduled and unscheduled write-downs

ASSET POSITION

The Group's total assets that stood at € 10,481 million as of December 31, 2025, settled around the year-earlier level (€ 10,465 million). Non-current assets increased slightly compared with the last reporting date (€ +178 million). Property, plant and equipment and intangible assets rose overall as the investments (€ 528 million) significantly exceeded scheduled and unscheduled depreciation and amortization (€ 318 million). The shares in the companies accounted for using the equity method also increased (€ +150 million). Current assets declined as against the previous year (€ –163 million), which was due in particular to the lower level of inventories (€ –209 million) and of trade receivables, including contract assets (€ –28 million). Cash and cash equivalents rose by € 58 million compared with the previous year's reporting date.

Asset and capital structure

	2025/12/31		2024/12/31	
	In € million	in %	In € million	in %
Non-current assets	5,170	49.3	4,992	47.7
Current assets	5,311	50.7	5,474	52.3
Assets	**10,481**	**100.0**	**10,465**	**100.0**
Equity	4,433	42.3	4,449	42.5
Non-current liabilities	3,707	35.4	2,485	23.7
Current liabilities	2,341	22.3	3,532	33.7
Equity and liabilities	**10,481**	**100.0**	**10,465**	**100.0**

Working capital posted € 2,457 million, reflecting a slight decline compared with the year-earlier figure (€ 2,483 million).

In the financial year 2025, the equity ratio of 42.3 % remained around the level of the previous year (42.5 %). The debt structure changed during the reporting period: while current liabilities decreased by € 1,191 million compared to the previous year, non-current liabilities rose by € 1,222 million. The increase in non-current liabilities resulted from higher non-current financial liabilities (€ +1,472 million), while provisions for pensions and similar obligations decreased (€ –230 million). Reduced current financial liabilities (€ –1,007 million) and lower trade payables, including contract liabilities (€ –211 million), were offset by an increase in other liabilities (€ +17 million).

THE ANNUAL FINANCIAL STATEMENTS OF SALZGITTER AG

The annual financial statements of Salzgitter AG for the financial year 2025 have been drawn up in application of the accounting policies and valuation methods of the German Commercial Code (HGB), taking account of the supplementary provisions set out under the German Stock Corporation Act.

As the management holding, Salzgitter AG heads up the Group's business units that are responsible at the operational level. The main associated companies are held through the wholly-owned company Salzgitter Mannesmann GmbH (SMG) via its wholly-owned subsidiary Salzgitter

Klöckner-Werke GmbH (SKWG). Letters of comfort have been issued between SZAG and SMG, as well as between SMG and SKWG by the respective controlling companies. These controlling companies undertake to furnish SMG and SKWG respectively in the subsequent financial year so that obligations entered into in the current financial year can be settled true to deadlines.

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

Balance sheet of Salzgitter AG (condensed HGB)

	2025/12/31		2024/12/31	
	€ m	%	€ m	%
Non-current assets	66.5	5.7	67.0	10.1
Property, plant and equipment[1]	24.8	2.1	25.3	3.8
Financial assets	41.7	3.6	41.7	6.3
Current assets	1,098.4	94.3	593.9	89.9
Inventories	0.0	0.0	0.0	0.0
Trade receivables and other assets[2]	1,098.4	94.3	593.9	89.9
Cash and cash equivalents	–	–	–	–
Assets	1,165.0	100.0	660.9	100.0
Equity	382.0	32.8	382.0	57.8
Provisions	200.8	17.2	232.0	35.1
Liabilities	582.2	50.0	46.9	7.1
Equity and liabilities	1,165.0	100.0	660.9	100.0

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

The receivables from the liquidity (€ 952.2 million; previous year: € 467.3 million) provided to the subsidiary SKWG as part of a groupwide cash management continue to form the main item on the assets side. The treasury shares (€ 16.2 million; previous year: € 16.2 million) are disclosed separately from equity in accordance with the regulations prescribed by the HGB.

On the liabilities side, the main changes compared to the previous year include the valuation of pension obligations (€ 182.3 million; previous year: € 209.8 million) and, for the first time, a liability from the issuing of an exchangeable bond convertible into Aurubis shares in a nominal amount of € 500 million. Against this backdrop, the equity ratio declined to 32.8 % (previous year: 57.8 %) as of December 31, 2025.

Income statement of Salzgitter AG (condensed HGB)

In € million	2025	2024
Sales	46.7	35.1
Other operating income	18.8	14.6
Personnel expenses	30.5	27.2
Depreciation / amortization[1]	22.3	21.9
Other operating expenses	53.9	49.6
Income from shareholdings	60.8	62.5
Net interest result	–7.8	–3.1
Income tax	–0.1	–0.1
After-tax result	11.7	10.4
Other taxes	–0.9	–1.0
Consolidated net income / loss	10.8	9.3

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

Sales revenues largely consist of earnings from the levying of a Group contribution. Other operating income mainly comprises proceeds from the release of provisions, income from affiliated companies, as well as income from insurance recoveries. Other operating expenses increased on the back of higher project costs. Write-downs of financial assets pertain to the impairment of a shareholding (€ –20 million).

Income from shareholdings consisted almost exclusively of the contribution to the result received by SMG. As of December 31, 2024, 194 employees were employed in the company (year-earlier reporting date: 190 employees).

APPROPRIATION OF THE PROFIT OF SALZGITTER AG

Salzgitter AG reported unappropriated retained earnings of € 12.1 million for the financial year 2025.

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

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

The dividend amount will be geared to the performance of Salzgitter AG in the future as well. The unappropriated retained earnings in the annual financial statements of Salzgitter AG drawn up under German commercial law are the sole determining factor for the ability to pay dividend and, in as much, relevant for the dividend proposal. Against the backdrop of the market environment currently to be expected and the dependence of Salzgitter AG's earnings on its subsidiaries we anticipate substantially higher unappropriated retained earnings for the financial year 2026.

OPPORTUNITIES AND RISK REPORT, GUIDANCE

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

OPPORTUNITIES AND OPPORTUNITIES MANAGEMENT

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

The structure both of our Group and of management forms an important basis for identifying and leveraging potential consistently. This structure is aligned to efficient and effective governance. Strategy workshops are instrumental in supporting the identification of and following up on potential opportunities. This allows us to seize market opportunities swiftly and selectively and to reinforce our competitiveness in a challenging and dynamic environment.

Business opportunities are to be leveraged under the aspect of sustainable profitability. We are concerned not only with measures already initiated to promote organic growth but also with investigating new business models, and we screen external options with regard to their potential contribution to the company's success. In the context of identifying opportunities, the process of double materiality analysis used to prioritize and assess opportunities with ESG relevance is also worthy of note. Further details have been set out in the → Sustainability Statement.

As part of our ongoing strategy work, we see opportunities particularly in the fields described in the following.

DECARBONIZATION

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

In the context of discussion in society at large, the topic of sustainability in the value chain plays an important role in many companies' procurement decisions. Many of our customers regard substituting energy-intensive and carbon-intensive gray steel for green steel as an important lever in reducing their carbon footprint in the upstream value chain (Scope 3 emissions) and for achieving their own sustainability goals. We therefore consider that possible surplus demand for green steel will present opportunities, particularly in the first years following the transformation of our sector. The keen interest of our customers from various sectors in being supplied with low carbon steel at an early stage has been affirmed by additional partnering agreements, also concluded in the financial year 2025, which corroborates our assessment.

CIRCULAR ECONOMY

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

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

ENERGY TRANSITION

Especially in the Steel Processing Business Unit, we see opportunities in the context of the energy transition and the associated infrastructure investment. We already operate in the wind power industry as a supplier of heavy plate for foundation structures and wind turbines. The line pipe business is likely to benefit from the necessary expansion of Europe's hydrogen infrastructure and from the solutions required for CO_2 transportation and storage (carbon capture and storage).

SUPPLIER RELATIONSHIPS

The targeted reinforcement of our supplier relationships and the increased resilience of our supply chains enable us to guarantee the ability to deliver beyond product quality while reinforcing our market position as a reliable partner.

RISKS AND RISK MANAGEMENT

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

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

The groupwide risk management system is based on the internationally recognized COSO framework. The principles defined therein for risk identification, assessment, control, and monitoring are bindingly anchored in the Group's risk policy and ensure transparent risk management that is consistently integrated into the overall management and control process.

The risk management system is monitored both on an ongoing basis and at regular intervals. The adequacy, effectiveness, and timeliness of the risk management system (RMS) processes are systematically reviewed. The findings of these controls are incorporated into the continuous development of the system. Monitoring is supported by Risk Management, Internal Audit, and — within the scope of its responsibilities — the Audit Committee.

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

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

QUALIFIED TOP-DOWN SET OF RULES AND REGULATIONS

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

- identification,
- assessment,
- handling risk,
- communication and
- documentation

of the risks in order to standardize them throughout the Group and to guarantee the informative value for the entire Group. We develop our risk management system on a steady basis in response to requirements. In view of the growing importance of sustainability issues, we further developed our risk management governance in 2024 by integrating climate and ESG-related risks not only conceptually — as already anchored in the 2022 RMS guideline — but now also procedurally into existing RMS processes.

We generally include all the consolidated companies of our business units in our risk management. We limit the risks arising from joint ventures in which we do not hold a majority stake by way of appropriate reporting and consultation structures, through participation in supervisory committees and through contractual arrangements. Members of the Executive Board and the

Group Management Board of Salzgitter AG respectively are represented on the Supervisory Board of EUROPIPE GmbH, a joint venture, and also on that of Hüttenwerke Krupp Mannesmann GmbH. Moreover, on the reporting date, one Executive Board member of our company served on the Supervisory Board of Aurubis AG, a participating investment of ours. The outlook for economic developments pertaining to these participating investments is regularly incorporated into our guidance for the Group.

IDENTIFICATION

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

- strategic / political risks,
- business risks, consisting of
  - performance risks,
  - financial risks and
  - general risks.

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

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

The financial risks – which essentially comprise interest rate and currency risks, as well as receivables and liquidity risks – for companies belonging to the corporate finance and fiscal group are coordinated and controlled by the management holding across all business units.

General risks include, in particular, tax, legal, and information technology risks, as well as other overarching risks that cannot be clearly assigned to any of the specific risk categories.

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

ASSESSMENT

For the purpose of comprehending the risks, we generally assess the threat level while incorporating the relevant factors of influence. The risk owner is responsible for assessing the individual specific risks in consultation with the risk manager. All identified risks are reviewed at least once a year. The assessment is carried out over the short- and medium-term planning period of our three-year planning. We assess both the potential extent of damage - defined as the deviation from the forecast result and/or forecast liquidity - and the probability of occurrence. The latter is assigned to one of five defined probability classes.

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

Risks in the first three categories are events that, after careful commercial, technical and legal consideration, are deemed unlikely to occur. In the case of risks in the risk categories above these, loss accruing to the company from an undesirable event cannot be ruled out.

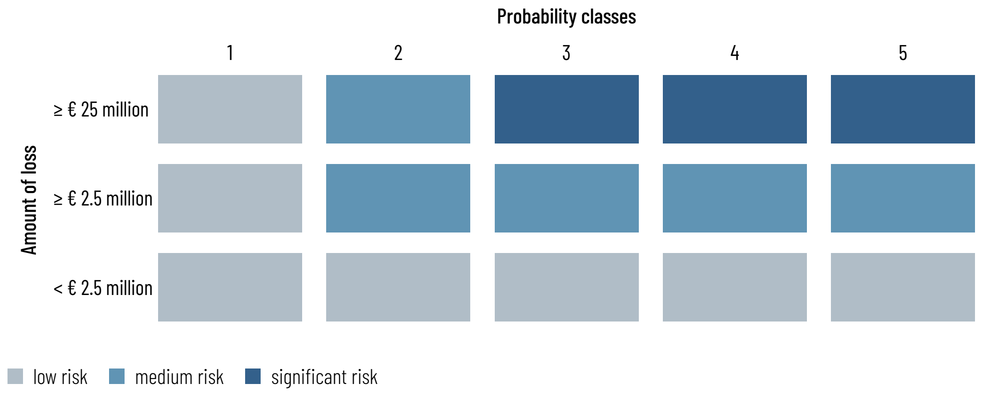
The amount of loss expected is quantified for the period under review with the aid of various distribution functions. Regarding our greatest risks in terms of the amount, analysis is performed in ranges, meaning through the application of a PERT distribution that takes account of three loss scenarios: one for the best scenario, one for the anticipated scenario, and one for the worst-case scenario. As before, the residual risks are assessed with equal distribution within the framework of a worst-case scenario. In addition, we distinguish between major risks in excess of a gross amount of at least € 25 million and other risks involving loss or damage of less than a gross amount of € 25 million, all of which are classified in an internal drilldown. We consider this categorization as suitable since, in the recent past, we have also reported financial years with pre-tax results around breakeven. With a view to consistent application, these figures will be retained. In deriving net loss from gross loss, we take account of all measures to contain loss. In the event, provisions and valuation allowances reduce the amount of loss, which is noted in the risk documentation.

For the Salzgitter Group, we regard risks entailing a loss of at least € 25 million and categorized as "likely" or "highly likely" in terms of their probability of occurrence as significant and quantify them insofar as they exist. For reasons of caution, we also include risks that are "rather unlikely" in these considerations. As of December 31, 2025, we did not assess any risks as significant, which is why we present selected risks in the following, classified by risk type. In rating the amount of risk relevant for the risk group, the highest risk in terms of the amount included in the respective risk group is decisive.

Overview of selected risks in the Salzgitter Group

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

Classification of the risk amounts into the risk types is based on the following threshold values:



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

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

The development of prices in the sales and procurement markets, of freight rates, along with energy prices and exchange rates (above all, USD / EUR), is particularly important for the Salzgitter Group. At the present point in time, we could still be confronted with the economic impact of geopolitical conflicts, along with volatility on the commodities and energy markets. The resulting effects are incorporated into the earnings forecasts of the companies inasmuch as they can be estimated on the reporting date.

The calculation and assessment of ESG-related risks have been integrated into the established risk management procedures and follow the standardized risk management process accordingly. Physical climate risks are analyzed by Central Risk Management across all the Group companies. At the time when the Sustainability Statement 2025 was being drawn up, the Salzgitter Group had not identified any material non-financial risks. For more information on ESG risks, we make reference to our → **Integrated Risk Management** in the Sustainability Statement.

The development and derivation of strategic risk metrics as part of Salzgitter AG's overall risk strategy is of key importance in the context of groupwide risk management in order to arrive at appropriate conclusions for managing and controlling the company. Two major parameters in this context consist of the aggregated overall risk position and risk tolerance. In the process of aggregating risk, the individual risks are analyzed via a threshold value, pre-consolidated if appropriate, and subsequently aggregated with the aid of a Monte Carlo simulation model to form an overall position. The aggregation takes account of mutual dependencies between risks. The overall risk position is then juxtaposed to risk tolerance. The Salzgitter Group's risk tolerance is defined as the maximum amount of risk loss that can be covered by financial and/or capital resources without endangering the Group as a going concern. Risk tolerance is analyzed from an earnings and liquidity-oriented standpoint, based on comparing risk tolerance with the overall risk position, with a view to detecting at an early stage any potential developments that could jeopardize the company's going-concern status.

HANDLING RISKS

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

COMMUNICATION AND DOCUMENTATION

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

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

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

SPECIFIC RISKS

STRATEGIC / POLITICAL RISKS

CORPORATE STRATEGY RISKS

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

Risks for our SALCOS® decarbonization program arise in different permutations. These include risks related to the complexity of the project as a whole, changes to the planning horizon, and internal and external financing allocation. Risk considerations from cost increases anticipated in plant engineering in particular are meticulously monitored as part of a project organization and measures developed, also involving external expertise. Reports on this are regularly made to Salzgitter AG's Executive Board and Supervisory Board. The in-depth review and validation of the additional costs announced at the Annual General Meeting of Shareholders in May 2025 have been concluded and submitted to the Supervisory Board. The budget for the first development stage of SALCOS® now totals € 2.7 billion. Similarly, the SALCOS® project management organization also monitors the basic assumptions underlying the investment decision, such as sales and selling price expectations, including payment morale and the level of the anticipated green steel premium, the price trend and allocation periods of carbon allowances, commodities and energy price premises, including hydrogen and its availability and regulatory changes. Developments are compared on a running basis with the current situation and the progress of the project. In view of the deterioration in economic, political and regulatory framework conditions, the decision was taken in September 2025 to postpone the investment decision on further expansion stages of the SALCOS® program to 2028/29.

"Imponderables in the transformation of primary steel production" constitute a transitory risk. This risk pertains to the technological progress made in our transformation of the facilities beyond the first stage of SALCOS®. Various risk factors could result in us losing our head start in the transformation in relation to the competition. Along with the aforementioned basic assumptions, possible imponderables are inherent in the financial feasibility of the transformation going forward, particularly as the project and budget planning for the future stages of SALCOS® have not yet been concluded. The current environment has led to a delay at Salzgitter AG in subsequent development stages. Decisive factors include the introduction and effectiveness of regulatory instruments such as the "key green markets" and effective carbon adjustment systems. The success of our transformation ultimately hinges on the competitiveness of producing low carbon (equivalent) steel products, which, in turn, depends in particular on the availability and cost of renewable energy sources.

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

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

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

GEOPOLITICAL RISKS

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

Despite endeavors to end war in Ukraine, the acts of war remain unabated in their intensity. Whether the war comes to an end in its fifth year is currently not foreseeable. In relation to the Salzgitter Group, economic uncertainty arises from the Russia-Ukraine war. Such uncertainties relate in particular to price trends and reliable supplies on the procurement markets for energy and commodities, as well as future sales prospects. The Salzgitter Group is indirectly affected by insufficiently structured sanctions. Slab from Russia, for instance, can still be imported into the EU over the period up until 2028 at prices detrimental to the market (see also the section on sectoral risks).

Geopolitical tensions and ongoing conflicts in the Middle East can have a noticeable impact on the international economic environment. Regional military conflicts—such as the recent developments between the US, Israel, and Iran—carry the risk of disrupting key energy and trade routes and can lead to increased price volatility on the global commodity and energy markets. Depending on the intensity and duration of such events, this could have an impact on the economic development of important customer industries, which would also indirectly affect demand for Salzgitter AG products. Geopolitical developments in this region therefore remain a relevant factor influencing the international market environment and the framework conditions for business activities. At present, no significant impact on business activities is apparent; at the same time, Salzgitter AG is prepared for the possible consequences of ongoing tensions thanks to forward-looking observation, opportunities for adjustment in business processes, and hedging and procurement strategies in the energy sector.

The decline in sales in the war-affected regions plays a minor role for Salzgitter AG. As before, we do not anticipate any fundamental, positive change, which is why we have significantly scaled back our business activities in these regions.

Moreover, the unresolved conflict between China and Taiwan is simmering in the background with the risk of escalation, which would have a massive knock-on effect for global trade, supply chains and economic growth.

An escalation of the conflict between the United States of America and Venezuela could send energy prices up and consequently place pressure on costs. At the present time, only the threat of an oil quarantine is under debate, which makes more precise assessments impossible. A surge in oil prices in response to the capture of Venezuela's President Maduro has so far not materialized. Direct business in Venezuela is conducted by Salzgitter AG in its Technology Business Unit but represented less than one percent of sales in 2025.

Along with armed conflicts, the imposing of tariffs by the US effectively on all goods from the EU and from many other countries of the world harbors major risks for global economic development. The introduction of flat-rate tariffs on imports into the US hits the export-oriented European sectors of industry hard but has been mitigated by the agreement and introduction of blanket tariffs of 15 %. Accordingly, tariffs on vehicle imports are now 15 % rather than 27.5 %. Although this is likely to continue to hamper exports, it will stabilize the relative competitive position of European exporters to the US market. The situation in the steel business remains unclear. The agreement provides for retaining the 50 % tariffs, along with a massive roll-out to include steel derivatives. Widening the application of tariffs following the agreement between the EU and the US threatens to jeopardize the compromise as a whole, thereby also raising tariffs on cars and car parts to 50 %.

Imposing tariffs on steel and aluminum imports, along with the new basic tariff of 15 %, has an indirect impact on Salzgitter AG's business model as well. Owing to the low level of direct steel exposure in the US, there is less focus on the direct supplies of individual Group companies. However, indirect steel exports from Germany into the US may also lead to direct, negative consequences for Salzgitter AG's individual business units. We currently anticipate a decline of between 3 to 6 million tons in direct and indirect steel exports from Europe, which corresponds to between 2.5 % and 5 % of demand in the EU.

Geopolitical risks are also emerging on the European continent. The rise of populist parties in many European countries and fragile governments in EU core states are fueling uncertainty about economic developments in the near term concerning the direction of fiscal policy and maintaining the intensity of the regulations on carbon emissions. A further deterioration in the investment climate could also exacerbate the recessionary tendencies of Germany's economy and prolong the doldrums on the steel market.

ECONOMIC RISKS

The aforementioned risks may negatively impact the short-term development of the global economy, augmented by further risks for the global economy that could influence both demand and prices. Against the backdrop of the dynamic and changeable situation, forecasts are subject to considerable uncertainty.

The OECD forecast quantifies **global economic growth** at around 3.2 % in 2025. Growth is expected to slow in 2026 to 2.9 %. The Kiel Institute for the World Economy (IfW) assumes rather more positive figures and, following growth of 3.3 % in 2025, currently anticipates 3.1 % in 2026. A decisive factor in the slowdown is the decline in global trade, where growth is not keeping pace with that of the overall global economy.

Despite trade policy developments, the **US** is enjoying a stable economy. In 2025, the OECD estimates that the gross domestic product will grow by 2.0 % and slow to 1.7 % in 2026. By contrast, the IfW's GDP forecast for 2026 is considerably higher at 2.0 %. The erratic US tariff policy and huge uncertainty have also prompted more pessimistic market assessments. Landesbank Baden-Württemberg predicts growth of only 1.5 % in 2026. These estimations are indicative of the heightened uncertainty regarding economic development.

China's economy is likely to suffer from the escalation in the tariff conflict with the US as its most important export target country. Even without the tariff conflict, the nosedive in growth observed is likely to be even steeper due to the crisis in the real estate sector. The OECD estimates growth at 5.0 % in 2025 and 4.4 % in 2026. The Chinese government's monetary and fiscal support measures will probably only partly cushion the loss in value added brought about by the trade dispute. Expanding exports to other Asian countries and also to Europe, along with promoting local suppliers serving the domestic market, has proven a vital support for Chinese exports.

The **euro area's** economic development is also suffering from US trade policy. Moreover, competitive pressure is likely to hot up on the markets outside the US as China could redirect its trade flows there. The OECD anticipates growth of around 1.3 % in 2025 and around 1.2 % in 2026. Economic stimuli, such as robust consumer demand, are preventing a stronger downward correction of the forecasts.

The **German economy** continues to be caught between the rock of economic challenges and the hard place of structural challenges. Defense spending and infrastructure investment will probably increase sharply in the years ahead. Consequently, economic recovery will be driven by domestic demand. Economic research institutes advocate structural reforms that supplement the financial package in order to sustainably boost growth. The OECD anticipates growth of 0.3 % in 2025 and 1.0 % in 2026. The DIW is more optimistic in its assessment of growth of 1.3 % in the coming year. The German Bundesbank assumes that the impact of the 2026 fiscal package will be slow to take effect and predicts growth of 0.6 %.

Against the backdrop of dynamic and erratic US tariffs policy, lack of clarity about countermeasures and possible further developments in trade policies, the forecasts listed above are subject to a great deal of uncertainty. The risk with currently the greatest negative impact on the economies of Europe and Germany and consequently on Salzgitter AG's core markets is likely to originate from US trade policy. Another potential risk for the economy consists of China possibly expanding its export controls. Delays in approvals, higher costs from tariffs or restrictions on key materials would significantly disrupt global supply chains while causing uncertainty and production downtime. Steel producers would also be impacted.

Inflation in the US and in the euro area poses a further risk. US trade policy measures are likely to inflate prices in the medium term. The Fed's current propensity of attributing more importance to labor market risks versus inflation risks may well take on greater proportions in 2026. Conflicting goals under fiscal policy are also looming in the euro area. Requisite, higher defense spending and further fiscal easing could drive inflation again, forcing the ECB to return to a tighter monetary policy. Delays to interest rate cuts, or no interest rate cuts at all, would be considered negative for the Salzgitter Group's core markets as stimulus from the construction industry is likely to remain weak and consumer spending would be more difficult to finance.

Germany's current phase of stagnation is the longest in the post-war period and is proving to be a persistent, structural weakness. Rising wage levels in the country, accompanied by price hikes for a range of imports, and for energy in particular, could cause a sustained deterioration in Germany's competitiveness. These circumstances could put a permanent damper on the demand for steel, not only due to weaker exports, but also from steel consumers relocating their production sites elsewhere, thereby reducing steel demand and thus exerting sustained pressure on demand and steel prices.

China's sluggish growth represents an indirect risk. Ailing demand is presenting European exporters with challenges as China represents a key sales market. At the same time, considerable export pressure is building up due to the massive subventions that have created excess capacities in many sectors of China's industry. This effect is exacerbated by the isolation of the US market, which could prompt redirection effects on goods from China. This scenario would have negative consequences for the steel industry's key European customer sectors such as conventional steel construction, vehicle and heavy machinery manufacturing, as well as for wind turbine manufacturers that would be forced to contend with even fiercer competition on the global markets.

A further risk is inherent in changes in German financial and economic policy. Although the German government's financial package could generate stimulus that would mitigate the uncertainty surrounding economic policy, intransigent positions nevertheless continue to prevail regarding the debate on redistribution, relief and the federal budget – while urgently needed reforms to promote investment still fail to materialize. The resulting uncertainty about economic policy conditions acts as a constraint on investment behavior and likely further entrenches the economic downturn.

SECTORAL RISKS

A structural, sector-specific risk for the global steel industry emanates from the steady increase in global surplus capacities that the OECD estimated in 2025 at more than 700 million tons through to 2027. By comparison, the EU produces around 130 million tons of crude steel a year. Surplus capacities burden capacity utilization rates, put pressure on prices, and lead to distortions in international trade flows.

In the spring of 2025, the EU member states took the decision to intensify the safeguard measures currently in place until summer 2026. Even then it was already clear that, due to the high level of US tariffs, the measures were insufficient to stabilize the EU steel market against the backdrop of the market situation, global surplus capacities and trade flow redirections. Accordingly, EU steel producers have urged the EU member states to replace the safeguards that are due to expire with new, more effective measures.

In October 2025, the European Commission submitted a pertinent proposal that is currently being negotiated between the European Commission, the European Parliament and the Council of Ministers. The proposal provides for a significant lowering of zero-rated import quotas, and consequently a significant improvement for European steel producers compared with the safeguard measures to date. Risks may arise in the form of the proposal being watered down in the legislative process, thereby losing efficacy.

More than two thirds of the world's new capacities originate from carbon-intensive blast furnaces, which subverts efforts to decarbonize. Moreover, these carbon-intensive capacities will jeopardize transformation in Europe if the requisite carbon costs cannot be levied on imports into the EU in the future. In December 2022, the EU member states agreed on the introduction of a Carbon Border Adjustment Mechanism (CBAM) as a future carbon leakage safeguard instrument and as a replacement for free allowances. Since January 1, 2026, importers need to factor in the cost of carbon similar to EU producers. Risks arise from the way in which the new instrument is structured because it is still lacking a mechanism to relieve exports, the rules and regulations for circumventing CBAM are not sufficiently stringent, and important processing stages in the steel value chain are not covered by CBAM, resulting in the threat of production being relocated elsewhere.

In 2022, the EU member states adopted several packages of sanctions imposing import restrictions on Russian steel products. The sanctions in effect since October 2023 have been softened insofar as obligations to provide evidence are concerned. Furthermore, the import prohibition on Russian semi-finished products, due in fact to remain in place until October 2024, was lifted in December 2023 and transitioned to a quota regime, allowing the import of the respective products through to 2028. Consequently, Russian semi-finished products, with prices that have settled 30 % to 40 % below the otherwise customary price level due to the Russian war, may still be used on the EU market. In this context, the greatest impact is reflected on the European heavy plate market, as volumes of around 15 % to 20 % are still being produced using Russian slab.

GREENHOUSE GAS EMISSIONS TRADING SCHEME

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

We also continue to monitor the risk accruing in the area of indirect additional costs from carbon pricing on electricity. Although the understanding of the EU institutions on the EU ETS also continues to provide for the possibility of carbon electricity price compensation, at least initially through to 2026, this will remain the case in accordance with the current round of reconciliation on the federal budget. Whether and to what extent carbon electricity price compensation will be introduced over the longer term has not yet been definitively determined. For this reason, the risk recorded so far will be fundamentally retained, which assumes the full elimination of the compensation in divergence from planning in the relevant Group companies. At the present point in time, we view the probability of occurrence as “unlikely”. The amount of loss remains contingent on how framework conditions develop.

PERFORMANCE RISKS

PRICE RISKS OF ESSENTIAL RAW MATERIALS, FREIGHT COSTS AND ENERGY

In 2025, the price trend on the international procurement markets displayed low volatility compared to the previous year in terms of the raw materials relevant for the Salzgitter Group, namely iron ore, coking coal and scrap. This volatility – that was hugely impacted by the economic situation in China and India and the associated fluctuations in demand in the case of iron ore and coking coal, and by demand in Europe in the case of scrap – led to price adjustments at short notice. Market developments regarding iron ore and coal are explained in more detail under the section entitled “Business Unit Performance” as part of information on the Steel Production Business Unit. We assume that burdens can be passed on to customers to the extent that we do not anticipate any risks that could constitute a threat to our company as a going concern. We fundamentally endeavor to even out fluctuations in the price of raw materials. To this end, we use hedging within a limited scope, mainly for iron ore as well as for coking coal. The partly volatile trend of freight costs – and above all sea freight, that is particularly relevant for our companies – may constitute a particular burden. We monitor the development of costs closely and keep them to a minimum, partly by hedging via longer-term contracts. Both of these aspects are incorporated into our earnings guidance.

As a consequence of Russia's attack on Ukraine, electricity and gas procurement prices temporarily soared to a new record high in 2022. Although prices for consumers, have since normalized again at the level seen in summer 2021, despite the halt to Russian gas supplies, we are nevertheless monitoring the situation with great attention and taking potential burdens emanating from this situation into account in our regular Group earnings forecasts. With a view to improving energy efficiency, we have long been engaged in continuously screening our production processes for energetic improvement potential, and we implement savings measures accordingly. We constantly monitor power-intensive production areas in particular and, on occasion, production may be run depending on the electricity price. In addition, we use power purchase agreements as an instrument for securing electricity prices for defined volumes of electricity.

PROCUREMENT RISKS

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

International shipping for the conveyance of our bulk materials, namely iron ore and coking coal, is running at a very stable level. We keep a close watch on international markets and, from today's standpoint, do not perceive any particular supply risks.

The scheduled and punctual rail and inland waterway transport of iron ore and coal from the international port in Hamburg to the Salzgitter site is especially important. We have developed a detailed contingency plan to deal with any adverse effects, such as strikes, extreme weather conditions and/or other exogenous disruptions. This plan includes foresighted stockholding and intensive coordination with our logistics partners to keep transport running regularly. Another conceivable alternative is the more intensive use of the Group's own rail transport capacities, as well as additional inland waterway transport for partial shipments. Moreover, we counteract possible constraints that could hinder the supply of materials by rail at the weekend and public holidays through closely coordinating activities with railway operators or opting to use our own means of transport more intensively.

SELLING RISKS

A risk typical of our business may also result from sharply fluctuating prices and volumes in our target markets, such as lower orders placed by the automotive industry. That said, the reporting year was characterized by sound OEM demand. The EU sanctions triggered by Russia's acts of war have led to an extensive loss of the markets in Russia and Ukraine and caused a significant decline in exports into these regions. Both countries are of secondary importance for the Salzgitter Group, however. Any burdens emanating from this source are incorporated into regular Group earnings forecasts. In addition, we constantly monitor structural changes in industry, both in Germany and in Europe.

In assessing the current business environment with regard to the outlook for the financial year 2026, we refer to the section entitled → **Overall Statement on Anticipated Group Performance**.

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

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

PRODUCTION DOWNTIME RISKS

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

PRODUCT AND ENVIRONMENTAL RISKS

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

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

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

FINANCIAL RISKS

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

CURRENCY RISKS

Our procurement and sales transactions in foreign currencies inherently harbor currency risks. The development of the US dollar exchange rate, for instance, exerts a major influence on the cost of procuring raw materials and energy, as well as on export revenues in the tubes business or in mechanical engineering, for example. Although the effects are mutually counteracting, the need for dollars for procurement activities predominates owing to the business volumes that vary greatly. We generally offset such EUR-USD denominated cash flows within the consolidated group, a process known as netting, thereby minimizing currency exposure. Our USD requirements in the financial year 2025 amounted to around € 1.2 billion and were covered by external banking partners in a volume of approximately 75 %. Other currencies within the consolidated group play a not significant role.

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

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

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

DEFAULT RISKS

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

LIQUIDITY RISKS

Liquidity risks for the Salzgitter Group arise when existing or future payment obligations cannot be met due to the insufficient availability of funds. The management holding monitors the liquidity situation within the Group by operating a central cash and interest management system for all the companies that are financially integrated into the Group. This system defines internal credit lines for the subsidiaries. If subsidiaries have their own credit lines, they are responsible for minimizing the associated risk themselves and for reporting on potential risks in the context of Group management and controlling structures. Risks may also arise from the necessary capital and liquidity measures taken on behalf of the subsidiaries and holdings if their business should develop unsatisfactorily in the longer term. We do not, however, anticipate any burdens from this area of risk that could constitute a going concern risk as, based on rolling liquidity planning and the requisite analysis of counterparty risks, we can respond to developments that pose a threat to our company as a going concern with measures at an early stage. In view of the cash and credit lines available, as well as other valuable, highly fungible assets, we do not perceive any danger to our Group as a going concern at this time. We nevertheless monitor cash outflow from investing activities on a rolling basis (particularly regarding our SALCOS® program), the economic trend, and developments on the key markets and whether these give rise to further liquidity requirements.

INTEREST RATE RISKS

The cash and cash equivalents item, which is significant for us, is exposed to interest rate risk. Our investment policy is fundamentally oriented toward investment categories with appropriate credit ratings while, at the same time, ensuring the availability of the assets. In order to monitor the interest rate risk, we regularly conduct interest rate analyses, the results of which are directly incorporated into investment decisions. The same applies to borrowing. The increase in the yields of high-grade corporate bonds in terms of our accounting obligations has resulted in a reduced net present value of pension provisions. In mid-2024, the ECB decided to reverse its interest rate policy and has since initiated a pathway of lowering interest rates for the first time for almost five years. This will have a positive effect on future borrowing in the Salzgitter Group. Short to medium-term interest rate risks arise from EUA time swaps concluded in 2025 for 15 months, as well as from bonded loans (Schuldscheindarlehen) that have been issued. Beyond the financial year 2025, an amount of € 85.5 million under a bonded loan from 2019 remains outstanding until May 2029. In addition, bonds with conversion rights into the shares of Aurubis AG were issued in 2025 with a term through to 2032 and a fixed coupon of 3.375 % p.a, payable at half-yearly intervals. The resulting interest charges for the Group are acceptable.

GENERAL RISKS

PERSONNEL RISKS

Salzgitter AG actively competes to attract qualified specialists and managers. We counter the risk of staff turnover and the associated loss of knowledge by means of broad-based personnel development measures for different groups of employees. Along with specialist career pathways, succession and talent management has been established in Salzgitter AG for many years with the aim of identifying and preparing high-potential employees and successors to take on more advanced tasks. It constitutes an important part of the personnel work that aims to secure the availability of qualified specialist and management personnel. Structured methods of knowledge transfer are used to ensure, in the event of succession, the transfer of all knowledge-relevant information, contact and business connections pertaining to the respective professional activity.

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

TAX RISKS

Tax risks are recorded and documented by the companies integrated into the tax group in close coordination with the holding company's tax department. Salzgitter AG, Salzgitter Mannesmann GmbH and Salzgitter Klöckner-Werke GmbH are responsible for provisioning, for example, in respect of the risks inherent in audits conducted on their tax group. Subsidiaries taxable as individual entities, above all international companies belonging to the Trading, Steel Processing and Technology business units, are responsible for their own provisioning. Provisions have been set up to cover any identifiable tax risks. The tax and interest back payments in connection with the ruling of the German Federal Fiscal Court (Bundesfinanzhof) issued in 2016 on securities lending had already been fully recognized in the years before. On August 30, 2022, Salzgitter AG duly filed a suit with the Fiscal Court of Lower Saxony (Niedersächsisches Finanzgericht) against the clawback. For the years assessed from 2006 to 2009, Salzgitter AG was partly vindicated and can take receipt of the respective reimbursements. The assessment years of 2010 and 2011 are still in opposition proceedings and are therefore still open.

LEGAL RISKS

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

INFORMATION TECHNOLOGY RISKS

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

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

OVERALL STATEMENT ON THE RISK POSITION OF THE GROUP

EVALUATION OF THE RISK POSITION BY MANAGEMENT

At the time when the 2025 consolidated financial statements were being drawn up and supported by the findings of risk aggregation and risk tolerance analyses at Group level, there were still no risks that, either individually or in their entirety, could endanger our company as a going concern. The Executive Board is of the opinion that, in the past year, Salzgitter AG's risk management system has proven its worth and effectiveness.

The overall risk situation continues to be characterized by macroeconomic uncertainty. In particular, there is currently no end in sight to the German economy's stagnation. The new German government's economic measures could, however, have a positive effect in the second half of the year. The actual and potential impact of geopolitical conflicts still holds sway while exerting a major influence on consumer sentiment and confidence in the economy. Sales, EBITDA VX, EBT VX and ROCE VX in 2026 may therefore diverge from current guidance.

We continue to be burdened by the persistent structural crisis in the global steel market, with growing excess capacities, massive distortions of competition in non-EU countries, the resulting pressure on imports, and foreign policy developments. We regard German and European energy and environmental policy as critical for our future development. Risks to the survival of the company may arise under certain circumstances from these scenarios.

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

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM [1]

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

All senior management teams in the Salzgitter Group bear legal responsibility for establishing and maintaining an appropriate and effective internal control system and, consequently, for compliance with statutory standards and requirements within the Group. The Executive Board works towards ensuring compliance i.a. with the assistance of Salzgitter AG's staff departments. The ICS in the Salzgitter Group is based on the globally recognized COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) in the 2013 version. In order to achieve its objectives of effectively managing risks to the company and ensuring that corporate governance principles and the statutory requirements are observed, Salzgitter AG pursues the Three Lines Model.

EMPLOYEE COMMUNICATION / TONE FROM THE TOP

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

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

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

ICS PRINCIPLES

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

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

ICS REPORTING BY MANAGEMENT

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

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

[1] This section does not fall within the scope of the statutory auditor's audit engagement.

MONITORING AND AUDIT

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

Given the monitoring activities carried out, and based on the audit findings by Group Audit, the Executive Board is not aware of any indication that the → RMS, → CMS and ICS in their entirety were not adequate or effective in the financial year 2025.

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

ICS REPORTING TO THE SUPERVISORY BOARD'S AUDIT COMMITTEE

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

ADDITIONAL ICS FEATURES REGARDING THE (GROUP) ACCOUNTING PROCESS

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

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

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

GENERAL BUSINESS CONDITIONS IN THE COMING YEAR

OVERALL ECONOMIC DEVELOPMENT

According to the latest forecast of the International Monetary Fund (IMF), **global economic growth** is set to remain unchanged at 3.3 % in 2026 (previous year: 3.3 %). Barriers to trade and the associated political uncertainties are likely to drag on global economic development. At the same time, however, trade flows adjusting swiftly, investment in technology, along with stimulus from monitoring and financial policies should bolster the economy.

The IMF anticipates economic growth in the **euro area** of 1.3 % in 2026 (previous year: 1.4 %). Although price pressure easing and the slowdown in inflation rates may boost real wages and disposable income, which could result in private consumption picking up steam, industry's ongoing weakness and economic policy imponderables, particularly in foreign trade, will continue to dampen the economy.

The IMF predicts that the **German economy** will grow by 1.1 % in 2026 (previous year: 0.2 %). Defense spending and infrastructure investments are likely to increase notably, and the slight recovery will be driven by domestic demand. Economic research institutes advocate structural reforms for sustainable reinforcement to supplement the financial package. As growth prospects rely heavily on political influence, uncertainty regarding the reliability of focus is commensurately high. The ifo Institute is somewhat more pessimistic for 2026, anticipating growth of a mere 0.8 % (previous year: 0.1 %), compared with the DIW that expects growth of 1.3 % (previous year: 0.2 %).

MARKET OUTLOOK

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

STEEL

With the global demand for steel having trended sideways in 2025, the World Steel Association (worldsteel) forecasts a recovery of 1.3 % for 2026 compared with the previous year (0.0 %). Despite trade conflicts escalating, slack demand for steel appears to have bottomed out for the time being in 2025. With regard to the EU (including the UK), worldsteel anticipates an upturn in the demand for steel of 3.2 % year on year (1.3 %). Germany stands out with above-average growth of 4.6 % (previous year: 1.5 %), which should nevertheless be viewed in the context of the exceptionally low starting point. Eurofer, the European Steel Association, expects a recovery in similar dimensions. Accordingly, the demand for steel in the EU (with the exception of the United Kingdom) should rise by 3.0 % in 2026 compared with the previous year (– 0.2 %). The market environment is nevertheless likely to remain dominated by uncertainty and weak demand.

MECHANICAL ENGINEERING

Following a decline of –5.0 % in production in the financial year 2025, the German Engineering Federation (VDMA) expects production to trend up again by +1.0 % in 2026. This forecast nevertheless depends on a range of geopolitical factors. Trade policy conflicts, particularly in connection with US tariffs, compounded by lack of clarity in economic policy stance and the sluggish pace of reform in Germany and in the EU, continue to brake the economy in the field of capital goods.

This information was obtained mainly on the basis of the following sources: International Monetary Fund (1/2026): World Economic Outlook Update; ifo Economic Forecast Winter 2025; DIW Economic Forecast Winter 2025; worldsteel (10/2025): worldsteel Short Range Outlook October 2025, Eurofer: Economic and Steel Market Outlook 2025/2026; VDMA Annual Press Conference (2025/12/09)

ANTICIPATED GROUP PERFORMANCE

PLANNING PROCESS

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

EXPECTED EARNINGS

As the valuation of the exchangeable bond placed in October 2025 results in non-operational and on occasion significant fluctuations in earnings, guidance for the Group as from the financial year 2026 will be based on adjusted key performance indicators. In calculating earnings before taxes and valuation exchangeable (EBT VX) and earnings before interest, taxes, depreciation, amortization and valuation exchangeable (EBITDA VX), as well as return on capital employed before valuation exchangeable (ROCE VX), the earnings effects in connection with the valuation of the exchangeable bond will be eliminated. As before, segment guidance is based on EBT and EBITDA as these metrics are not impacted by valuation effects.

Compared with the previous year, the business units anticipate that business in the 2026 financial year will develop as follows:

The results of the member companies of the **Steel Production Business Unit** are likely to benefit from higher margins, supported by the effect of regulatory measures (EU safeguards). With the demand for steel rebounding as anticipated in the EU and Germany as a basis, order intake is expected to improve slightly in the strip steel segment. Compared with the previous year, we anticipate a moderately improved market situation in respect of steel sections, with isolated market opportunities within Europe. In the strip steel segment, we assume that demand will not quite cover capacity utilization. Crude steel production will run on the basis of three-furnace operation in the second half of the year. As the current economic and political situation still harbors uncertainties, further endeavors in terms of productivity and efficiency measures are aimed at securing profitability. In this challenging environment, we anticipate higher sales overall (previous year: € 3,165.6 million) and improved margins that will result in EBITDA (previous year: € 169.8million) and the pre-tax result (previous year: € –65.6 million) significantly outperforming the year-earlier level. The pre-tax result is likely to return to positive territory again.

There are signs of a generally improved development in the target markets of the **Steel Processing Business Unit** in 2026. The market environment will remain tight, however: We anticipate satisfactory capacity utilization for heavy plate in the first six months. In the second half of the year, positive stimulus for market activity is predicted, including from the EU Commission's more stringent trade protection mechanisms. Pipe plate production should benefit from rising demand. Capacity utilization in the large-diameter pipes business can be partly guaranteed through bookings from the previous year. In the current year, however, only a handful of smaller projects due to be awarded have been announced in Europe. Despite the import tariffs, we expect bookings in the North American market because, given the higher demand for energy, local plants are already operating at full capacity. Against the same backdrop, we forecast a recovery in volumes in the medium line pipe segment, albeit with demand remaining reticent overall. The precision tubes group will continue to be confronted by a tight market environment. An only slight recovery is expected in the customer sectors. All in all, we forecast that the business unit will see a year-on-year increase in sales (previous year: € 1,222.0 million). Improved capacity utilization and higher shipment volumes, in combination with the price effects anticipated from the trade protection mechanisms, will result in EBITDA significantly exceeding the year-earlier period (previous year: € –63.6 million). The pre-tax result is likely to significantly outperform the year-earlier figure (€ –116.5 million) but will nevertheless remain in negative territory.

A tangible increase in the operating result of the **Trading Business Unit** is expected in the stockholding steel trade, with this growth being largely attributable to the economic recovery anticipated and positive effects from the restructuring program. By contrast, international trade is expected to see a noticeable decline in the pre-tax result. This is because, firstly, the market situation in North America and Europe's economic development are likely to continue to present challenges. Secondly, positive special items are included in the financial year 2025 that will no longer reoccur in the period covered by the forecast. The UES Group is counting on stable sales while nevertheless expecting a notable decline in earnings due essentially to the normalization of the market situation in the US business. The following is anticipated overall for the Trading Business Unit: a slight increase in sales (previous year: € 2,628.7 million) as well as notably lower EBITDA (previous year: € 58.2 million) and EBT (previous year: € 31.0 million).

Following another record year, the signs are set for earnings growth in the **Technology Business Unit** in 2026 as well. With regard to the KHS Group in particular, and based on the ongoing, focused growth in the service business, we anticipate that business will continue to develop well, as in recent years. The KDE Group expects an upturn in the result on the back of a revival in market demand and an optimized cost structure. All in all, we expect the following for the business unit: moderate sales growth (previous year: € 1,766.9 million), a notable year-on-year increase in EBITDA (previous year: € 140.4 million and a tangibly higher pre-tax result (previous year: € 112.8 million).

Germany's economic situation remains tight, also at the outset of 2026. The government's planned investment and infrastructure programs have not yet resulted in a significant economic recovery. Instead, we anticipate positive stimulus for our industry from the EU's trade defense measures. All in all, we expect an only moderate improvement in the economic environment and anticipate the following for the Salzgitter Group in the financial year 2026:

- sales in the region of € 9.5 billion,
- EBITDA VX of between € 500 million and € 600 million,
- a pre-tax profit VX of between € 75 million and € 175 million, as well as
- a return on capital employed VX (ROCE VX) marginally above the previous year's figure.

Forecast for the business units and the Group

			Financial year 2025	Forecast financial year 2026
Steel Production	Sales	€ m	3,165.6	Higher y/y
	EBITDA	€ m	169.8	Clearly higher y/y
	EBT	€ m	–65.6	Clearly higher y/y
Steel Processing	Sales	€ m	1,222.0	Higher y/y
	EBITDA	€ m	–63.6	Clearly higher y/y
	EBT	€ m	–116.5	Significantly higher y/y
Trading	Sales	€ m	2,628.7	Slightly higher y/y
	EBITDA	€ m	58.2	Clearly lower y/y
	EBT	€ m	31.0	Clearly lower y/y
Technology	Sales	€ m	1,766.9	Moderately higher y/y
	EBITDA	€ m	140.4	Tangibly higher y/y
	EBT	€ m	112.8	Tangibly higher y/y
Group	Sales	€ m	8,981.3	around € 9.5 billion
	EBITDA VX	€ m	406.0	Between € 500 million and € 600 million
	EBT VX	€ m	2.0	Between € 75 million and € 175 million
	ROCE VX	%	1.2	Slightly higher y/y

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

As in recent years, please note that opportunities and risks from currently unforeseeable trends in selling prices, input material prices and capacity level developments, as well as exchange rate fluctuations, may considerably affect business performance in the course of the 2026 financial year. The resulting impact on performance may be within a substantial range, either to the positive or to the negative.

ANTICIPATED FINANCIAL POSITION

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

An amount of € 323 million has been earmarked for the Salzgitter Group's capital expenditure budget in the 2026 financial year (previous year: € 347 million). Based on the planning, together with the follow-up amount of investments approved in previous years, the cash-effective portion of the 2026 budget should total around € 918 million. Due to a subsequent decision on reducing investments outside of the SALCOS® transformation program by € 45 million, a cash-effective budget of around € 873 million is now expected for 2026. As before, the higher level of cash outflow in 2026 is principally attributable to the ongoing implementation of the SALCOS® transformation program and is offset by the anticipated state funding. As previously, investments will be effectively approved on a step-by-step basis and in accordance with the development of profit and liquidity.

The funds required in the 2026 financial year for foreseeable investment measures will therefore exceed depreciation and amortization.

Due to the high level of cash outflow from the planned investments to be financed, we expect a tangibly lower net financial position in the 2026 financial year compared with the previous year (€ –954 million).

The forecasts for the expected earnings and financial position do not take into account the effects of the possible implementation of the key points announced on February 6, 2026, for the continuation of Hüttenwerke Krupp Mannesmann GmbH under the sole responsibility of Salzgitter AG.

OVERALL STATEMENT ON ANTICIPATED GROUP PERFORMANCE

The Executive Board is confident that the Salzgitter Group, with its broad-based business and diversified financial base, is well prepared to meet challenging phases as well, especially with a contribution from last year's issuance of a € 500 million bond convertible into the shares of Aurubis AG. All told, the Executive Board expects business development in the current year to be generally challenging, while in line with the overall economic situation.

SUSTAINABILITY STATEMENT

GENERAL DISCLOSURES

ESRS 2 GENERAL DISCLOSURES

BASIS FOR PREPARATION

DISCLOSURE REQUIREMENT BP-1 – GENERAL BASIS FOR PREPARING THE SUSTAINABILITY STATEMENT

The present Sustainability Statement for the period from January 1 to December 31, 2025, was prepared in accordance with Secs. 315b and 315c HGB and the requirements under Article 8 of the (EU) 2020/852 Regulation. The European Sustainability Reporting Standards (ESRS), parts of which were first used in the 2024 reporting year as a voluntary framework, are applied in their entirety for the 2025 reporting year. We make partial use of the transitional relief enshrined in ESRS Set 1 which was extended as a result of the Delegated Regulation (EU) 2025/1416 published in the EU Official Journal on November 10, 2025, to amend ESRS Set 1 (Delegated Regulation (EU) 2023/2772).

On behalf of the Supervisory Board, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft conducted an external audit with limited assurance on the sustainability report with due regard for the International Standard on Assurance Engagements (ISAE) 3000 (revised) (→ **audit opinion**). Unlike the consolidated financial statements, it was therefore not audited with reasonable assurance. The external links included in the Sustainability Statement relate to more detailed information which was not audited by the auditor.

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

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

Unless indicated otherwise, the measurement of key indicators was not validated by any external body.

No use was made either of the option to omit disclosures relating to intellectual property, know-how or innovations in accordance with ESRS 17.7 or of the exemption regarding upcoming developments or matters under negotiation.

Consolidated Group

The Non-Financial Report was prepared on a consolidated basis and it comprises the consolidated group of the consolidated financial statements consisting of the parent company Salzgitter AG as well as 42 domestic and 60 foreign subsidiaries (↗ List of shareholdings). Arrangements in which Salzgitter AG contractually exercises the management functions together with one or more partner entities are classified as joint arrangements in accordance with IFRS 11. No joint ventures are included in the ESG indicators reported. HKM is included in the indicators as a joint operation in proportion to the 30 % interest held in it.

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

In line with our corporate planning, we define the time horizons used in this report contrary to the definition set out in ESRS 1-6.4 as follows. In accordance with Salzgitter AG's three-year plan, the medium-term period in sustainability reporting also covers one to three years. This is followed by the long-term time horizon from the fourth year onwards. This uniform definition ensures the greatest possible consistency with other internal and external reporting duties, thereby guaranteeing that decisions are made and conclusions drawn on the same time horizon.

Definition of time horizons

Time horizon	ESRS definition	Salzgitter AG definition
short-term	Reporting period	1 year
medium-term	End of short-term reporting period up to 5 years	1-3 years
long-term	More than 5 years	More than 3 years

Estimates on the value chain

Standard	Topic	Key indicator	Basis for preparation	Degree of accuracy	Any measures planned to enhance accuracy	Page
ESRS E1 Climate change	E1-6 Climate protection	Scope 3 – GHG emissions	Emissions calculations are largely based on the use of databases for emissions factors	-	Use of primary data from the value chain by intensifying stakeholder commitment	151
ESRS E1 Climate change	E1-6 Climate protection	Scope 3 – GHG emissions	Calculation of the use phases for our machines sold is based on assumptions with regard to capacity utilization, energy consumption and life expectancy	-	Collaboration with customers	151

The indicators specified in the table above are subject to uncertainties based on databases and expert estimates.

Sources of estimates and uncertainty in results

Standard	Disclosure requirements in accordance with ESRS	Specific metric	Information on the sources for measurement uncertainties	Assumptions, approximations and assessments with respect to measurements	Page
ESRS E1 Climate change	E1-6 Climate protection	Scope 3 – GHG emissions	Use of secondary data from databases and expert estimates of the use phase	Calculation of the use phases for our machines sold is based on assumptions with regard to capacity utilization, energy consumption and life expectancy	151

Beyond that, no further average industry data from the Salzgitter Group's upstream and/or downstream value chain or other approximations were included in indicators that are open to significant uncertainty and have to be highlighted at this point.

Changes to the preparation or presentation of sustainability information

The corporate carbon footprint (→ **Disclosure requirement E1-6**) was calculated wholly independently for the first time for the 2025 reporting year. There were no changes to the methodology or the data used to measure activities (consumption data, purchasing/sales figures, production volumes, etc.), although the CO_2e emissions were calculated using a database explicitly licensed for that purpose. Due to the resulting use of different secondary data, the baseline year emission figures fell slightly by 1.8 % by comparison with the figure used in last year's report which equates to a difference of –577 kt CO_2e (market-based).

The calculation methods used for key indicators for air and water pollutants were standardized and adjusted leading to an adjustment of the figures for the previous year. Details can be found in the Section → **Disclosure requirement E2-4 – Air and water pollution**.

With regard to the indicator G1-6 Payment practices, the Days of Payables Outstanding (DPO) is now reported instead of the previous figure which was calculated manually. This is a figure derived from the consolidated balance sheet, which is collected routinely and, unlike the value previously calculated manually, reflects the entire group. Details can be found in the Section → **Disclosure requirement G1-6 – Payment practices**.

Errors in the reporting for earlier reporting periods

An error occurred in the calculation for water intensity and proportion of secondary materials used in the 2024 reporting year. The figures for the previous year were corrected accordingly in the Section → **Disclosure requirement E3-4 – Water consumption** and → **Disclosure requirement E5-4 – Resource inflows**.

Inclusion of information by means of reference

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

Disclosures by reference

Disclosure Requirement as per ESRS	Information	Page
ESRS 2 SBM-1 – Strategy, business model and value chain, paragraph 40	Key elements of the general strategy that relate to or affect sustainability matters: i. a description of significant groups of products and / or services offered, including changes in the reporting period (new / removed products and / or services),	18 (Combined management report)
	ii a description of significant markets and / or customer groups served, including changes in the reporting period (new / removed markets and / or customer groups)	18 (Combined management report)
	b. a breakdown of total revenue, as included in its financial statements, by significant ESRS sectors.	62 (Combined management report)

GOVERNANCE

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

Composition of the administrative, management and supervisory bodies

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

Neither Supervisory Board nor Executive Board members reported any new conflicts of interest to the Supervisory Board in the reporting year. Only Supervisory Board members Karin Hardekopf and Klaus Papenburg had already reported in December 2024 that they might find themselves in a conflict of interest should the Supervisory Board examine the possible voluntary public takeover offer made to the company's shareholders by GP Günter Papenburg Aktiengesellschaft and TSR Recycling GmbH & Co. KG. We counteract conflicts of interest in the Executive Board by requiring any sideline activities undertaken by members of the Executive Board (beyond the non-competition clause pursuant to Section 88 of the German Stock Corporation Act) to be granted prior approval by the Supervisory Board and obliging members of the Executive Board to report any conflicts of interest without delay to the Chairman of the Supervisory Board or to the other members of the Executive Board. Supervisory Board members must disclose any conflicts of interest to the Supervisory Board. In the event of material and not merely temporary conflicts of interest, the Supervisory Board member concerned must resign from their office.

Currently, i.e. at the time of the corresponding resolution of the shareholders' representatives in the Supervisory Board on December 4, 2025, in their estimation all shareholders' representatives are independent as defined by the German Corporate Governance Code, namely: Ulrike Brouzi, Burkhard Dahmen, Dr. Bernd Drouven, Karin Hardekopf, Gerald Heere, Prof. Dr. Susanne Knorre, Heinz Kreuzer, Klaus Papenburg, Prof. Dr. Joachim Schindler and Dr. Susanna Zapreva-Hennerbichler. The neutral member, Frank Klingebiel, is also independent. The same applies to the following employee representatives: Prof. Dr. Hans-Jürgen Urban, Manuel Bloemers and Anja Piel. Accordingly, 66.66 % of the members of the Supervisory Board are to be classed as independent.

Diversity of the administrative, management and supervisory bodies

The Supervisory Board implements a diversity concept for the composition of the Executive Board. This desire for the greatest possible diversity in terms of personal and professional skills, age and gender when appointing Executive Board members is to help ensure that the overall body's managerial duties are discharged in a qualified and responsible manner. When selecting candidates, the Supervisory Board also follows a diversity concept for its proposals to the Annual General Meeting for the election of Supervisory Board members. As a result, the target is to achieve the greatest possible diversity with regard to the professional and personal skills represented on the board, as well as their educational and professional backgrounds, and to ensure different perspectives due to age and gender. The diversity concept for the composition of both the Executive Board and the Supervisory Board was implemented as far as possible in 2025.

Salzgitter AG's Supervisory Board had seven female members in the reporting year. This corresponds to a gender diversity on the Board of 7 : 14 or 50 % Salzgitter AG's Executive Board consisted of two women and one man in the reporting period. The gender diversity on the Executive Board was thus 2 : 1 or 200 %.

In addition, the Supervisory Board had 16 younger members still in their working lives and five older members (> 65) with greater experience of both work and life, who were only occasionally still working. Furthermore, members of the Supervisory Board exhibited differing educational backgrounds – with technical, commercial, legal and other training in the humanities – as well as different professional backgrounds, – including members of technical, commercial and legal professions.

On the Executive Board, the specialist skills required to run each Executive Board brief and the expertise needed to participate in the management of the company and the Group by the full Board, were consistently present. With regard to their age, all of the Executive Board members were able to work for the company for several years, especially since only younger persons (< 55) were represented on the Board. Finally, members of the Executive Board brought various educational backgrounds with them – including technical, commercial and legal qualifications.

Relevant experience of administrative, management and supervisory persons

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

The **qualification matrix** for the Supervisory Board illustrates that all members have **expertise** in and **experience** of the Salzgitter Group's key sectors, products and geographical locations with respect to the → **sustainability aspects of importance** to the company. After the members of the Supervisory Board had participated in a workshop conducted by an auditing company in February 2024 to consolidate their knowledge surrounding the initial application of the Corporate Sustainability Reporting Directive (CSRD), Supervisory Board members did not receive any specific further training on sustainability issues organized by the company in the reporting period. However, the Supervisory Board is kept informed by the Executive Board on sustainability issues relevant to the company at each of its regular meetings.

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

In the ESG Steering Committee chaired by the CEO that meets every two months, the CEO regularly attends to sustainability issues of relevance to the company. The same applies to the CFO in the monthly meetings of the CSRD Steering Committee, which she chaired until February and since September 2025 with respect to questions relating to sustainability reporting. In addition, as part of the strategic development process and in regular meetings on the implementation status of the Group strategy, the Executive Board focuses intently on various sustainability issues that are central to the corporate strategy. This process includes special strategy workshops which were held four times in 2025.

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

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

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

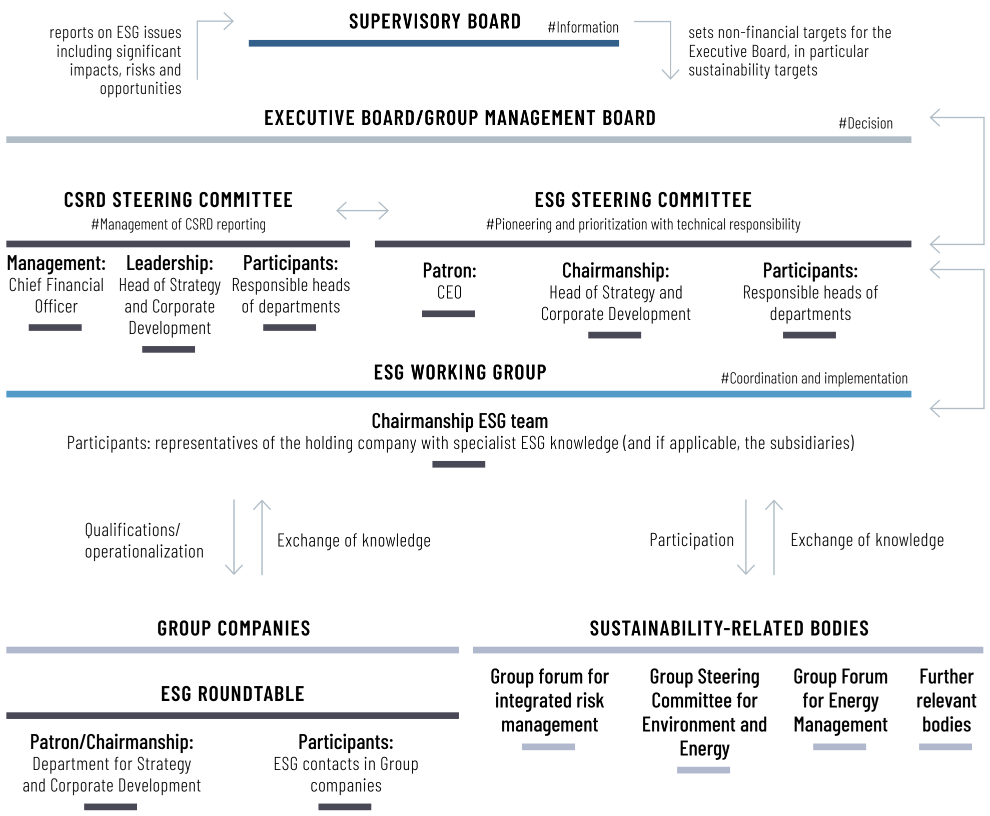
	Prof. Dr. Hans-Jürgen Urban*	Konrad Ackermann*	Manuel Bloemers*	Ulrike Brouzi	Hasan Cakir*	Burkhard Dahmen	Dr. Bernd Drouven	Marco Gasse*	Gabriele Handke*	Karin Hardekopf	Gerald Heere	Frank Klingebiel**	Prof. Dr. Susanne Knorre	Heinz Kreuzer	Dirk Markowski*	Klaus Papenburg	Anja Piel*	Prof. Dr. Joachim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

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

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

Monitoring the impacts, risks and opportunities

ESG organization



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

Under the leadership of the CEO, the **ESG Steering Committee** that meets several times a year prioritizes the individual topics and issues and manages their operational implementation. The Steering Committee comprises the technically responsible departmental heads of Salzgitter AG (holding company) and is headed by the Strategy and Corporate Growth Department that is responsible for the overarching coordination of sustainability issues across the Group.

The **CSRD Steering Committee,** chaired by the CFO, ensures that sustainability reporting is CSRD compliant and where necessary, it is used for escalation purposes. Besides the CFO, the participants comprise the heads of departments responsible for the implementation and fulfilment of ESRS requirements at the holding company level under the leadership of the Strategy and Corporate Growth Department.

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

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

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

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

The Executive Board of Salzgitter AG bears overall responsibility for sustainability reporting and for ensuring that the information reported, including progress and results in the field of sustainability, is accurate. The report for the financial year 2025 was reviewed in terms of its content by the company's Supervisory Board as part of its supervision function. In reviewing the report, the Supervisory Board is supported by an auditor of the sustainability reporting (audit with limited assurance). Responsibility for conducting a preliminary audit of the sustainability reporting rests with the Supervisory Board's Audit Committee.

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

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

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

Executive Board

Environment

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

In the reporting year, the Executive Board concerned itself with nearly all material IROs from the environmental sphere. Priority was naturally given to material IROs for sub-topics of strategic relevance. These are the issues of "climate protection", "energy" and the "circular economy and use of resources". The status of the SALCOS® program features on the agenda at every joint meeting of the Executive Board and Group Management Board.

The following IROs were thus discussed in the reporting year:

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

The management bodies of our manufacturing Group companies are responsible for dealing with the following IRO:

- Air pollutants arising from production processes (actual, negative impact)

Coordinating ESG responsibility and strategic, substantive responsibility for environmental issues lie with the Strategy and Corporate Development department with its focus on ESG. As part of the ESG Steering Committee, the CEO is provided with information on the objectives and status, as well as the identification and efficacy of measures regarding significant environmental issues by this specialist department in regular meetings. This ensures cross-departmental coordination of ESG issues and management of their operational implementation. The **"Environment, Social, Governance"** and **"Environment"** Group directives together with specific company guidelines on individual environmental issues were prepared and adopted in 2024. These directives were minimally updated in the reporting year.

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

Social

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

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

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

As part of the discussion and adoption of the new "Occupational Safety" Group directive, the "Partner Company Management" annex was also discussed and adopted by the Group Management Board in July 2025. This annex describes the fundamental demands on occupational safety applicable throughout the Group when working with partner companies. As a supplementary measure, various accidents involving external company employees were presented and discussed at meetings in 2025.

Work also started in the reporting year on the implementation of a new "health and safety" strategy for the Salzgitter Group. The Executive Board was informed of the current status of the project by the project management. In addition, the Executive Board adopted the Group works agreement entitled the "Procedural Agreement for the 2025 Health & Safety strategy" in order to create a common understanding of the targets and contents and ensure uniform framework conditions.

The CPO usually submits a personnel report on the current personnel situation in the Group on a monthly basis in meetings. Among other things, this report covers the current workforce trend, staff turnover and permanent jobs offered to apprentices, and if necessary, any anomalies are discussed. Twice a year, the personnel report also provides information on further training in the Group.

In addition to entrepreneurial objectives and performance under the law, the interests and viewpoints of our employees are represented by trade unions, works councils and other forms of employee representation. The Group Works Council is the central codetermination and participation body of the employees. In addition, each business unit has its own work groups within the works councils. The Executive Board regularly participates in events organized by the Group Works Council and the works councils, which facilitate an extensive exchange of information and ideas between the company and employee representation. Regular update meetings are also held between the Executive Board and the Group Works Council at which strategically relevant issues are discussed.

Governance

At all meetings of the Executive Board and the Group Management Board which are normally held twice a month, the Executive Board is informed by the Head of Compliance Management of any new compliance issues and the status of any ongoing matters, as well as the refinement of the Compliance Management System (CMS) under the agenda item of "compliance". Members of the management bodies also report on any new findings available to them. The CEO and other members of the Compliance Committee are informed by the Head of Compliance Management / the Compliance Officer on an ad hoc basis of any new compliance procedures of prominent significance.

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

In the 2025 financial year, the Compliance Committee concerned itself with the sustainability issue of the corporate culture and ongoing and scheduled refinements to the Salzgitter Group's CMS and supply chain risk management. The following IROs were discussed:

- Promoting integrity as part of the corporate culture
- Sound supplier relationships

This included reporting on the results of compliance and supply chain risk analyses, refining the CMS and supply chain risk management in the Salzgitter Group, as well as the status of relevant ongoing compliance issues. In the reporting year, no new compliance matters of heightened relevance or major new findings with respect to already familiar issues were identified. Equally, no breaches of human rights or environmental obligations became known in the Group's own business area in the 2025 financial year. No special measures therefore had to be implemented in these areas in the process of monitoring the company's strategy, no special considerations taken into account nor any compromises found in relation to individual decisions. Further information on governance can be found in Section → **G1 Corporate governance**.

Supervisory Board

At each of its regular meetings, the Supervisory Board is briefed by the Executive Board on the implementation status of the first development stage of SALCOS®, the company's most important decarbonization program. The further stages in the program are usually also the subject of discussion.

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

- the potential and professional demarcation of the Audit Committee's duties and responsibilities from those of the Strategy and Sustainability Committee with respect to sustainability issues,
- the reporting requirements in accordance with CSRD and EU taxonomy,
- the LESS classification for various steel production routes,
- refinement of Group directives with respect to sustainability issues and
- the trend in the company's ESG ratings.

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

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

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

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

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

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

These were incorporated into specific decisions in the reporting period in the following manner: The sustainability aspects of climate protection and energy were included in the decision to approve an increase to the budget for the first expansion stage of SALCOS® by Salzgitter Flachstahl GmbH, the sustainability aspect of working conditions in the decision on whether targets had been met for the Executive Board's variable remuneration for 2024 and in setting the target for the Executive Board's variable remuneration for 2026.

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

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

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

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

For the variable remuneration of Executive Board members, the Supervisory Board agreed non-financial targets with the members in 2024 for 2025 which can be predominantly assigned to the sphere of sustainability, and further targets in 2025 for 2026 which can be exclusively assigned to this sphere. This includes coping with demographic change, reducing accidents, securing the supply of green electricity, increasing the proportion of women in managerial positions, establishing regular, structured employee interviews or the development and implementation of an ideas management system. Measurable performance parameters are used to assess the degree to which targets have been met. They include the proportion of employees for whom a qualified demographic analysis was carried out and a succession concept developed for specialists and managers, the percentage reduction in the Lost Time Injury Frequency (LTIF) accident indicator, the proportion of green electricity volumes secured measured against the Group's total electricity requirement, the proportion of women in new appointments or re-appointments to non-pay-scale positions or managerial posts, the percentage of permanent staff members who have had an interview with their supervisors, as well as increasing the number of ideas submitted.

In the reporting year, no climate-related considerations associated with the emission reduction targets announced were incorporated into the remuneration of Supervisory Board members. They were included in Executive Board remuneration to the extent that the Performance Cash Award 2021-2024 which was paid out in 2025 envisaged that key milestones on the path to decarbonizing steel production would be achieved as a stakeholder target weighted at 30 %.

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

DISCLOSURE REQUIREMENT GOV-4 – STATEMENT ON DUE DILIGENCE

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

List of information on the procedure for meeting due diligence obligations

Core elements of due diligence	Paragraphs in the Sustainability Statement
a) Inclusion of due diligence in the governance, strategy and business model	→ ESRS 2 GOV-2, → ESRS 2 GOV-3, → ESRS 2 SBM-3, → ESRS 2 GOV-1-G1, → ESRS 2 GOV-3-E1, → ESRS 2 SBM-3-E1, → ESRS 2 SBM-3-S1, → ESRS 2 SBM-3-S2
b) Inclusion of stakeholders affected in all important stages of due diligence	→ ESRS 2 GOV-2, → ESRS 2 SBM-2, → ESRS 2 IRO-1, → ESRS 2 SBM-2-S1, → ESRS 2 SBM-2-S2
c) Determination and evaluation of negative impacts	→ ESRS 2 IRO-2, → ESRS 2 SBM-3, → ESRS 2 IRO-1-E1, → -E2, → -E3, → -E5, → -G1 → ESRS 2 SBM-3-E1, → -S1, → -S2
d) Measures to counteract these negative impacts	→ ESRS 2 MDR-A: → ESRS E1-3, → E2-2, → E3-2, → E5-2, → ESRS S1-4, → S2-4, ESRS G1-2
e) Tracking the efficacy of these efforts and communication	→ ESRS 2 MDR-T: → ESRS E1-4, → E2-3, → E3-3, → E5-3, → ESRS S1-5, → S2-5, → ESRS G1-6, → ESRS 2 MDR-M: → ESRS E1-5, → E1-6, → E1-8, → ESRS E2-4, → E3-4, → E5-4, → ESRS S1-6, → S1-13, → S1-14

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

The Executive Board of Salzgitter AG bears → **Overall responsibility** for the sustainability reporting and for the accuracy of the information reported. The Supervisory Board verifies the contents of the sustainability reporting as part of its monitoring role.

Responsibility for the overarching design and management of the process, for collating the contents of the report and for editorial revisions lies with the ESG team in the Strategy and Corporate Development Department. Besides drawing up content for its own report, the ESG team coordinates further content provided by the Legal, Compliance & Insurance, Personnel and Social Policy, Purchasing, Central Occupational Safety and Group Controlling departments. These departments draw up the contents for the report within their own respective remits in consultation with further specialist departments and the corresponding contacts in Group companies.

The sustainability-related internal control system (sICS) is an **integral part** of the Group's existing internal control system (ICS). This system comprises the principles and measures used to monitor the efficacy and profitability of operations, check the accuracy and reliability of internal and external reporting and ensure that laws and regulations are complied with. Details on this can be found in the management report under → **Key features of the internal control system**.

Responsibility for groupwide risk management rests with Group Controlling while the overarching **independent inspection and monitoring function** is incumbent upon the **Group's internal auditing department**. The ESG team is in charge of coordinating the sICS on an operational level. The specific control activities are carried out by the relevant responsible technical departments and Group companies.

Approach to risk evaluation and method for prioritizing risks

The sustainability-related ICS is based on a risk-oriented scoping approach and pursues the goal of preventing erroneous or improper disclosures in the sustainability statement. As part of this approach, the technical departments identify critical data points in the sustainability statement and determine their risk exposure taking account of existing organizational safety measures that mitigate the risk. The technical departments define control activities for critical data points with a risk exposure of "medium" or "high".

The most important risks, mitigation strategies and controls

The sICS is based on the four ICS principles of clarity, functional separation, dual control principle and documentation. These principles create organizational and technical clarity vis-à-vis both external and internal data suppliers. This essentially helps to avoid faulty reports and reduce the number of iterative control loops conducted by technical departments.

The most pertinent risks relate to quantitative data points from the ESRS E1 report standard in conjunction with the "Corporate Carbon Footprint" sub-process, ESRS S1 in conjunction with the "Data collection for key indicators for occupational health and safety" and the reporting of EU taxonomy-compliant KPIs. All these risks have their origin in one or more of the following overarching reporting risks:

- Completeness and data integrity (consistency)
- Accuracy
- Precision of estimates / assumptions
- (Temporal) availability (e.g. due to dependency on third parties)

We conduct control activities in order to mitigate relevant risks. These control activities are partially automated and firmly embedded in sub-processes, thereby preventively helping to safeguard against misreporting. Key events and controls carried out at a local level are documented annually by Group companies. A standardized, automated questionnaire ("sICS questionnaire") is used for this purpose.

Management of risks

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

Reporting risks to the Executive Board and Supervisory Board

The internal audit department reports the results of its audits of the efficacy of the ICS (accounting-related and sustainability-related ICS) to the Executive Board on a regular basis. In addition, the Supervisory Board's Audit Committee is informed once a year on the efficacy of the ICS (accounting-related and sustainability-related ICS).

The results of the sICS questionnaires serve as the basis for the efficacy check of the sICS. This means that the independent audit procedures of the internal audit department assess the actual effectiveness of the monitoring.

STRATEGY

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

Our Group policy and sustainability strategy

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

With our "Salzgitter 2030" strategy, we are therefore embarking on a path to sustainable industry and a transformation demanded by governments and society. Sustainability aspects of our Group strategy are reflected in medium-term and long-term goals. Sustainability is thus an integral part of the Group strategy.

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

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

Sustainability strategy

Ecological Responsibility (Environmental)

/ The **Environmental** focus area implies responsible management and continuous reduction in the consumption of resources, with priority given to closed material loops.

/ The **Climate** focus area comprises measures to achieve the Salzgitter Group's ambitious climate protection targets, particularly by converting to a low carbon steel production process and harnessing renewable energy more effectively.

Social Responsibility (Social)

/ The **Employees** focus area aims to offer our employees sound and safe working conditions. With our personnel strategy, we are positioning ourselves as a forward-looking employer.

/ The **Value chain** focus area covers the management of social, human rights, environmental and entrepreneurial issues along the entire value chain.

Corporate Responsibility (Governance)

/ The **Transformation** focus area is designed to secure the long-term economic success of the Salzgitter Group on its path to a climate-neutral, circular business model. It embodies the active transformation of the core business to low carbon production, sustainable product design and innovative customer solutions.

/ The **Integrity** focus area comprises the creation and observance of guidelines, structures and processes through which we aim to guarantee responsible entrepreneurship and continuously refine a corporate culture aligned to sustainability.

Our sustainability targets

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

Compared with the previous year, the key topic of "Climate" is focused on the short-term SBTi intensity target for 2028. There was no further adjustment of the targets.

Key topics and targets

Focus area	Material topic	Target	Target year	Type of target
Climate	Climate	Reduction of Scope 1, 2, 3 by 20 % per tonne of hot-rolled steel compared to the base year 2021	2028	quantitative
	Energy	100 % renewable electricity from external sources to be used	2030	quantitative
Environment	Environmental protection	Conscientious compliance with national laws and official requirements in relation to the release of pollutants in order to maintain operating permits	ongoing	qualitative
	Water management	Responsible use of water resources and conscientious compliance with specifications contained in water legislation, operational requirements and national laws	ongoing	qualitative
	Resource management and circular economy	Expansion of scrap recycling and use of scrap from secondary raw materials – expansion of activities in scrap recycling to 3 million tons p.a.	2030	quantitative
		Minimisation of waste generation to what is technically and economically feasible and conscientious compliance with national laws and official requirements for waste and residual material treatment	ongoing	qualitative
Employees	Occupational health and safety	50 % reduction in accidents versus the base year of 2021	2030	quantitative
		Promotion of employee health and safety	ongoing	qualitative
	Training and further education	Provision of qualification and growth opportunities to preserve employees' employability and promote their career prospects	ongoing	qualitative
Value chain	Occupational health and safety	Minimising hazards and preventing accidents in order to ensure the physical safety of all suppliers and partner companies	ongoing	qualitative
Integrity	Corporate culture	Preventing breaches of laws as well as internal guidelines or detecting such breaches and instigating suitable responses	ongoing	qualitative
	Management of relationships with suppliers	Successive agreement of our Supplier Code with as many suppliers as possible	ongoing	qualitative

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

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

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

One central building block of our low-carbon steel production is the ↗ SALCOS® (Salzgitter Low CO_2 Steelmaking) program. With the first stage of the SALCOS® program and the use of renewable energy, we want to achieve our short-term climate target for 2028 which was validated by the Science Based Targets initiative. The main components of the first SALCOS® expansion stage consist of the construction and commissioning of a direct reduction plant, an electric arc furnace and a 100-MW_{el} electrolysis plant. With the start of the first stage of the program in the first half year of 2027, around 30 % of today's capacity for primary steel production at the Salzgitter site is expected to be transformed. Following complete implementation in the mid-2030s, we will be technically capable of saving around 95 % of our carbon emissions in primary steel production through the use of green hydrogen, among other things. Thanks to the modular design of SALCOS®, we will be able to flexibly adapt the remaining transformation steps to changing market conditions and the overall economic framework.

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

We have been offering physically carbon-reduced products under the SALCOS® brand since 2024. This technology covers emissions both for the blast furnace route and for the scrap-based electric arc furnace route. Products from Peiner Träger GmbH's electric arc furnace already meet LESS Category C for green steel classification under the voluntary, recognized labeling system ↗ Low Emission Steel Standard (LESS). With respect to SALCOS® products from the Peiner route, both Category A sections and Category B flat steel products have even been certified (see also → **Business Activity and Group Structure**).

The strategic alignment of our "Steel" product group also includes the Trading business unit. Accordingly, we will also steadily expand trade with low carbon steel in a global marketplace and support our customers in decarbonizing their supply chains with certified product carbon footprints.

Our Technology business unit is globally structured and occupies a leading market position in the manufacture of special machinery as well as packaging and filling systems. Our most important customers in this sector are primarily international companies in the food and beverages industry. However, the automotive industry is also one of our most important sectors. Here our systems are predominantly focused on the manufacture of parts for vehicles.

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

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

Business model

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

Employees by region (core workforce)

	2025	2024
Germany	18,259	18,585
Rest of Europe	1,092	1,226
America	1,468	1,451
Asia	953	905
Other regions	242	214

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

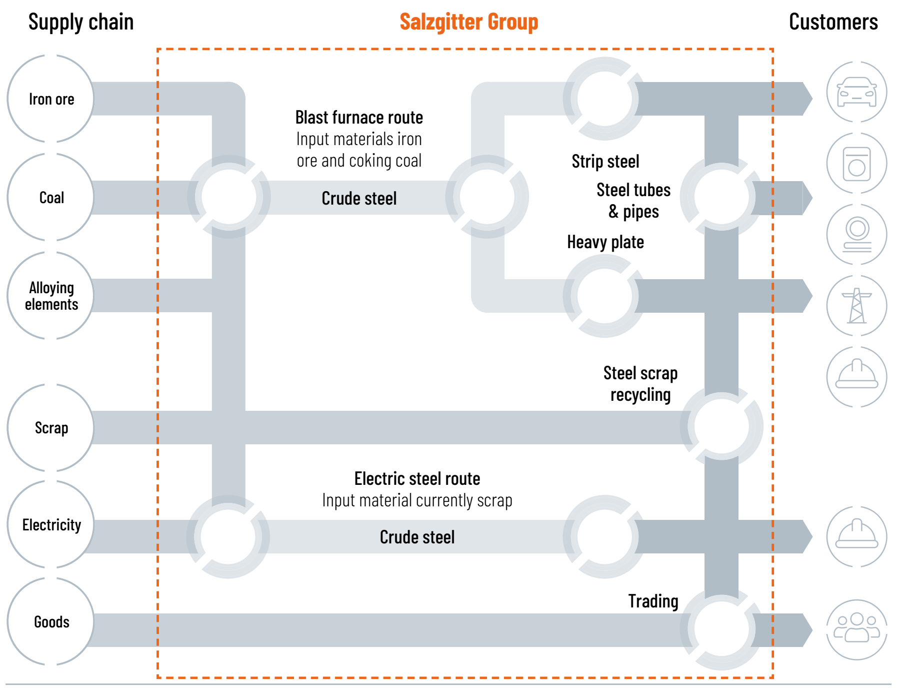
Fossil fuels – essentially coal, oil and gas – are stored and used in the Salzgitter Group's business processes. This relates in particular to companies located in Germany.

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

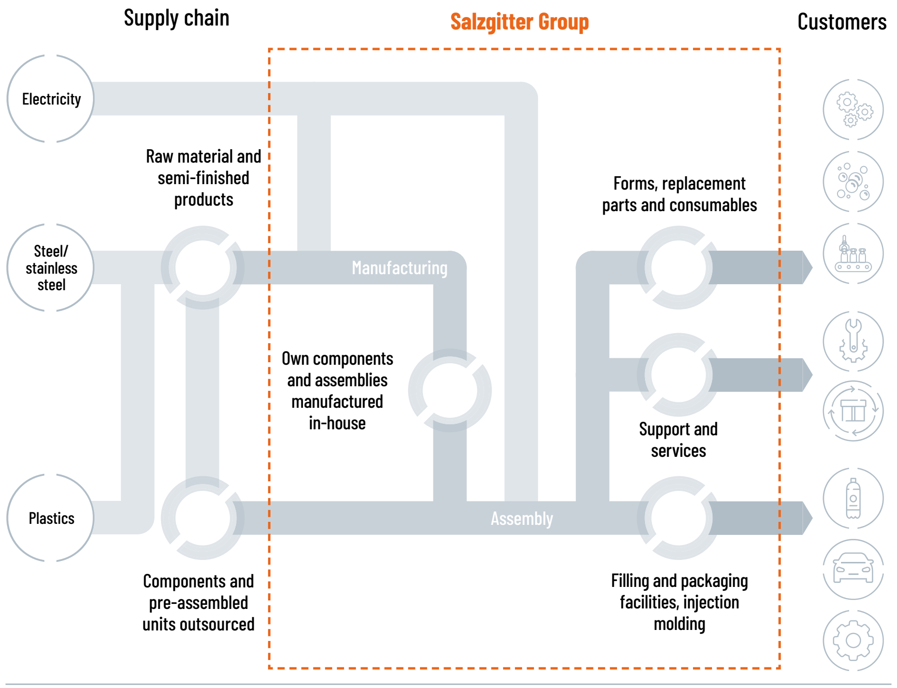
The transformation of our product portfolio to virtually emission-free steel production will favor the ecological and economic objectives of our investors and customers quite apart from Salzgitter AG's strategic goals.

Below we describe our two most important value chains.

Value chain steel segments



Value chain technology segment



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

The special machinery engineers in the Technology Business Unit manufacture machinery and spare parts from various grades of steel, plastics and in-house as well as purchased components and sub-assemblies. The systems of the KHS Group are used by its customers for filling and packaging beverages and liquid foods, as well as non-food products. The injection molding machinery of the Klöckner DESMA Elastomertechnik Group is mainly used by its customers to manufacture components for the automotive and mechanical engineering industries. Besides manufacturing and installation, maintenance and services also play a key role.

DISCLOSURE REQUIREMENT SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

Stakeholder group	Examples of inclusion	Subjects for discussion
Customers	/ Visits to and from customers / Various conferences / Customer events / Conversations at trade fairs / (Ad hoc) discussions/dialog	/ Strategy (projects, products and innovation) / Strengthening customer relationships, setting up strategic partnerships with regard to closed loops / SALCOS®: sustainable, low carbon steel production / Joint partnerships / Current ESG topics and issues
Employees	/ Co-determination bodies at Group and company level / Manager and employee events / Workforce meeting / Ideas management / (Ad hoc) discussions/dialog	/ Strategy (projects, products and innovation) / SALCOS®: sustainable, low carbon steel production / Company development and corporate strategy / Occupational health and safety / Training and further education / Employer attractiveness and employee offers / Investments / Current ESG topics and issues
Suppliers and energy providers	/ Memoranda of Understanding / Collaboration agreements / Participation in regional and national information events/symposia / (Ad hoc) discussions/dialog	/ Strengthening supplier relationships, setting up strategic partnerships with regard to closed loops / Grid connection, electricity, natural gas and H_2 / Security of supply / Procurement of green electricity, procurement of (green) H_2 / Joint partnerships / Certification/certificates of origin for green electricity, climate-neutral gases and heat
Investors and banks	/ Various conferences / Shareholder events / Visits to Group facilities / Roadshows / Discussions with banks / (Ad hoc) discussions/dialog / Dialog as part of the perception study	/ Strategy / Growth of company and business (liquidity, finance, reports and financial statements) / Governance / SALCOS®: sustainable, low carbon steel production / Current (risk) issues: Russia sanctions, energy security, hydrogen ramp-up / Investments / Annual General Meeting, stock and dividend / Implementation of an ESG component for syndicated loan / Green loan financing of SALCOS® / Current ESG topics and issues

Stakeholder group	Examples of inclusion	Subjects for discussion
Political circles	/ Various conferences / Conversations at trade fairs / Visits to Group facilities / (Ad hoc) discussions/dialog	/ Strategy (projects, products and innovation) / SALCOS®: sustainable, low carbon steel production as well as green lead markets / Transformative regulatory policy: Subsidies and regulatory systems / Export policy / Design of EU ETS and CBAMs / Circular economy / Current (risk) issues: Russia sanctions, energy security, hydrogen ramp-up, foreign trade protection / Infrastructure (gas and electricity grids, transport connections)
Regional communities, NGOs and research partners	/ Various conferences / Regional networks, meetings, associations, interest groups and universities / Visits to Group facilities / Conversations at trade fairs / (Ad hoc) discussions/dialog / Bilateral on-site visits / Research projects	/ SALCOS®: sustainable, low carbon steel production / Ecological footprint of products (supply chain, recycling) / Infrastructure (EE, H_2 and warehouses) / Joint information events and regional projects / Innovative solutions in the area of resource efficiency / Current ESG topics and issues / Reducing carbon in the supply chain / Exchange of know-how on new technologies, (production) techniques, etc.
Further strategic partners	/ Visits to Group facilities / Memoranda of Understanding / (Ad hoc) discussions/dialog / Joint panels of experts	/ Strategy (projects, products and innovation) / Circular trade and business / Setting up closed loops / Ecological footprint of products (supply chain, recycling) / SALCOS®: sustainable, low carbon steel production / Investments / Infrastructure (EE, H_2 and disposal)

Interests and views of stakeholders

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

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

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

Intensive dialog with workers' representations and employees

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

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

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

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

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

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

High status of partnerships in the transformation process

The aim of our → SALCOS® transformation program is to convert the integrated steel mill in stages to exclusively low-carbon crude steel production. Here our "Partnering for Transformation" mission pursues the objective of securing central sections of our value chain for the long term with the aid of strategic partnerships. Suppliers and customers alike, as well as Salzgitter AG and its subsidiaries, are faced with the task of transformation. We are convinced that we can only meet these challenges together and on an equal footing. Cross-sector support from collaboration activities reinforces the confidence at Salzgitter AG and among its partners that the project is going to be implemented; this certainty is required across the entire value chain.

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

- The partnership between ↗ SENNEBOGEN and Salzgitter AG's subsidiary, Deutsche Erz- und Metall-Union GmbH (DEUMU), represents a particularly noteworthy example of our aspiration to assume a pioneering role in the circular economy field. The new excavator was largely manufactured from carbon-reduced SALCOS® steel, and it illustrates the synergy effects that can materialize from our own sustainability ambitions and collaboration on an equal footing. By ↗ breaking ground for the major shredder system at the Salzgitter facility, the excavator is making a definitive contribution towards our ambitious target of expanding scrap recycling, thus securing the Group's green transformation for the long term.
- The closed-loop partnership with ↗ Volvo Cars is a further data point on our path to the circular economy. Besides the supply of steel products from Salzgitter Flachstahl (SZFG) to its bodywork factory in southern Sweden, considerable volumes of scrap steel will be recycled in future. At the same time, it proved possible to boost logistical efficiency thanks to a sophisticated shuttle concept.
- Ilsenburger Grobblech GmbH (ILG), a subsidiary of Salzgitter AG, is supplying carbon-reduced sheets for the first carbon-reduced steel tower for an onshore wind turbine in Germany. In doing so Salzgitter AG is supporting its partners ↗ ENERCON and TMGROUP in their ambitious target to bring more sustainable wind towers to the market.
- Together with its partner ↗ HGK Shipping, Salzgitter AG is setting new standards in sustainable drive technology for shipping on inland waterways. The company's latest ship, "Blue Marlin", uses trailblazing technology and capitalizes on synergy effects – from carbon-free solar technology and remote navigation to drive technologies that conserve resources. This is making the transportation of steel and bulk materials significantly more sustainable.
- Verkehrsbetriebe Peine-Salzgitter GmbH (VPS) has achieved a milestone in sustainable goods rail transport together with partners from industry and research at the ↗ Hydrogen Campus Salzgitter. As part of a research project, they have achieved a global first in converting a ↗ shunting locomotive to run on hydrogen and thereby transporting heavy loads on Salzgitter AG's factory site.

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

Standard	Sustainability topic	Denomination IRO incl. classification (actual = t / potential = p)	Explanation of the impacts on people / environment, risk or opportunity	Expected time horizon of impacts	Allocation business model
E1	Climate protection	Pioneering role of the decarbonization of industry (positive impact (t))	Implementation of the SALCOS® transformation program shall not only lead to a significant reduction in greenhouse gases but already today represents a positive signal for climate protection. Salzgitter AG is performing pioneering work for carbon-intensive sectors which can only decarbonize on the back of strenuous efforts.	short-, medium- to long-term	own business area
		Increase in global greenhouse gas concentrations (negative impact (t))	We aim to gradually replace the conventional, primary production of steel via the blast furnace route in stages. Until the SALCOS® program is fully implemented, we will be emitting GHG emissions on a significant, albeit reduced, scale. This contributes to global warming which is having a negative impact on people and the environment.	short-, medium- to long-term	own business area; upstream value chain
		Imponderables surrounding the transformation of primary steel production (climate-related transition risk)	Various risk factors could cause us to lose our transformation advantage over our competitors or negatively impact on our economic success. Possible uncertainties relate not only to the underlying assumptions such as sales and revenue expectations, including the green steel premium, but also to the development of prices and allocation periods for CO2 certificates, raw material and energy price assumptions, the availability of green hydrogen, the financial viability of further transformation, and the introduction and effectiveness of regulatory instruments such as 'green lead markets' or border adjustment systems. The current framework conditions are leading Salzgitter AG to postpone the investment decision on further expansion stages of the SALCOS® program until 2028/29.	long-term	own business area; upstream value chain
		Climate protection as value creation driver (opportunity)	Climate-induced transition events may offer opportunities for business activities, e.g. through the development of climate-friendly products and services, cost savings from boosting efficiency and increased revenues from opening up new sales markets.	long-term	own business area; downstream value chain

Standard	Sustainability topic	Denomination IRO incl. classification (actual = t / potential = p)	Explanation of the impacts on people / environment, risk or opportunity	Expected time horizon of impacts	Allocation business model
		Climate protection as competitive advantage (opportunity)	A positive contribution to climate protection, e.g. from the use of or conversion to renewable energies and sustainable investments, may improve reputation compared to the competitors and thus lead to higher net profits as carbon prices will have no or less impact.	long-term	own business area; downstream value chain
E1	Energy	Use of finite, fossil energy sources (actual, negative impact (t))	The use of fossil energy sources in the production processes for steel production reduces the availability of finite resources and contributes to climate change through the release of GHG emissions.	short- to medium-term	own business area; up- and downstream value chain
		Promotion of energy transition (positive impact (t))	The conclusion of high volumes of Power Purchase Agreements (PPA) represents a definitive contribution towards promoting the energy transition.	short-, medium- to long-term	own business area; up- and downstream value chain
		Hydrogen as a future source of energy (opportunity)	The use of hydrogen in the region and connection to the future national hydrogen grid may enable Salzgitter AG and its steelworks, Salzgitter Flachstahl GmbH, to act as the pioneer among industrial companies and produce emission-free steel. Taking on such a pioneering role offers the opportunity to strengthen the company’s reputation.	long-term	own business area
E2	Pollution of air	Air pollutants from production processes (negative impact (t))	Emissions of dust, particles and airborne pollutants in production processes lead to air pollution. Pollutants such as sulfur dioxide (SO_2), nitrogen oxides (NO_x) and particulate matter are released, particularly on the blast furnace route and during processing and transport. These emissions contribute to air pollution and can damage both the environment and human health without corresponding countermeasures.	short-, medium- to long-term	own business area; upstream value chain
E2	Pollution of water	Water pollutants from production processes (negative impact (t))	Emissions of water pollutants in production processes lead to water pollution. Water pollutants are released in the steel production process, in particular. These emissions contribute to water pollution and can damage both the environment and human health without corresponding countermeasures.	short-, medium- to long-term	own business area; upstream value chain

Standard	Sustainability topic	Denomination IRO incl. classification (actual = t / potential = p)	Explanation of the impacts on people / environment, risk or opportunity	Expected time horizon of impacts	Allocation business model
E3	Water resources	High water demand for steel production (negative impact (t))	Due to the significant need for water in steel production, particularly in the upstream mining and preparation of raw materials and in steel production in the form of process water and cooling water, this can affect natural water systems.	short-, medium- to long-term	own business area; upstream value chain
		Drinking water supply (positive impact (t))	As operators of waterworks and upstream suppliers, we contribute directly to securing the drinking water supply in Salzgitter and neighboring areas. This is a primary positive impact in terms of public services and access to clean water. In addition, we are also involved in water supply projects beyond this region.	short-, medium- to long-term	own business area; up- and downstream value chain
E5	Resource inflows incl. resource use	Use of secondary materials in steel production (positive impact (t))	The use of recycled materials protects primary resources, saves energy sources and reduces waste. Steel is the most frequently used and recycled industrial material in the world. Every steel product from Salzgitter AG has relevant recycled content, even 100 % in the case of our steel sections. Salzgitter AG is supporting the circular economy by manufacturing steel products, treating them at the end of their service life and recycling the prepared scrap.	short-, medium- to long-term	own business area; upstream value chain
		Use of primary materials in steel production (negative impact (t))	The high consumption of finite resources in the steel industry, particularly of primary raw materials and non-renewable energy sources, leads to negative impacts on people and the environment. These impacts comprise the destruction of the environment through the exhaustion of resources and pollution, the contribution to climate change and the possibility that price rises will lead to economic instability.	short-, medium- to long-term	own business area; upstream value chain
		Cost savings thanks to optimized use of resources (opportunity)	Adjustment of the business model as a result of measures such as the more efficient use of resources, cost reductions brought about by the reuse of materials and the deployment of innovative technologies for optimizing resource inflows, can entail financial benefits.	long-term	own business area; up- and downstream value chain
	Resource outflows related to products and services	Recycling capability of steel products (positive impact (t))	Steel is 100 % recyclable and therefore constitutes a sustainable product. Its recyclability enables materials to be returned to the materials cycle at the end of the product's life.	short-, medium- to long-term	own business area; downstream value chain
	Waste	High amount of waste during steel production (negative impact (t))	In spite of a high reuse and recycling rate, in absolute terms, high volumes of waste are created during steel production which have a negative impact on our use of resources.	short-, medium- to long-term	own business area; up- and downstream value chain
S1	Working conditions (own workforce)	Health and safety protection (positive impact (t))	Occupational health and safety measures help to reduce risks and strains in the workplace as well as boosting the health and well-being of employees.	short-, medium- to long-term	own business area

Standard	Sustainability topic	Denomination IRO incl. classification (actual = t / potential = p)	Explanation of the impacts on people / environment, risk or opportunity	Expected time horizon of impacts	Allocation business model
		Health and safety protection (negative impact (t))	In a manufacturing or quasi-manufacturing working environment, accidents and associated injuries can occur due to physical activities.	short-, medium- to long-term	own business area
	Equal treatment and opportunities for all (own workforce)	Training and skills development (positive impact (t))	Further training and skills development measures help to maintain employability and promote employees' career development and promotion prospects.	short-, medium- to long-term	own business area
S2	Working conditions (workforce in the value chain)	Health and safety protection (negative impact (t))	Within the upstream value chain, employees of service companies who are working on our site in a manufacturing or quasi-manufacturing working environment may have accidents and incur associated injuries. Such accidents can have a considerably damaging effect on their health and can even be fatal.	short-term	upstream value chain
G1	Corporate culture	Fostering integrity (positive impact (t))	A healthy corporate culture counteracts breaches of compliance. We promote integrity of conduct and the observance of the guidelines, structures and processes (corporate governance) with which we want to ensure responsible entrepreneurship along the entire value chain.	short-, medium- to long-term	own business area; up- and downstream value chain
	Management of relationships with suppliers	Intact supplier relations (opportunity)	Trusting, intact supplier relationships form the basis for reliable, punctual delivery, can strengthen operating business, and bring about economic benefits over the long term (e.g. customer satisfaction due to reliable deliveries and thus increased revenues).	medium- to long-term	own business area; up- and downstream value chain

Effect of material impacts, risks and opportunities

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

Changes to material impacts, risks and opportunities

By comparison with the previous year, some adjustments were made to the evaluation of material impacts, risks and opportunities in the reporting period. The energy risk, hitherto classified as material, was no longer deemed to be material due to the progress made in integrated risk management. Nevertheless, this topic remains relevant for the long term, especially in the context of climate protection and the imponderables associated with the transformation of primary steel production.

One new addition is a positive impact with respect to water. The significance of a safe drinking water supply was classified as nationally material for the economic infrastructure. Coordinated water management guarantees security of supply while international engagement in water supplies is generating additional positive effects.

In addition, the evaluation of the company-specific risk of “skilled labor shortage” was adjusted by comparison with the previous year. Against the background of the current evaluation of the risk and the tense macroeconomic situation, this risk does not reach the defined thresholds and accordingly is classified as non-material in the reporting year.

Current financial impacts of material risks and opportunities

Current financial impacts from material risks and opportunities that have materialized, requiring recognition in profit or loss in the reporting year, are taken into account in the course of regular controlling discussions during the year.

Financial effects to be expected from material risks and opportunities

Financial impacts to be expected, as well as short and medium-term material risks and opportunities requiring recognition in profit or loss in the next reporting period, are taken into account when the Group budget is drawn up.

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

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

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

Resilience of the strategy

Risk aggregation was carried out to analyze the impacts of various risks on the Salzgitter Group’s goals. In the process, individual risks were combined to form an overall risk position in order to evaluate its effect on earnings before tax (EBT) and / or liquidity.

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

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

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

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

Double materiality analysis process, methods and assumptions

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

The double materiality analysis was based on an analysis of our → **business model**, our → **strategy** and our → **value chain**. All business units and key activities were included in the materiality analysis in order to take account of any discrepancies. Consequently, no further breakdown was required here.

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

Inclusion of stakeholders' perspectives

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

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

Basis for determining impacts, risks and opportunities

To determine the key contents of the report, we prepared a comprehensive list containing both overarching sustainability aspects and company-specific and sector-specific aspects. The underlying sources are the topic-specific ESRS sustainability aspects, the Global Reporting Initiative, the World Economic Forum, the SASB and the results of our materiality analysis from the 2024 financial year. The risks were determined either via the risk inventory or the risk analysis in accordance with the Supply Chain Due Diligence Act. Opportunities that may have a positive impact on our business are identified at an early stage. This is achieved by means of regular analyses of market and sector trends examined and discussed in more detail as part of regular strategy workshops or Group budget discussions.

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

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

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

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

Evaluating the impacts, risks and opportunities

Actual impacts were evaluated on the basis of their severity, made up of their scale, extent and the irreversibility of the impacts. Potential impacts were also evaluated in terms of their probability in addition to their severity. The evaluations were carried out by internal experts. Negative impacts were evaluated in all three severity categories on the basis of a 5-point scale while positive impacts were only assessed in accordance with their scale and extent – again on a 5-point scale. The overall result of the evaluation is given by the average of the criteria assessed. In the event of negative impacts on human rights violations, we took into account the fact that severity takes precedence over probability.

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

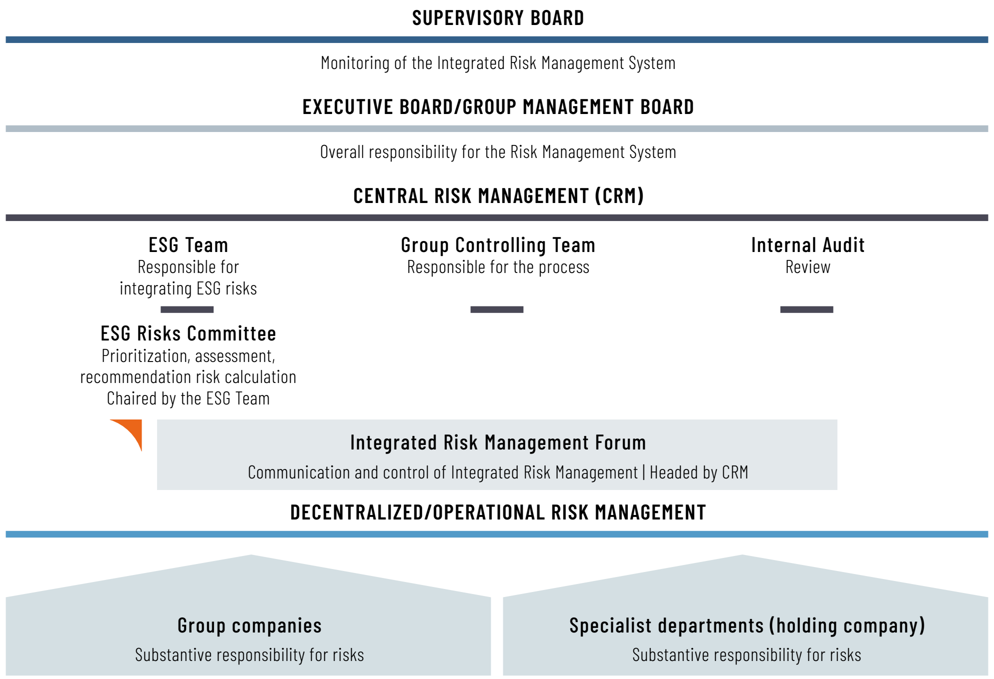
To determine, evaluate, prioritize and monitor the financial effects, they were divided into risks and opportunities and the relevant time horizon defined similar to the previously mentioned time horizons with respect to impacts (short-term, medium-term, long-term). The analysis also stated whether a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

Integrated Risk Management

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

The identification of risks in the context of ESG forms an integral part of our established risk management system and plays a pivotal role in assessing the Group risk profile. Relevant risks linked to ESG are systematically recorded by means of a bottom-up survey as part of Salzgitter Ag's Group-wide risk management and are subsequently followed up in accordance with our standardized risk management process.

Organization of risk management



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

Central Risk Management's ESG Committee conducts an initial centralized exploration of potentially material risk issues which are then presented to Group companies in the **"Integrated Risk Management"** Group forum and the appropriate course of action agreed. Additionally, Group companies are given pointers for conducting a quantitative risk assessment. This makes the forum a key instrument in the communication and management of risks with an ESG connection. Subsequently, the risks are discussed with the Group companies on the basis of a technical exchange of views. In the current year, the process was selectively optimized to ensure that it dovetailed more closely with the existing risk management system. In the process, the quantitative assessments are included in the risk assessment with the classifications for the level of risk based on the risk management thresholds (→ **Opportunities and Risk Report, Guidance**). The findings are used to update and evaluate the risk issues whereupon their materiality is defined by the ESG Committee.

Evaluation of financial risks

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

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

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

Analysis of opportunities as the basis of opportunity management

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

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

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

Definition of thresholds

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

Actual financial effects of material risks and opportunities

No actual financial effects were reported resulting from the material risks and opportunities identified for the 2025 financial year.

Validation and approval of the material impacts, risks and opportunities

For final validation and decision-making, the IROs assessed as material were first adopted in the → **ESG Steering Committee** and then presented to the Executive Board and the Group management for review and subsequent approval. The final step was to present the result to the Audit Committee. The result of our materiality analysis comprises 23 material → **IROs**.

Monitoring the impacts, risks and opportunities

To monitor the impacts, risks and opportunities, the process of the double materiality analysis is conducted once a year and as and when required if applicable. It includes interfaces with the risk management process, the LkSG risk analysis process and further → **due diligence processes** of different departments. At the end of the third quarter of the current reporting year, the material IROs are surveyed to ensure that they are topical and reviewed for completeness, including a review by internal experts and opportunity and risk management. Should an update be required, the result and IROs concerned are adjusted accordingly and approved as previously described. The process starts annually with the definition of the methodology and responsibilities applied in the process for the double materiality analysis and was last completed in November 2025. No ad hoc evaluations due to events in the fourth quarter or after the reporting date were required.

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

Material IROs as the basis for the information to be reported

The key information and datapoints were determined on the basis of the IROs assessed as material. To this end, the main (sub)-topics were allocated to the disclosure requirements specified in the ESRS. No thresholds were used as it proved possible to unambiguously match the material IROs and sustainability aspects with the ESRS disclosure requirements. Wherever a material IRO was determined on a particular subject, the entire sub-topic in each case was classified as material together with all disclosure requirements.

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

The list of sector-independent disclosure requirements covered and the list of datapoints from other EU legal regulations can be found in the → **Appendix** to the Sustainability Statement.

ENVIRONMENTAL INFORMATION

INFORMATION IN ACCORDANCE WITH THE TAXONOMY REGULATION

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

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

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

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

As part of our reporting, we apply the provisions of Delegated Regulation (EU) 2026/73 in full, amending Delegated Regulations (EU) 2021/2178, (EU) 2021/2139 and (EU) 2023/2486. We take full advantage of the option provided for in this legal act to simplify the contents and presentation of taxonomy-related information.

This relates in particular to the application of the regulatory materiality concept. In accordance with the specifications, we make use of the option to use a simplified, largely qualitative presentation for economic activities totaling less than 10 % of the relevant KPI metrics (sales revenues, CapEx and OpEx). As a result of the full application of the regulation, the simplified technical assessment criteria to prevent substantial adverse effects (DNSH review) will also be uniformly taken into account.

MATERIALITY ANALYSIS

Economic activity 3.9 (Manufacture of iron and steel) was identified as the Group's definitive activity. As it exceeds the regulatory materiality threshold and is of ongoing significance for our taxonomy-related indicators, it will continue to be reported in full, both quantitatively and qualitatively.

The economic activities also falling within the scope of the taxonomy, Freight rail transport (6.2; Environmental goal "Climate protection) and Sorting and material recycling of non-hazardous waste (2.7; Environmental goal "Transition to a circular economy"), were classified as immaterial as part of the analysis. As a general rule, they are still to be regarded as taxonomy-eligible but, taken together, they only form a marginal share (under 10 %) of revenue, CapEx and OpEx and thus have no material impact on the Group's taxonomy-relevant key indicators. Due to their minor quantitative importance, these two activities are presented exclusively in qualitative terms in accordance with the applicable reporting simplifications in the Delegated Regulation (EU) 2026/73.

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

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

We continue to identify the following **economic activity** as a material **taxonomy-eligible activity for the "climate protection" environmental target** in the financial year 2025, within the meaning of Article 3 of the Taxonomy Regulation:

- Manufacture of iron and steel (Economic activity 3.9)

Under the EU Taxonomy, the manufacture of iron and steel is classified as taxonomy eligible. The FAQ (C/2025/1373) published by the EU Commission on 03/05/2025 clarified that the scope of economic activity 3.9 is strictly limited to the products and processes defined in the Commission Delegated Regulation (EU) 2019/331 (system limits). Consequently, activity 3.9 in the Salzgitter Group comprises exclusively the production of steel (C24.10) within these regulatory system limits. The downstream further processing to form rolled products or tubes (NACE C24.20, C24.33) and the sale and distribution of steel products (G46.72) do not meet these specific criteria and are therefore no longer reported under this economic activity.

The EU Commission's clarifications lead to a narrower definition of economic activity 3.9 that significantly reduces the turnover KPIs reported. However, this adjustment does not signify any reduction in the Salzgitter Group's actual sustainability performance. Rather, it represents a more precise interpretation of economic activity 3.9. The green steel products produced as part of SALCOS® are subsequently brought to market in the form of high-quality end products by the Group's processing companies and sales and distribution companies. This further processing is an integral part of the value chain even if it no longer falls under economic activity 3.9 according to the new interpretation. For this reason, in addition to the key figures required by the EU taxonomy, the Salzgitter Group is making special disclosures which continue to show the material interconnections within the Group. This approach follows the notion of the Group as an economic entity and permits the sustainability transformation to be presented in full across the entire value chain.

Irrespective of this arrangement, the supporting or supplementary activities directly linked to the main activity of steel production which lie within the defined system limits continue to be allocated to Economic activity 3.9. For example, this includes the supply of water, wastewater treatment, waste disposal, the recycling of residual material, the operation of power plants based on byproduct gases, district heat generation and distribution, and the production of hydrogen for iron and steel production, provided they serve the company's own requirements for taxonomy-eligible steel production.

On the basis of the methodology outlined, we are reporting **31 %** of our **external revenue** as **taxonomy-eligible** in the 2025 financial year. The taxonomy-eligible economic activities are accounted for in full by the steel-producing Group companies as defined by Economic activity 3.9 Manufacture of iron and steel. These companies are significantly more capital intensive than other parts of the Group, which explains the disproportionately higher proportion of **taxonomy-eligible capital expenditure and operating expenses,** namely **76 %** and **71 %** respectively by comparison with their share of revenue. The Group's processing and sales companies built upon these steel products are now allocated to the non-taxonomy-eligible sphere due to the current interpretation as part of FAQ C/2025/1373 with the result that the corresponding taxonomy indicators have fallen by comparison with the previous year.

In the financial year 2024, we reported a share of taxonomy-eligible external sales of 50 %, taxonomy-eligible capital expenditure (CapEx) of 84 % and taxonomy-eligible operating expenses (OpEx) of 82 %.

Activities in the Technology Business Unit, as well as now further processing and trading in steel products originating within the Group, are not covered by the EU Taxonomy. To provide full transparency over this changed allocation, the proportion of further processing and sale of steel products originating within the Group which are no longer included under Activity 3.9 are presented in two separate tables below. This refers to the respective total turnover, total investments and total operating expenses of these companies for taxonomy eligibility and taxonomy alignment.

Proportion of taxonomy-eligibility in the total KPI attributable to further processing and sales companies in the Salzgitter Group

		2025	2024
	%	€ m	€ m
Turnover	18 %	1,610	2,076
CapEx	5 %	28	47
OpEx	7 %	53	76

TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES

To be classified as ecologically sustainable or as taxonomy-compliant, an economic activity must, along with a description of the activity, also fulfill the technical measurement criteria, thereby making a significant contribution to the climate target, while not being detrimental (doing no harm) to the other five environmental objectives, as well as complying with the minimum safeguards.

The reporting simplifications were systematically applied with the result that the compliance test was only conducted for the main economic activity 3.9. As the Salzgitter Group's classifiable economic activity is allocated to the "climate protection" environmental objective, the criteria are based on the Commission Delegated Regulation (EU) 2021/2139, in particular Annex I thereof.

In addition, the proportion of activities verified as compliant attributable to further processing companies and sales subsidiaries in the Group is presented in a separate overview for conformity indicators.

SUBSTANTIAL CONTRIBUTION

Analyzing the significant contribution of economic activities was performed at the level of the Group companies.

The substantial contribution to climate protection of Economic activity 3.9 is fulfilled if the products from primary iron and steel production comply with the CO_2 limits prescribed for the respective production stage or, in the case of secondary iron and steel production, with the defined steel scrap proportions. Measurement applied to Economic activity 3.9 pertained to all consolidated holdings with primary and / or secondary iron and steel production.

"DO NO SIGNIFICANT HARM"

Ecologically sustainable economic activities must not only make a substantial contribution to achieving an environmental objective but may also not negatively impact the other environmental objectives. The so-called "Do No Significant Harm" (DNSH) criteria for economic activities define minimum requirements that must be met for avoiding significant harm to other environmental objectives. These criteria are anchored in prevailing European law, the available scientific findings and life-cycle considerations.

The DNSH appraisal for Economic activity 3.9 was carried out exclusively for the three steel-producing companies in the Salzgitter Group and their respective facilities.

The following **DNSH assessments** were conducted with regard to the other environmental objectives based on checklists and their validation in expert discussion:

ENVIRONMENTAL OBJECTIVE 1 "CLIMATE PROTECTION"

Not relevant for the activity identified.

ENVIRONMENTAL OBJECTIVE 2 "ADAPTATION TO CLIMATE CHANGE"

Climate risk and vulnerability assessment at location level.

ENVIRONMENTAL OBJECTIVE 3 "SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES"

Risk assessment regarding potential environmental damage for conserving water quality and for avoiding water shortage at location level.

ENVIRONMENTAL OBJECTIVE 4 "TRANSITION TO A CIRCULAR ECONOMY"

Not relevant for the activity identified.

ENVIRONMENTAL OBJECTIVE 5 "AVOIDANCE AND REDUCTION OF ENVIRONMENTAL POLLUTION"

Examination of the bringing into circulation, production and use of substances and chemicals that are environmentally damaging and hazardous to health and adherence to the conclusions on the best available technologies.

ENVIRONMENTAL OBJECTIVE 6 "PROTECTION AND RESTORATION OF BIODIVERSITY AND ECO SYSTEMS"

Risk assessment at location level for the protection or reinstatement of biodiversity and ecosystems.

MINIMUM SAFEGUARDS

A further precondition for classifying an economic activity as ecologically sustainable lies in compliance with the regulations on minimum safeguards. To this end, companies must have implemented processes, directives and guidelines that ensure that the following **frameworks** are observed:

- The United Nation's Guiding Principles on Business and Human Rights
- The OECD Guiding Principles for Multinational Enterprises (OECD Guiding Principles)
- The International Charter of Human Rights (the General Declaration of Human Rights and the UN conventions on civil and political rights, as well as economic, social and cultural rights)
- The Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO)

The EU platform for sustainable finance was requested by the EU Commission to consult on **Minimum safeguards** as defined under Article 18 of the Taxonomy Regulation. Four **key topics** were identified in the report as necessary for adherence to minimum safeguards. These are:

- Human rights, including employee rights
- Bribery / corruption
- Taxation
- Fair competition

The assessment of the minimum safeguards is performed at Group level and not at the level of individual economic activities.

ALIGNMENT CHECK FINDINGS

The DNSH checks were carried out for the relevant locations of Peiner Träger GmbH (PTG) and Salzgitter Flachstahl GmbH (SZFG) in accordance with the technical measurement criteria of the respective economic activity and the respectively relevant Annexes A through D of the Commission Delegated Regulation (EU) 2021/2139 and (EU) 2023/3851. The checks revealed that the **DNSH criteria** are fulfilled. For reasons of transparency, we would like to draw attention to the following points:

ENVIRONMENTAL OBJECTIVE 2 "ADAPTATION TO CLIMATE CHANGE"

As part of the DNSH test for Environmental objective 2, we conducted a comprehensive climate risk and vulnerability assessment. This assessment identifies physical climate risks which may impair the performance of our economic activity during its foreseeable lifetime and assesses the vulnerability of our facilities and processes to the consequences of climate change.

ENVIRONMENTAL OBJECTIVES 3 "SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES" AND 6 "PROTECTION AND RESTORATION OF BIODIVERSITY AND THE ECO SYSTEMS"

Compliance with DNSH criteria regarding Environmental objectives 3 and 6 are ensured by PTG and SZFG as follows: The companies' production operations are subject to regular external controls by the authorities in the form of inspections by Staatliche Gewerbeaufsichtsamt Braunschweig (German federal state factory inspectorate) and Untere Wasserbehörde Peine (lower level water authority), as well as external and internal audits to certified environmental management systems, pursuant to ISO 14001. These audits are instrumental in monitoring compliance with the prevailing laws and regulations on the protection of environmental goods, not forgetting the steady mitigation of the company's own impact on the environment, for instance, with the aid of environmental aspect analyses in accordance with ISO 14001. The companies therefore fulfill the criteria of Environmental objective 3 in accordance with Annex B of the Commission Delegated Regulation (EU) 2021/2139 and (EU) 2023/3851.

Since the last comprehensive immission control approval procedure, including the assessment conducted on the environmental effects under the "PTG 2010" project, no material changes have been implemented under immission control law. The findings and the conclusions from the assessment of the environmental effects therefore continue to apply. Furthermore, the Peine and Salzgitter locations are not close to or even in the proximity of biodiversity-sensitive areas with special significance for protection. The locations of the two companies therefore comply with the DNSH requirements of Environmental objective 6 in accordance with Annex D of the Commission Delegated Regulation (EU) 2021/2139 and (EU) 2023/3851.

ENVIRONMENTAL OBJECTIVE 5 "AVOIDANCE AND REDUCTION OF ENVIRONMENTAL POLLUTION"

As part of the DNSH check regarding Environmental objective 5, PTG's and SZFG's Economic activity 3.9 was investigated, namely the bringing into circulation, production and use of substances and chemicals that are environmentally damaging and hazardous to health as set out in Annex C of the Commission Delegated Regulation (EU) 2021/2139 and also taking account of the new delegated act (EU) 2026/73. The analysis found that insulation materials based on zirconium-aluminum silicate-ceramic fiber have been installed in PTG's heating furnaces. These insulation materials comply with the criteria as defined in Article 57 of Regulation (EG) No. 1907/2006 and were identified in accordance with Article 59 (1) of the aforementioned regulation. We regard the use of these materials as essential as no other technical alternative is immediately available for the operation site and we also view the benefit of steel manufacture as critical for the company.

In addition, due to unwanted impurities of steel scrap as feedstock, PTG's production operations may possibly produce unavoidable emissions of the substances cited in Annex C, while complying with the emission limits as defined under the law. We therefore view the DNSH requirements of Environmental objective 5 in accordance with Annex C of the Commission Delegated Regulation (EU) 2021/2139 as complied with.

TURNOVER KPI

The conformity check conducted in the 2025 financial year identified **4 % taxonomy-aligned external sales** (preceding year: 6 %) for the Salzgitter Group. This resulted from sales of the products of PTG in the context of Economic activity 3.9 "Manufacture of iron and steel". With its scrap-based steel production, PTG meets the substantial contribution of the "Climate protection" environmental objective. The external sales are generated either by PTG itself or to a lesser extent by SZFG.

CAPEX KPI

The **taxonomy-aligned CapEx of 38 %** (previous year: 51 %) essentially consists of capital expenditure in the existing taxonomy-compliant part of PTG's and SZFG's Economic activity 3.9 and of expenditures to achieve taxonomy conformity in primary steel production (Economic activity 3.9) in accordance with the SALCOS® CapEx plan. Capital expenditure incurred within the scope of the CapEx plan less subsidies received amounted to € 174.9 million in the financial year 2025 (previous year: € 413.6 million). Of this figure, € 24.9 million represents capitalized borrowing costs. This amount is accounted for by the first development stage of the SALCOS® transformation program.

OPEX KPI

The **8 % taxonomy-aligned OpEx** (previous year: 8 %) comprises OpEx from Economic activity 3.9 that already complies today with taxonomy-compliant Economic activity 3.9 and the research and development expenses in accordance with the SALCOS® CapEx plan (Economic activity 3.9). In the reporting year, expenses of € 4.67 million in connection with the CapEx plan were incurred for research, development and innovation activities.

Proportion of taxonomy-alignment in the total KPI attributable to further processing and sales companies in the Salzgitter Group

		2025	2024
	%	€ m	€ m
Turnover	3 %	316	320
CapEx	0 %	4	3
OpEx	0 %	2	1

MINIMUM SAFEGUARDS

In a final step, we investigated business activities for minimum safeguards in the light of the four core topics of human rights, including employee rights and bribery / corruption, as well as taxation and fair competition at Group level. In this context, we make reference to the chapters on → **Social aspects** and → **Governance aspects** for further information.

The Salzgitter Group's business activities focus essentially on the production and sale of steel products and machinery, as well as global trading – including project business – in steel products. Although the focus of the Salzgitter Group's economic activities lies on Europe, some Group companies also operate in an international environment. Consequently, supplying customers or working with suppliers that represent a heightened risk is unavoidable. For this reason, measures have been implemented in the Salzgitter Group in order to fulfill a human rights-related duty of care and minimize the risks of possible breaches of human rights.

DETERMINATION OF TAXONOMY KEY PERFORMANCE INDICATORS

As part of the determination of taxonomy-relevant indicators, the definition of Group companies included was adjusted in order to strengthen the focus on steel-producing units in the Salzgitter Group and at the same time take appropriate account of the requirements of the materiality analysis (10 % threshold). The following description of the process is divided into two steps:

/ As part of determining taxonomy-relevant indicators, the first step in the process involves the three steel-producing companies in the Salzgitter Group. Accordingly, the only companies to be included are those allocated to Economic activity 3.9 "Manufacture of iron and steel".

/ The second step in the process comprises the materiality analysis. To guarantee its informative value, a purely qualitative assessment is made on this basis to ascertain whether economic activities identified are subject to reporting requirements or whether they fall under the simplifications provided for in the new legal act of the Commission Delegated Regulation (EU) 2026/73. The materiality analysis thus ensures that, on the one hand, all reportable economic activities are included in the taxonomy figures and, on the other, activities that lie below the defined materiality thresholds are correctly classified as non-material and reported in simplified form accordingly.

As part of an annual examination carried out each year together with the main Group companies, we assess the existing economic activities and the resulting sales revenues, capital and operating expenditures in order to identify taxonomy-eligible activities and their proportions. We also examine whether new economic activities have been added or whether additional activities of the Salzgitter Group could fall within the scope of EU taxonomy as a result of the European Commission redefining or extending economic activities. Economic activities not reflected in the EU taxonomy are allocated to non-taxonomy-eligible activities in the key indicators. By contrast, group companies whose activities are eligible for taxonomy but are classified as non-material in the current materiality assessment are disclosed in aggregate form as non-material taxonomy-eligible activities.

The assignment of just one economic activity per company is based on the identification process which revealed a 1:1 relationship between company and economic activity. This method avoids double counting when the key indicators are assigned. The financial data relevant to the Salzgitter Group can be found in the consolidated financial statements drawn up according to IFRS for the financial year 2025.

As far as possible, the relevant data were allocated directly to the respective economic activities. For the manufacture of iron and steel (Economic activity 3.9), this constitutes exclusively three steel-producing Group companies in the Salzgitter Group to which the corresponding revenues, capital expenditure and operating expenditure are directly assigned.

The material movements resulting from this steel production are supplied intra-Group to further processing Group companies and to Group trading companies which also procure externally. Against the background of the current interpretation of Economic activity 3.9, these intra-Group material flows are now allocated to non-taxonomy-eligible activities insofar as they are attributable to further processing stages and sales activities. To ensure transparency, the intra-Group processing and sales shares based on the products of the three steel-producing Group companies continue to be identified for supplementary reporting in the report with the aid of an allocation key derived on a pro rata basis, provided no direct allocation of sales revenues, capital expenditure (CapEx) and operating expenditure (OpEx) is possible, and presented in a separate overview.

TURNOVER (SALES)

The proportion of turnover cited under Article 8 (2) letter a) of the Taxonomy Regulation is calculated as the share of net sales generated through goods or services, including intangible goods, associated with classifiable economic activities (numerator), divided by net sales (denominator) within the meaning of Article 2 item 5 of EU Accounting Directive 2013/34/ EU.

Sales in the financial year 2025 represent the denominator of the turnover KPI and can be sourced from the Group's income statement drawn up pursuant to IAS 1. Using this as a basis, the proportion of external sales that – according to the EU Taxonomy – is attributable to taxonomy-eligible economic activities from contracts with customers (IFRS 15) and leases (IFRS 16) is calculated.

CAPITAL EXPENDITURE (CAPEX)

In turn, this figure comprises additions in the financial year to property, plant and equipment (IAS 16, along with investment property pursuant to IAS 40) and other intangible assets (IAS 38), without considering scheduled depreciation and amortization. Capital expenditure accords with the data disclosed in the 2025 Annual Report under the section entitled "Notes to the Consolidated Financial Statements". In addition, the KPI takes account of usage rights from leases (IFRS 16) and additions from business combinations. This information is available in the → **Notes** under "Analysis of Fixed Assets 2025".

The proportion of the respective capital expenditure attributable to taxonomy-eligible economic activities (taxonomy-eligible CapEx) is calculated on this basis. The taxonomy differentiates between three different kinds of classifiable CapEx and OpEx (numerators):

- CapEx/OpEx A that pertains to assets or processes associated with taxonomy-eligible economic activities, and
- CapEx/OpEx B that is part of a CapEx plan to expand taxonomy-eligible/-compliant economic activities (for example by engaging in a new economic activity) or to convert taxonomy-eligible into taxonomy-compliant economic activities (for instance, through the transformation of the production process initiated by the SALCOS® program), and
- CapEx/OpEx C that pertains to the acquisition of products and services from taxonomy-eligible economic activities or individual measures through which the target activities are carried out on a low carbon basis or greenhouse gas emissions are lowered, provided that these measures are implemented and made fit for use within 18 months.
- Essentially, investments that are aimed at expanding existing taxonomy-eligible economic activities or at converting these activities into taxonomy-compliant economic activities were included in the numerator for the reporting year 2025.
- The SALCOS® CapEx plan in particular is aimed at mapping capital expenditure that, with the implementation of the first SALCOS® stage, is intended to gradually transform Salzgitter Flachstahl GmbH's taxonomy-eligible Economic activity 3.9 "Manufacture of iron and steel" into taxonomy conformity by mid-2027, in accordance with the "climate protection" environmental objective. The presentation of the CapEx plan is based on the current state of knowledge as of the reporting date. For some projects the final figures will be available on schedule in the course of 2026 – subject to positive audit results. The entire CapEx budgeted for the implementation of the first SALCOS® stage totals € 2.7 billion. The amount to be capitalized will be reduced accordingly by the anticipated CapEx subsidies.

OPERATING EXPENDITURE (OPEX)

According to the EU Taxonomy, the OpEx denominator basically comprises direct, non-capitalized expenses associated with research and development, building renovation measures, short-term leasing, repair and maintenance, as well as all other direct expenditure necessary in connection with the daily maintenance of property, plant and equipment to ensure they remain fully operational.

The numerator comprises the proportion of taxonomy-eligible/taxonomy-aligned expenditure (taxonomy-eligible OpEx) in the denominator resulting from the above-mentioned description of types of taxonomy-eligible OpEx. Accordingly, these are operating expenses for economic activities which are already taxonomy-aligned, activities serving to expand taxonomy-aligned economic activities or to transform taxonomy eligibility into taxonomy alignment, as well as expenses for individual measures through which target activities are conducted by low carbon methods or emissions of greenhouse gases are reduced.

OpEx is not a full disclosure of expenditure as shown in the notes to the consolidated financial statements.

TAXONOMY KEY INDICATORS

To disclose the key performance indicators (KPIs) in accordance with the Taxonomy Regulation, we use report forms which are defined in the annexes to the Commission Delegated Regulation (EU) 2026/73 on Taxonomy Regulation reporting. Where necessary, we use the following abbreviations for the six environmental objectives in the tables:

- Climate Change Mitigation: **CCM**
- Climate Change Adaptation: **CCA**
- Pollution Prevention and Control: **PPC**
- Water and Marine Resources: **WTR**
- Circular Economy: **CE**
- Biodiversity and Ecosystems: **BIO**

Reporting form: Proportion of turnover, CapEx and OpEx from goods or services associated with taxonomy-compliant economic activities – disclosure for 2025

Financial year 2025					Breakdown by environmental objectives of Taxonomy-aligned activities										
KPI (1)	Total (2)	Propotion of Taxonomy-eligible activities (3)	Taxonomy-aligned activities (4)	Proportion of Taxonomy-aligned activities (5)	CCM (6)	CCA (7)	WTR (8)	CE (9)	PPC (10)	BIO (11)	Proportion of enabling activities (12)	Proportion oftransitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy-aligned activities in previous financial year (N-1) (15)	Proportion of Taxonomy-aligned activities in previous financial year (N-1) (16)
	€ m	%	€ m	%	%	%	%	%	%	%	%	%	%	€ m	%
Turnover	8,981	31 %	320	4 %	4 %	0 %	0 %	0 %	0 %	0 %	0 %	3 %	0 %	596	6 %
CapEx	528	76 %	202	38 %	38 %	0 %	0 %	0 %	0 %	0 %	0 %	5 %	4 %	459	51 %
OpEx	753	71 %	60	8 %	8 %	0 %	0 %	0 %	0 %	0 %	0 %	7 %	3 %	63	8 %

Reporting form: Proportion of turnover from goods or services associated with taxonomy-eligible and taxonomy-aligned economic activities – disclosure for 2025

Financial year 2025					Environmental objective of Taxonomy-aligned activities								
Economic activities (1)	Code (2)	Taxonomy-eligible Turnover (3)	Taxonomy-aligned Turnover (4)	Taxonomy-aligned Turnover (5)	CCM (6)	CCA (7)	WTR (8)	CE (9)	PPC (10)	BIO (11)	Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy-aligned in Taxonomy-eligible Turnover (14)
		%	€ m	%	%	%	%	%	%	%	E	T	%
3.9 Manufacture of iron and steel	CCM	30 %	320	4 %	4 %	0 %	0 %	0 %	0 %	0 %		T	12 %
Sum of alignment per objective					4 %	0 %	0 %	0 %	0 %	0 %			
Total Turnover		30 %	320	4 %	4 %	0 %	0 %	0 %	0 %	0 %	0 %	3 %	12 %

Reporting form: CapEx proportion from goods or services associated with taxonomy-eligible and taxonomy-aligned economic activities – disclosure for 2025

Financial year 2025					Environmental objective of Taxonomy-aligned activities								
Economic activities (1)	Code (2)	Taxonomy-eligible CapEx (3)	Taxonomy-aligned CapEx (4)	Taxonomy-aligned CapEx (5)	CCM (6)	CCA (7)	WTR (8)	CE (9)	PPC (10)	BIO (11)	Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy-aligned in Taxonomy-eligible CapEx (14)
		%	€ m	%	%	%	%	%	%	%	E	T	%
3.9 Manufacture of iron and steel	CCM	71 %	202	38 %	38 %	0 %	0 %	0 %	0 %	0 %		T	54 %
Sum of alignment per objective					38 %	0 %	0 %	0 %	0 %	0 %			
Total CapEx		71 %	202	38 %	38 %	0 %	0 %	0 %	0 %	0 %	0 %	5 %	54 %

Reporting form: OpEx proportion from goods or services associated with taxonomy-eligible and taxonomy-aligned economic activities – disclosure for 2025

Financial year 2025					Environmental objective of Taxonomy-aligned activities								
Economic activities (1)	Code (2)	Taxonomy-eligible OpEx (3)	Taxonomy-aligned OpEx (4)	Taxonomy-aligned OpEx (5)	CCM (6)	CCA (7)	WTR (8)	CE (9)	PPC (10)	BIO (11)	Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy-aligned in Taxonomy-eligible OpEx (14)
		%	€ m	%	%	%	%	%	%	%	E	T	%
3.9 Manufacture of iron and steel	CCM	68 %	60	8 %	8 %	0 %	0 %	0 %	0 %	0 %		T	12 %
Sum of alignment per objective					8 %	0 %	0 %	0 %	0 %	0 %			
Total OpEx		68 %	60	8 %	8 %	0 %	0 %	0 %	0 %	0 %	0 %	7 %	12 %

ESRS E1 CLIMATE CHANGE

STRATEGY

DISCLOSURE REQUIREMENT E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Climate protection is an integral part of our "Salzgitter AG 2030" Group strategy that takes low-carbon production as its key objective. We underscore our efforts to mitigate negative impacts on climate change through our climate targets. As one of the first steel producers to do so, Salzgitter AG has embarked on the 1.5-degree pathway enshrined in the Paris Climate Accords, with validated targets in accordance with the Science Based Targets initiative (SBTi). In developing our SBTi targets, we adopted, among other things, the sector-specific decarbonization approach for the steel industry, making us a member of the "Business Ambition for 1.5°C" campaign. Our short-term climate targets for 2028 reflect our confidence in our transformation and, at the same time, they represent important milestones in our Group strategy. The Scope 3 targets extend our commitment to reducing carbon dioxide equivalent emissions throughout the value chain. In the long term, Salzgitter AG aims to achieve its net zero target for all its CO_2e emissions, including in its value chain, by 2050 at the latest.

We are currently implementing the first stage of our SALCOS® transformation program. Once all the stages have been fully implemented, we will have the technical capability to save around 95 % of our Scope 1 carbon emissions from primary steel production. Thanks to the modular design of SALCOS® to gradually replace our blast furnaces with a carbon-reduced production route, we will be able to flexibly adapt the remaining transformation steps to changing market conditions and the overall economic framework.

Our aim is to complete the full transformation by the mid-2030s. Provided the external conditions are in place from this time onwards – in particular competitive production with renewable electricity and green hydrogen – we are convinced that we will be able to meet the net zero target well before 2050.

Salzgitter AG is one of the companies that falls under the EU Regulation on reference values for climate-induced change (EU 2020/1818).

Cornerstones of our decarbonization approach

Our SBTi targets are an expression of our decarbonization approach, which is based on four cornerstones.

Science-based

Our targets are based on globally recognized scientific insights for meeting the 1.5-degree target in the Paris Climate Agreement.

Performance-driven

To achieve our targets, we pursue measures to directly avoid CO_2e emissions, focusing on our goals for the sustainable decarbonization of every business unit.

Holistic

We take into account not just our direct carbon dioxide equivalent emissions (Scope 1), e.g. resulting from our processes, and indirect CO_2e emissions due to our energy consumption (Scope 2), but also the emissions in the upstream and downstream value chain both domestically and abroad (Scope 3). In particular, we focus on the sustainable procurement of goods and on reducing CO_2e emissions over the use phase of our machinery.

Transparent

We are aware that transparency is an important element of trust and credibility. For that reason, we regularly communicate our progress and invite our stakeholders to engage in dialog.

Financing the transition plan

The financial planning for the measures prioritized in the transition plan was carried out in the reporting year as part of the Group budgeting process. Salzgitter AG's investment focus continues to lie on implementing our SALCOS® transformation program and using renewable electricity as key levers for achieving our 1.5-degree climate targets. The financial planning covers the first stage of SALCOS®, which is of key importance for achieving the short-term SBTi targets.

Since 2022, we have been in the intensive construction phase for the implementation of the first SALCOS® stage. Our SALCOS® CapEx plan aims to reflect the investments intended to lead to implementation of the first stage in the first half of 2027. The entire CapEx budgeted for implementation of the first SALCOS® stage amount to € 2.7 billion, although the expected CapEx subsidies will reduce the annual figure to be capitalized accordingly. The CapEx capitalized in the reporting year is explained as part of our reporting on the → EU Taxonomy. The remaining stages of the SALCOS® program are to be realized by the mid-2030s. In view of the deteriorating economic and political-regulatory conditions, it was decided in September 2025 to postpone the investment decision on further expansion stages of the SALCOS® program until 2028/29. Besides the CapEx, the budget also includes OpEx which relates, in particular, to research and development activities.

Salzgitter AG has no coal, oil or gas-related business activities. Accordingly, no CapEx amounts were invested in them in 2025.

Embedding the transition plan in the Group strategy

The transition plan with the SALCOS® program is, for the first stage, firmly embedded in our Group strategy as well as our Group finance planning in the form of strategy documents. The Supervisory Board approved the company funds required on July 13, 2022, and issued its agreement to the adjustments to the overall budget on March 23, 2023, and again on September 18, 2025.

Embodied GHG emissions from our most important production plants

With the SALCOS® program, we are addressing more than 90 % of today's Scope 1 and Scope 2 emissions in the entire Group. Accordingly, as it stands, the primary steel production plants affected by the SALCOS® program are the Group's most important assets with respect to potentially embodied GHG emissions. The plans for dealing with these embodied GHG emissions at the Salzgitter facility can be taken from Disclosure Requirement → E1-3.

Progress in implementation of the transition plan

The aim of the SALCOS® program is to convert steel production at the Salzgitter facility to low-carbon crude steel production in stages by the mid-2030s. We intend to have products from the SALCOS® route on the market by mid-2027. Once the new production systems are up and running, the first blast furnace will be shut down. Instead, Salzgitter Flachstahl GmbH (SZFG) is set to produce steel with a direct reduction plant (DRP), an electric arc furnace and a 100 MW_{el} electrolyzer to partially supply the DRP with hydrogen. The two remaining blast furnaces are then to be replaced one after the other by new production capacity by the mid-2030s.

In the current reporting year, we made further progress in implementing the first stage of the SALCOS® program, thus underlining our pioneering role in decarbonizing the steel industry.

Significant advances were achieved in all the central sub-projects of the SALCOS® program in the 2025 reporting year.

Direct reduction plant

The construction of the direct reduction plant passed several milestones in the course of the year. The reactor tower grew to its final height of 140 meters, while installation of the system equipment is making steady progress. The Hytemp tower now taking shape, which in future will serve the transportation and the interim storage of hot, direct reduced iron (DRI), represents the first stage in the physical connection of the Direct Reduction Plant (DRP) with the Electric Arc Furnace (EAF). Work also continued on the outer shell of the substation and the materials handling infrastructure and cDRI silos which will be used to store cold DRI. At the same time, the operating team for the future plant has been further strengthened and initial training conducted.

Electric arc furnace

Assembly of the hall and installation of the ancillary systems for the electric arc furnace are far advanced. One particular milestone was obtaining DGUV acceptance for the hot metal crane 200, which is the largest crane in the steelworks with a lifting capacity of 560 tons. The furnace transformer with a power rating of 240 MVA was also installed and progress was made with installing the filter systems.

Electrolysis

Construction of the hall for the 100 MW electrolyzer is far advanced, enabling work to start on installing the systems at the beginning of December. The base plate had already been completed and the site handed over to the plant manufacturer. Installation of the fire barriers is also underway. In the future, the plant will supply around 9,000 tons of green hydrogen per year, thus making an essential contribution to the decarbonization of steel production.

Energy supply

The energy supply is nearing completion with the installation and testing of the new transformer substation. The overhead lines between the substations are nearing completion, and work continued on the mega media line. Three large transformers were delivered and installed in order to ensure that the new systems are supplied with power.

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

An overview containing explanations of our material climate-related impacts, risks and opportunities, as well as their place in our business model, can be taken from the → **SBM-3** table in the ESRS 2 section. The material risks and opportunities, in particular, have a key substantive role to play in shaping the strategy, and where necessary, in modifying the business model.

Climate protection

In accordance with the GHG protocol, we measure our effect on climate change in tons of absolute CO_2e emissions generated directly on our site or in our value chain. This computation is the basis for evaluating the negative impact identified, "Increase in global greenhouse gas concentrations".

With over 10 million tons of direct CO_2e emissions per year, the manufacturing Group companies – and particularly those in the Steel Production and Steel Processing business units, including our participation in HKM – represent a significant share of more than 1 % of all direct CO_2e emissions in Germany.

With respect to the upstream and downstream indirect carbon equivalent emissions in our entire value chain, the focus also shifts to the Trading and Technology business units. Trading with goods procured outside the Group and the use phase of the machinery and systems that we manufacture are worthy of special mention in this context. Taken together, the purchase of goods and the use phase cover more than 70 % of our entire Scope 3 CO_2e emissions.

One positive impact stems from our "pioneering role in decarbonizing the industry". Implementation of the SALCOS® transformation program is not only intended to lead to a significant reduction in greenhouse gases but already today sends a positive signal for climate protection. Salzgitter AG is performing pioneering work for carbon-intensive sectors which can only decarbonize on the back of strenuous efforts.

With respect to our SALCOS® program, which covers several years and comprises investments totaling € 2.7 billion (of which around € 1 billion is subsidized), risks of various levels of severity arise from time to time, which we also explain in the → **management report**.

"Imponderables in the transformation of primary steel production" represent a transitory risk over the long term. This risk relates to the technological advancement of our transformation of the site beyond the first SALCOS® stage. Various risk factors might cause us to lose our transformation lead over the competition. Besides the aforementioned basic assumptions, possible uncertainties relate to the financial viability of further transformation, especially as project and budget planning for further SALCOS® stages are not yet complete. The current underlying conditions have led Salzgitter AG to postpone the next expansion stages. The introduction and efficacy of regulatory instruments such as "Grüne Leitmärkte" [leading green markets] or effective border adjustment systems will also be key. Ultimately, the competitive production of low-carbon steel products will determine the success of our transformation, and such products in turn will depend especially on the availability and cost of renewable energy sources.

These risks are counteracted by the two key opportunities in connection with the SALCOS® transformation program, which are addressed in the Salzgitter Group's strategy and form part of our business model:

- Climate protection as a driver of value creation
- Climate protection as a competitive advantage

For many of our customers, replacing energy and carbon-intensive gray steel with green steel represents an important lever for reducing their carbon footprint in the upstream value chain and achieving their own sustainability targets. We therefore see opportunities in the potential excess demand for green steel, particularly in the early years of the transformation of our sector. The keen interest of customers from various segments in the early supply of carbon-reduced steel is confirmed by additional agreements concluded in the 2025 financial year and underpins this assessment.

Further information can also be found in the management report under → **Opportunities and opportunity management**.

Energy
The "use of finite fossil fuels" which are customary in steel production, has a material, negative impact on the availability of these resources. This refers in particular to the use of coking coal. With us, this negative impact is directly linked to the complete technological transformation of primary steel production and is set to fade with the gradual implementation of the SALCOS® program.

We can achieve one material, positive impact by concluding long-term power purchase agreements on a large scale. These contracts secure the sale of electricity from renewable energies, form an important building block in the expansion of green steel production and send a signal in terms of boosting the energy transition. The same applies to the realization of the Federal Government's and European Commission's plans to establish a dedicated hydrogen infrastructure. The transformation of primary steel production as part of the SALCOS® program may lead to a situation in which Salzgitter AG secures implementation of the program from a demand perspective as one of the major consumers of hydrogen in the future.

The progress made on the energy transition and associated construction of a dedicated hydrogen infrastructure offer us the long-term opportunity to further reduce our direct CO_2e emissions in primary steel production, with "hydrogen as the energy source of the future", and thereby take advantage of further competitive advantages. However, the realization of this opportunity depends on two key conditions: on the one hand, the technological transformation in terms of the SALCOS® program must have been completed; on the other hand, physical connection to the planned hydrogen grid must have been realized.

Resilience analysis and climate scenarios used
In the reporting year, a resilience analysis was conducted with a time horizon stretching to 2050 and using relevant climate scenarios. It comprises Group companies in the Steel Production and Steel Processing business units, which are responsible for more than 95 % of Scope 1 and Scope 2 emissions by all subsidiaries of the Salzgitter Group.

To evaluate the impacts of physical climate risks, we drew upon the SSP5-8.5 IPCC scenario. This scenario describes a possible future pathway ("shared socioeconomic pathway") in which the world relies heavily on fossil fuels, experiences rapid economic growth and, consequently, very high greenhouse gas emissions lead to very pronounced global warming. With regard to transitory climate risks, ESRS E1-AR-12 c recommends in places the use of the 1.5-degree scenario of the International Energy Agency from their publication "Net Zero Emissions by 2050". This publication contains a specific decarbonization pathway for the iron and steel industry. At the same time, this pathway is the basis for SBTi targets specific to the "iron and steel production" sector, which we used for our short-term intensity target.

Results of the resilience analysis and scenario analyses
As our transition plan and the ongoing measures derived from them meet the requirements for the 1.5-degree pathway, no additional material impacts, risks and opportunities were identified from examination of the scenario. With our Group strategy from 2022, we took the necessary steps to set the stage for adapting our business model to fit the challenges of climate change.

Even in the IPCC SSP5-8.5 scenario, the analysis showed that no physical climate risks had been identified which lead to material impacts, risks and opportunities for the Salzgitter Group, which in turn might put at risk the implementation of our strategy, our Group facilities and, with it, our business model. For that reason, the sub-topic of "climate change adaptation" is not material and thus not reportable.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

DISCLOSURE REQUIREMENT IN CONJUNCTION WITH ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

In identifying and assessing the impacts, risks and opportunities, we juxtapose our transition plan with outside influences. These include commitments and changes in behavior on the part of customers, regulation changes to be expected and the availability of resources and technologies. The general process of the double materiality analysis is described in Section ESRS 2 under → IRO-1.

Identification of material impacts
As part of the materiality analysis, the key impacts were tested for relevance and discussed in workshops that brought together experts from the relevant specialist departments in the holding company.

Assessment, control and monitoring

The materiality of the impacts was assessed on the basis of absolute, direct effects, e.g. the emission of greenhouse gases or use of fossil fuels, or indirect effects such as the implications of our actions. Control and monitoring were exercised / conducted by the responsible technical departments in accordance with the **company guideline "Climate change"**.

Identification of physical climate risks

Climate risks are systematically identified in the course of the materiality analysis. With regard to climate-related risks, Salzgitter AG takes the framework offered by the Task Force on Climate-Related Financial Disclosures (TCFD) as its guideline. Physical risks were analyzed with the aid of a data-driven risk analysis for the Salzgitter Group's facilities for their short-term, medium-term and long-term impacts until 2050, drawing on two extreme climate scenarios. The climate scenarios used are SSP1-2.6 and SSP5-8.5.

Assessment, control and monitoring

Risks of ESG relevance are assessed with respect to the probability of their occurrence and the level of losses to be expected by drawing on the expertise of the → **ESG Committee**. In this context, our assessments and classifications are based on the Commission Delegated Regulation (EU) 2021/2139. In addition, a climate risk analysis was conducted as part of the DNSH review of Environmental Goal 2, including with representatives of the steel-producing Group companies. Overall, no susceptibility was identified with respect to significant assets.

Identification of transitory climate risks and opportunities

The starting point for identifying transitory climate risks is the result of the resilience analysis. Potential negative and positive financial impacts were recorded by drawing on the results of the processes of Integrated Risk and Opportunity Management.

The ESG Committee conducts a key initial exploration as part of Integrated Risk Management. Potentially material transitory risks are identified and subsequently coordinated with Group companies in the "Integrated Risk Management" Group forum.

The identification of opportunities is integrated with the ongoing strategy process and conducted akin to the → **process of opportunity management** described in the ESRS 2 section.

Assessment, control and monitoring

Taking account of their own business activities and assets, Group companies assessed identified physical and transitory climate risks with respect to the level of losses and probability of occurrence. Subsequently, the ESG Committee examined the individual risks reported for plausibility and completeness, where possible aggregating them and identifying their materiality.

Climate-related opportunities were initially explored in the Strategy and Corporate Development department before being subsequently prioritized and validated by specialist committees and taken into consideration in the double materiality analysis.

The climate scenarios in the resilience analysis served as the basis for identifying and assessing climate-related risks, transitional risks and opportunities. In the 2025 financial year, no significant short-term or medium-term climate-related physical or transitory risks or impacts were identified which would require the integration of additional critical climate-related assumptions in the consolidated financial statements.

In the long term, we take account of climate-related premises and assumptions associated with heightened uncertainty in the impairment test conducted as part of the consolidated financial statements, particularly for the transformation phase until the mid-2030s in connection with the SALCOS® program. This includes demand forecasts for carbon-reduced steel, current statutory and economic conditions and those to be expected in the future, e.g. in connection with border adjustment arrangements and carbon credit trading. The assumptions made are not based on any climate scenarios used in the resilience analysis.

DISCLOSURE REQUIREMENT E1-2 – POLICIES RELATED TO CLIMATE PROTECTION

Our **"Climate change" company guideline** describes the policies related to climate protection. This is a framework consisting of responsibilities to manage key topic-related aspects well as targets, levers and measures. Ultimately, the Executive Board of Salzgitter AG bears the responsibility and has the decision-making authority for the topic of climate change. The guideline's scope covers all Group companies, both domestically and abroad.

Climate protection

The Strategy & Corporate Development department is responsible for the sub-topic of "climate protection" on a strategic level and uses the → **ESG committee structure** for this purpose. This comprises developing and operationalizing ambitious targets as part of the decarbonization strategy, in terms of meeting our targets effectively and in an economically efficient manner. Operational responsibility lies with the Group companies.

Our → **climate protection targets** are also enshrined in the **"Climate protection" company guideline**.

We have identified various levers for our climate protection ambitions, through which we intend to achieve our decarbonization targets. The following levers are to be prioritized with respect to Scope 1 and Scope 2 emissions to ensure that we hit our targets cost-efficiently:

/ Saving process-related CO_2e emissions
/ Boosting the share of electricity from renewable sources
/ Optimizing production processes and raising energy efficiency

"Saving process-related CO_2e emissions" represents the most important lever for achieving our target. This essentially means the transformation of primary steel production which is pooled in our SALCOS® program and described by our transition plan. Our transition plan is thus the basis for our long-term decarbonization strategy. The transition plan is supplemented by numerous individual measures which are mainly to be assigned to the other two levers.

Implementation of the SALCOS® program as an integral part of the Group strategy facilitates the positive impact on climate protection in our "Pioneering role in decarbonizing industry", as well as seizing the opportunities presented by "Climate protection as a driver of value creation" and "Climate protection as a competitive advantage". Together with the implementation of further individual measures for using our decarbonization levers, we are reducing the negative impact caused by our contribution towards "Increasing global greenhouse gas concentrations". We are countering the long-term risk in relation to "Imponderables in the transformation of primary steel production" by means of a dedicated organizational unit and holding Executive Board meetings at short intervals.

Energy

The Energy Strategy holding company department is responsible for the "Strategic Energy steering committee" which sets the guiderails for the topic of energy. SZFG's Energy Management department manages the "Operational Energy steering committee" and procures the energy required in accordance with the decisions of the "Strategic Energy steering committee".

Besides the short-term and medium-term procurement of electricity predominantly from renewable sources to reduce Scope 2 emissions and hit our climate protection targets, and the procurement of natural gas as well as emission certificates, these committees are also responsible for the long-term supply of external hydrogen. For example, Salzgitter AG issued invitations to tender for its hydrogen requirements for the first time and since then has been in talks with potential suppliers.

Besides its climate protection targets, the **"Climate change" company guideline** also stipulates that 100 % of the Salzgitter Group's requirements for purchased electricity should come from renewable sources by 2030.

Increasing their volume of green electricity forms part of the Group planning of our Group companies. As part of this supporting action, SZFG has concluded various further Power Purchase Agreements (PPAs) on behalf of the Group. According to the RE-Source platform, the contracts already concluded put Salzgitter AG among the top 15 companies in Europe for the most PPAs concluded. A further PPA invitation to tender was issued in the reporting year. With the current invitation to tender for a photovoltaic PPA and on-site battery storage, Salzgitter is underlining its commitment to a sustainable future for the steel industry and making a further contribution toward achieving its target of procuring 100 % of its electricity from renewable energies.

Our efforts to achieve our target of meeting all of our requirements for purchased electricity from renewable energy sources not only go hand-in-hand with reducing our negative impact caused by the "use of finite fossil fuels", but at the same time are a driver of our positive impact on "promoting the energy transition". With our current invitation to tender for hydrogen, we want to seize the opportunity presented by "hydrogen as a future source of energy". The target is to significantly reduce the carbon equivalent footprint of our primary steel products and to offer our customers a comprehensive portfolio of carbon equivalent optimized steel products.

With regard to the energy efficiency of our processes, we systematically pursue measures to lower our energy consumption and associated emissions, while maintaining the same level of productivity. The precondition for this is the introduction of certified energy management systems in accordance with the DIN EN ISO 50001 standard in the manufacturing companies in every business unit. As of the reporting date, the percentage of facilities certified to ISO 50001 stood at 66 % – based on the number of employees. Further information can be found on our homepage under ↗ Certifications and management systems.

Inclusion of stakeholders

Climate protection and our policies for avoiding most of our direct carbon equivalent emissions are an ever-present topic of conversation with our stakeholders. Details on this can be found in the ESRS 2 section under → SBM-2. In the process, we continually compare our "Salzgitter AG 2030" Group strategy and our SALCOS® transformation program, as well as the actions and targets defined in them, against the interests of our most important internal and external stakeholders.

We seek out dialog with affected stakeholders via various channels such as trade fairs, workshops and other formats in order to offer them direct access to our concepts. Within the Salzgitter Group, the ESG roundtable involving representatives from the relevant Group companies has proved to be a suitable medium for targeted communication.

Besides our sustainability reporting, our website with its microsite devoted to the SALCOS® program ensures that relevant information is available to the wider public.

In addition, we rely on participation in relevant initiatives and ESG ratings on the part of third parties, such as with our commitment to the Science Based Target initiative or participation in the CDP and EcoVadis ratings.

DISCLOSURE REQUIREMENT E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

Our current action plan comprises the four relevant measures in the first SALCOS® stage which represents the first step in implementing the SALCOS® program. These constitute the new construction measures currently in the implementation phase:

- The direct reduction plant
- The electric arc furnace
- The 100 MW_{el} electrolyzer
- The 380 kV grid connection

together with ancillary facilities. In addition, individual measures in relation to the decarbonization levers identified will be implemented on the Group company level.

In relation to the baseline year, no relevant savings of greenhouse gas emissions were achieved in the reporting year that are not associated with economic fluctuations. We expect to see a significant lowering of CO_2e emissions with the implementation of SALCOS® – Stage 1.

Time horizons for the measures

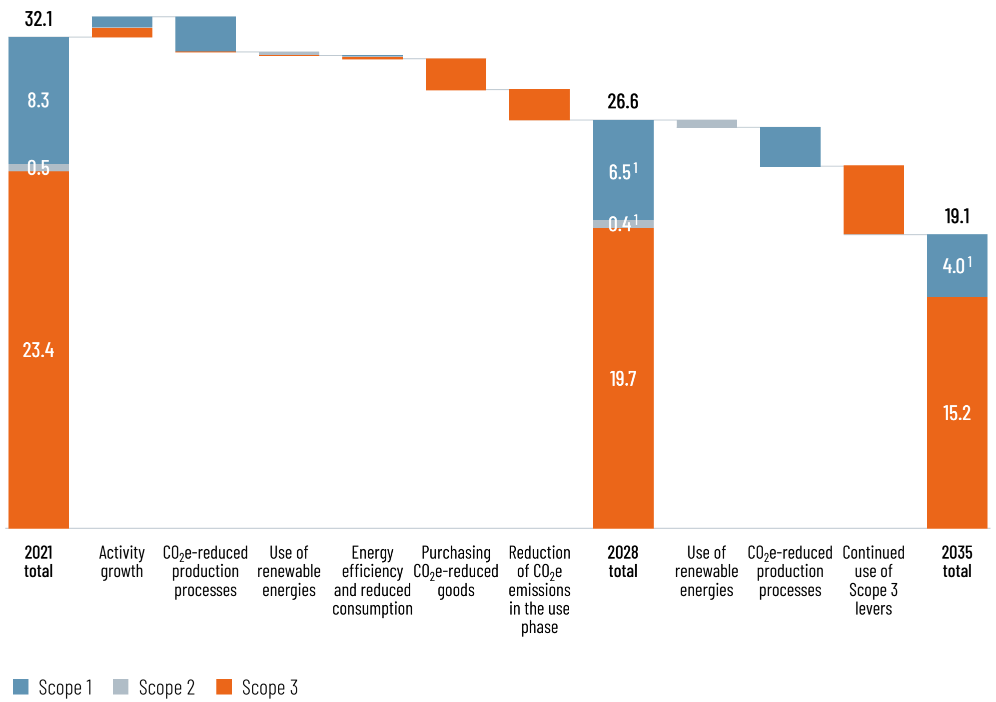
SALCOS® is our central program for the decarbonization of steel products from our Steel Production business unit. The majority of the Salzgitter Group's direct emissions impacting the climate arise from the use of carbon-based energy sources in the blast furnaces of our integrated steel mill. The SALCOS® transformation program therefore takes the direct avoidance of these carbon equivalent emissions as its starting point (Carbon Direct Avoidance).

With the aid of the SALCOS® program, the Salzgitter facility is to be completely converted in stages to low-carbon crude steel production by the mid-2030s. We intend to commission the first SALCOS® stage in the first half of 2027 and shut down the first blast furnace once operation is stable. The direct reduction plant with connecting electric arc furnace using the hydrogen from a 100 MW_{el} electrolyzer will then be set to account for more than 30 % of SZFG's primary steel production capacity.

With respect to our Scope 3 ambitions and targets, we work closely with our partners and suppliers in order to reduce the emissions from the value chain in relation to goods and services purchased. For example, the KHS Group works with its customers in workshops in order to reduce the emissions of machines in their use phase. The same applies to the Trading business unit which is securing increasing volumes of green steel or SZFG which maintains a dialog with relevant raw materials suppliers on reducing upstream greenhouse gas emissions. Current examples are the collaborations with Binding Solutions Ltd for cold agglomerated, CO_2e-reduced iron ore pellets and with Oldendorff Carriers GmbH for maritime, CO_2e reduced iron ore transport.

By doing so, we aim to extend our responsibility for climate protection to include the value chain and ensure that here, too, our targets are met.

Salzgitter AG's decarbonization pathway



The waterfall diagram shows the 1.5-degree pathway embarked upon, starting from the baseline year, until the short-term SBTi targets are met in 2028 in millions of tons of CO_2e. The path also shows the planned breakdown of the CO_2e reductions to be expected by decarbonization lever. In contrast to → **Disclosure requirement E1-6**, the CO_2e emissions are accounted for on the basis of the "operational control" approach of the GHG protocol. According to this requirement, the direct CO_2e emissions from our HKM shareholding are allocated to Scope 3 emissions in this regard.

By comparison with the waterfall diagram in the previous year's report, the emissions for 2021 have fallen by 2.3 %. This is caused by adjustments from using new secondary datasets when calculating Scope 3 emissions. Based on the target year of 2028, emissions fell by 0.3 % (corresponding to 0.1 million t CO_2e). This lowering of absolute emissions essentially results as a logical consequence of the reduced base year. As a result, the Group's permissible emissions budget for 2028 automatically falls.

After reaching our short-term climate targets for 2028, we intend to set new targets for 2035 which remain in line with the 1.5°C target and meet the requirements of the Science Based Target initiative (SBTi). The importance of the individual decarbonization levers will not be affected. To reduce Scope 1 emissions, the transformation must be continued while the purchase of CO_2e-reduced goods and a CO_2e-reduced use phase for our machines will be chiefly responsible for achieving the carbon equivalent emissions reductions in Scope 3.

At the present point in time, however, it makes little sense to specify this objective in detail as the SBTi's net zero standard is currently being revised.

Looking at 2030 as a further interim step until 2035 would offer no additional value compared with 2028, as the investment decision on further expansion stages of the SALCOS® program has been postponed until 2028/29. The transformation is, therefore, no longer expected to have any significant effect in 2030.

Financing the measures

With the implementation of the first phase of the SALCOS® program, the expenditure budgeted in the reporting year is largely CapEx. The capitalized CapEx is explained as part of the reporting on the → **EU Taxonomy** with respect to their level and their proportion of remaining Group CapEx. In the current financial year, capital expenditure for the first stage less subsidies received totaled € 174.9 million (previous year: € 413.6 million). Of this figure, € 24.9 million represents capitalized borrowing costs. Cash outflows for SALCOS® investments are shown in the notes to the cash flow statement in the section "Financial and Assets Position" in the → **management report**. The borrowing costs can be taken from Note 11, Property, plant and equipment in the → **Notes**. We expect capital expenditure of € 2.7 billion until 2027, although the CapEx subsidies committed reduce the annual amount to be capitalized accordingly.

In the reporting year, OpEx under the EU Taxonomy Regulation in relation to the SALCOS® CapEx budget amounted to around € 5 million.

As was the case with implementation of the first phase, continuation of the SALCOS® program is heavily dependent on the availability and allocation of financial resources.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Our climate targets are enshrined in the "Climate Change" company guideline and relate to the baseline year of 2021. Our science-based targets cover both a short-term and long-term time horizon as well as relevant emissions in all three scope categories.

Targets for the reduction of greenhouse gas emissions

Short-term targets

In defining our short-term targets, we opted for the earliest possible year of 2028 in accordance with the SBTi. We want to reduce our CO_2e emissions per ton of hot-rolled steel by 20 % by 2028. This target is subject to the specified methodology and emissions limits of the sector-specific SBTi "Iron & Steel" guideline. The target therefore comprises all Scope 1 and Scope 2 emissions from metallurgical processes and hot forming as the first processing step and more than 95 % of our Scope 1 and Scope 2 emissions. It also includes the upstream Scope 3 emissions for the procurement of semi-finished steel which undergoes hot forming by Group companies and those Scope 3 emissions caused by the production of oxygen or the calcination of limestone.

For the target year of 2028, we want to achieve an average intensity of 1.49 t of CO_2e per ton of hot-rolled steel product. The target intensity is a function of the scrap rate in the baseline and target years. To calculate the target, a constant scrap rate averaging 32 % was assumed.

Within the same period, we want to reduce Scope 1 and Scope 2 carbon equivalent emissions in the Technology business unit by 35.6 %.

With regard to Scope 3, we are targeting a reduction of 20 % in absolute CO_2e emissions in the Scope 3 categories of greatest relevance to us. The relevant categories are as follows:

- Purchased goods and services
- Activities in relation to fuels and energy
- Waste generated in operations,
- use of products sold and
- investments.

The short-term targets are rounded off by 33.6 % reduction in absolute Scope 3 CO_2e emissions from the use phase of fossil fuels sold.

Long-term targets

We want to reduce our CO_2e emissions to "net zero" by 2050. This means reducing our emissions through active reduction measures to an unavoidable minimum which is subsequently offset in full. One fixed milestone in this process is 2045, by which time we want to reduce our Scope 1 and Scope 2 emissions by 90 %, which will allow us to focus predominantly on Scope 3 emissions through to 2050.

Monitoring the achievement of targets

In order to guarantee comparability, we review the figures for the baseline year for each new survey of the annual corporate carbon footprint (CCF). In the process, we take account of changes in methodologies and approaches for calculating carbon dioxide equivalents or structural changes in the Group and their impact on the baseline year.

Salzgitter AG accounts for its annual CCF based on the approach and methodology of the Corporate Accounting and Reporting Standard of the Greenhouse Gas Protocol. It records all relevant CO_2e emissions in Scopes 1 – 3. The development of targets was also based on this methodology.

Due to our business activities, the movement in the Group's absolute CO_2e emissions with its four business units has so far been heavily dependent on the economic fluctuations of the markets. With the steady rise in the proportion of renewable electricity in electricity purchased, we are now targeting a permanent reduction in Scope 2 CO_2e emissions. We are expecting a significant cut in Scope 1 emissions when the production of carbon-reduced steel from the SALCOS® route is up and running from mid-2027 onwards after the first stage has been implemented. With regard to Scope 3 reductions, we are working closely on solutions with important suppliers and customers.

The short-term intensity target for the production of hot-rolled steel products is less dependent on the economy, although achieving this target depends equally on the implementation of the first stage of the SALCOS® program and constant expansion of the use of renewable energies.

As expected, for the reporting year we are not seeing any major progress by comparison with the baseline year either in absolute or relative terms. Developments and progress are therefore in line with original and current budgeting. With regard to our short-term intensity target, we achieved an average intensity of 1.75 t CO_2e per ton of hot-rolled steel product in 2025. The scrap rate averaged 31 %.

As long as the transformation of our primary crude steel production on the coal-based blast furnace route has not been fully completed, we will continue to report bound fossil CO_2e emissions during the transition phase. Important systems are the blast furnaces, the coking plant and the sinter plant with their respective products. What all these systems have in common is that their products are manufactured on the basis of solid carbon. Our stringent transformation in this context is both an opportunity and a risk mitigation measure due to bound CO_2e emissions.

It is incumbent on the Strategy and Corporate Development department, which reports directly to the Executive Board, to monitor whether the targets are being met.

DISCLOSURE REQUIREMENT E1-5 – ENERGY CONSUMPTION AND MIX

In the reporting year, the total consumption of fossil fuels was essentially composed of the provision of chemical reaction energy for the reduction of iron ore and the generation of process heat. The use of coal and coal products creates by-product gases which we use to generate electricity and steam in the production process. Almost 100 % of the 1,564,071 MWh of self-generated electrical energy comes from this origin and thus from non-renewable sources. Steam generation amounted to a further 697,483 MWh of thermal energy. We also produced less than 1.5 GWh of renewable electricity in our own generation systems.

To cut energy consumption still further and to guarantee knowledge transfer within the Group, the Group-wide energy efficiency network "EηERGY" was set up in 2016. The energy efficiency network is an official part of the "Energy Efficiency and Climate Protection Networks Campaign" of the Federal Ministry for Economic Affairs and Energy (BMWi). The saving of at least 100 Gwh / a will be verified by an external body in the first quarter of 2026.

Energy consumption and energy mix

		2025	2024
1) Fuel consumption from coal and coal products	MWh	26,037,911	27,920,291
2) Fuel consumption from crude oil and petroleum products	MWh	315,946	625,548
3) Fuel consumption from natural gas	MWh	3,446,161	3,455,947
4) Fuel consumption from other fossil sources	MWh	43,938	53,259
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	324,314	594,553
(6) Total fossil energy consumption (calculated as the sum of lines 1 to 5)	MWh	30,168,270	32,649,598
Share of fossil sources in total energy consumption	%	98.2	99.0
7) Consumption from nuclear sources	MWh	18,214	32,245
Share of consumption from nuclear sources in total energy consumption	%	0.1	0.1
8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	1,345	1,548
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	562,347	323,599
10) The consumption of self-generated non-fuel renewable energy	MWh	1,446	762
11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)	MWh	565,138	325,909
Share of renewable sources in total energy consumption	%	1.8	1.0
Total energy consumption (calculated as the sum of lines 6 and 11)	MWh	30,733,408	32,975,507

Energy intensity on the basis of net sales revenues

Apart from a few subsidiaries which are assigned to the following sectors:

- J – Information and communication
- K – Provision of financial and insurance services
- L – Real estate and housing
- M – Provision of professional, scientific and technical services

nearly all the subsidiaries of Salzgitter AG operate in high climate impact sectors. Consequently, their energy consumption is more or less equal to the Group's entire energy consumption.

Energy intensity on the basis of net sales revenues

	2025	%	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€m)	3,447	4	3,316

Connectivity of energy intensity on the basis of net sales revenues with information on financial reporting

		2025	2024
Net revenues from activities in high climate impact sectors used to calculate energy intensity	€m	8,917	9,944
Net revenues (other)	€m	65	61
Total net revenues (Group financial statements)	€m	8,981	10,006

DISCLOSURE REQUIREMENT E1-6 – GROSS GHG EMISSIONS IN SCOPES 1, 2 AND 3 AND TOTAL GHG EMISSIONS

Below we examine the performance measurements, milestones and targets in connection with the emission of greenhouse gases.

The emissions limits of the Corporate Carbon Footprint comprise all Scopes 1 and 2 CO_2e emissions by Group companies in which the Group holds a greater than 50 % interest in total, as well as Scopes 1 and 2 CO_2e emissions of joint operations consolidated on a pro rata basis in accordance with our interest in such operations. This procedure corresponds to the financial control approach. With respect to the remaining associates, we use the operational control approach for assigning CO_2e emissions to different Scopes. For the reporting year, this means that Scopes 1 and 2 CO_2e emissions of remaining associates are recognized in the Scope 3 category "15) Investments".

With regard to Scope 1, the emissions calculation is mainly based on the methods of recognized emissions trading systems. The Scope 2 emissions were calculated both by the location-based method and the market-based method on the basis of the currently available emissions factors in each case. Not only do we thus meet the Dual Reporting of the GHG Protocol but, in this way, we can also track the increased influence of procuring electricity from renewable sources. Scope 3 emissions are primarily calculated in accordance with the activity-based approach of the Greenhouse Gas Protocol (GHG Protocol). These calculations are based on physical data. In exceptional cases, we rely on the spend-based approach.

For the continuous survey of Scope 3 CO_2e emissions, the value chains of all Group companies were examined and tested for their relevance to the Salzgitter Group. As a result of this test, no Scope 3 emissions are collected for Group companies assigned to the "Industrial Participations" sphere. The same applies to Salzgitter Europlatinen GmbH and Mannesmann Grossrohr GmbH, almost 100 % of whose intermediate products are procured within the Group.

In Scope 3 emissions, many processes and factors have to be taken into account which affect the calculation. In some cases, we worked with relevant emissions databases and experts' assumptions to enable a valid, complete calculation to be made for the emissions statements. By their very nature, emission factors are subject to uncertainty as they represent an average of various datapoints and scenarios which are then applied to specific situations.

As of this reporting year, the corporate carbon footprint has been calculated entirely internally. Corresponding licenses have been acquired for a life cycle database. As our Scope 3 emissions are highly dependent on these secondary data, it was necessary to recalculate the CO_2e emissions from the baseline year published in the previous year and for the 2024 reporting year in order to guarantee comparability. This recalculation led to a difference in Scope 3 emissions of approximately –2.5 % or roughly –500 kt CO_2e in the baseline year of 2021 and –8.8 % or roughly –1,500 kt CO_2e for the 2024 reporting year.

Total emissions of greenhouse gases

		Base year					Retrospective	Milestones and target years		
							% 2025/2024			Annual % target / Base year
		2021	2021 from AR 2024	2024	2024 from AR 2024	2025		2028	2050	
Scope 1 GHG emissions										
Gross Scope 1 GHG emissions	kt CO_2e	10,702	10,724	10,139	10,135	**9,364**	–8	8,600	1,070	
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	99	99	100	100	**100**				
Scope 2 GHG emissions										
Gross location-based Scope 2 GHG emissions	kt CO_2e	375	366	365	338	**322**	–12			
Gross market-based Scope 2 GHG emissions	kt CO_2e	518	531	283	279	**131**	–54	400	52	
Significant scope 3 GHG emissions										
Total Gross indirect (Scope 3) GHG emissions	kt CO_2e	20,919	21,460	15,545	17,048	**13,906**	–11	17,600	2,092	
1) Purchased goods and services	kt CO_2e	11,031	11,374	8,281	8,606	**7,128**	–14			
2) Capital goods	kt CO_2e	64	264	198	161	**122**	–38			
3) Fuel and energy-related activities (not included in Scope1 or Scope 2)	kt CO_2e	1,515	1,223	1,549	1,338	**1,384**	–11			
4) Upstream transportation and distribution	kt CO_2e	686	883	614	658	**623**	1			
5) Waste generated in operations	kt CO_2e	28	56	85	43	**78**	–8			
6) Business travel	kt CO_2e	6	10	9	19	**7**	–22			
7) Employee commuting	kt CO_2e	32	39	34	56	**33**	–3			
8) Upstream leased assets	kt CO_2e	0	0	0	0	**0**	19			
9) Downstream transportation	kt CO_2e	100	42	94	99	**54**	–43			
10) Processing of sold products	kt CO_2e	2,384	2,332	1,766	2,826	**1,684**	–5			
11) Use of sold products	kt CO_2e	4,384	4,739	2,513	2,912	**2,417**	–4			
12) End-of-life treatment of sold products	kt CO_2e	206	7	79	5	**85**	8			
13) Downstream leased assets	kt CO_2e	0	0	0	0	**0**				
14) Franchises	kt CO_2e	0	0	0	0	**0**				
15) Investments	kt CO_2e	482	491	325	325	**290**	–11			
Total GHG emissions										
Total GHG emissions (location-based)	kt CO_2e	31,996	32,549	26,049	27,521	**23,592**	–9			
Total GHG emissions (market-based)	kt CO_2e	32,138	32,715	25,967	27,462	**23,401**	–10	26,600	3,214	

Gross Scope 1 GHG emissions
Of our Scope 1 emissions, 99.7 % are direct CO_2e emissions from plants subject to a regulated emissions trading scheme. Consequently, the strict specifications contained in the corresponding Monitoring Regulation are applicable to a substantial part of our emissions. The further data for Scopes 1 and 2 are based on energy consumption figures shown in the "Energy consumption and mix" table.

By comparison with the previous year, Scope 1 emissions fell by 7 % due to the reduction in crude steel production in 2025.

In the reporting year, around 300 t of direct CO_2e emissions are of biogenic origin from the incineration or biodegradation of biomass not included in Scope 1 GHG emissions.

Gross Scope 2 GHG emissions
Scope 2 emissions are calculated using the location-based and market-based method. While for the market-based method, emissions are calculated on the basis of the electricity purchased by Group companies, the location-based method looks at the emission intensity of the relevant grid areas.

Our sharp rise in the use of purchased electricity from renewable sources led to a marked year-on-year fall in market-based Scope 2 emissions of 54 %.

The roughly 64 % of electricity purchased from renewable sources in the reporting year is covered by certificates of origin. Of the direct electricity purchased from renewable sources, 0 % originates from the incineration or biodegradation of biomass. Accordingly, 0 t of CO_2e emissions originate from this energy source which are not contained in Scope 2.

Gross Scope 3 GHG emissions
We do not exclude any Scope 3 categories in our reporting. Categories 13) and 14) are non-existent in the Group.

In the downstream value chain, we do not take account of any Scope 3 emissions of our customers or associates outside the consolidated group that makes up the non-financial report. For example, neither Scope 3 emissions related to the machinery we have sold nor Scope 3 emissions of associates are allocated to our Scope 3 categories.

Scope 3 emissions fell 11 % year on year in 2025. The main reasons for this are the decline in our own production and the associated drop in material used as well as the lower volume of goods purchased externally. This leads to significant reductions in absolute emissions, especially in sub-categories 1 (purchased goods and services) and 10 (processing of sold products).

Roughly 3 % of the Scope 3 emissions were calculated based on the use of primary emission factors. We rate the biogenic CO_2e emissions from the incineration or biodegradation of biomass which originate in the value chain, and are not contained in the GHG Scope 3 emissions, as not material.

Greenhouse gas intensity on the basis of net sales revenues

Greenhouse gas intensity per net revenue

		2025	2024[1]
Total GHG emissions (location-based) per net revenue	t CO_2eq/€m	2,627	2,603
Total GHG emissions (market-based) per net revenue	t CO_2eq/€m	2,606	2,595

[1] The intensities reported for 2024 are based on the recalculations for 2024.

Connectivity of revenue-based greenhouse gas intensity using information from the financial statements

		2025	2024
Total net revenues (in financial statements)	€m	8,981	10,006

DISCLOSURE REQUIREMENT E1-7 – GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS
With regard to our net zero target, we are focusing first on the long-term reduction of our Scope 1, 2 and 3 emissions in order to save at least 90 % in absolute terms through suitable levers. Carbon credits and offsets form an exception as these are not part of Salzgitter AG's climate protection strategy and accordingly were not used in the reporting year.

DISCLOSURE REQUIREMENT E1-8 – INTERNAL CARBON PRICING

Internal CO_2e prices for measuring CapEx-based investments outside of EU ETS-reportable systems are defined for the reporting year as part of Group budgeting. These are based on the national emissions trading scheme and were centrally fixed and distributed to subsidiaries by Group controlling.

Key indicators on internal carbon pricing

Type of internal carbon price	Volume concerned in kt CO_2e (previous year)	Prices applied in €/t of CO_2e (previous year)	Description of the scope
CapEx shadow price	91 (94)	55 (45)	The CapEx shadow price stipulated was valid for the reporting year. The shadow price is based on the fixed price per certificate of the German national emissions trading scheme in 2025.

ESRS E2 ENVIRONMENTAL POLLUTION

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

DISCLOSURE REQUIREMENT IN CONJUNCTION WITH ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN CONNECTION WITH ENVIRONMENTAL POLLUTION

Our aim is to minimize negative impacts on the environment and the local population. As many of the manufacturing companies in the Salzgitter Group in Germany, France, Netherlands and Mexico operate systems requiring permits, it is particularly relevant for us to identify material impacts, risks and opportunities in the context of soil, air and water pollution, and this therefore applies across all business activities, Group companies and facilities.

Based on the emissions data and pollutant figures continually collected at our facilities, one of the priorities of our materiality analysis was to identify emissions of air and water pollutants. The topics of “air pollution” or “maintaining air quality” and “water pollution” or “the protection of water resources” were identified as material sub-topics within the subject of environmental pollution.

The information in this section focuses on Salzgitter AG’s production facilities whose activities are essentially directly related to harmful emissions into air and water. HKM, which belongs to the consolidated group and is included in the metrics, is not included in the strategic presentation due to a lack of operational control. The general process for identifying and assessing the material impacts, risks and opportunities is described in Section ESRS 2 under → IRO-1.

Taking account of the interests of communities

In monitoring pollutant emissions, companies at Salzgitter AG are subject to strict standards for measuring and reporting their impacts on the environment. Safety precautions in the field of environmental protection represent a high priority for us, and for that reason we provide safety information for our neighborhood at the Salzgitter facility in accordance with the Hazardous Incident Ordinance. In this context, we provide information on the type of risks, safety measures to be implemented and correct conduct in the event of an incident.

Our aim at all times is to ensure that emissions of air and water pollutants are always below the thresholds defined in law. Should residents nevertheless be affected by heightened emissions, they can report this via a central whistleblower system. This enables us to draw up solutions immediately in order to minimize potentially negative impacts.

Stakeholders were not further involved in defining environmental targets due to clear legal regulations.

DISCLOSURE REQUIREMENT E2-1 – POLICIES RELATED TO ENVIRONMENTAL POLLUTION

Emissions of air and water pollutants are particularly significant due to the processes necessary for steel production and processing.

In order to prevent and mitigate contamination by air and water pollutants, the production, melting and forming processes required for steel production and steel processing, as well as the transportation, handling and storage of raw materials and material of all kinds, are closely monitored. The majority of the air and water pollutants emitted are caused by the system and power plant operations of Salzgitter Flachstahl GmbH (SZFG).

With the aid of internal environmental management systems based among other things on ISO 14001, we continuously and systematically monitor our impact on air and water at our production facilities. We record the emissions of pollutants into air and water as well as the air quality at each facility. In addition, automatic measuring devices check all significant emission sources. As part of the process, the measurements are then automatically transmitted to the responsible authority.

Organization of environmental protection
Ultimately, it is incumbent upon the Executive Board with the support of the Group Management Board to actively track Group specifications, strategies and targets and convert them into appropriate measures.

The groupwide exchange of information on relevant topics surrounding environmental protection, climate protection and energy policy is conducted in the "Environment and Energy" Group steering committee. We formulate the contents of our strategy in direct dialog with the relevant stakeholders, e.g. as part of official permit procedures. The respective Group companies are responsible for its implementation in accordance with the **"ESG" Group directive**.

We have set out our principles, responsibilities and targets, as well as the central levers and action plan with respect to air quality and the protection of water resources, in the **"Environmental protection" company guideline** as an Annex to the **"Environment" Group directive**. The governance structure described in the **"Environment" Group directive** applies to the entire contents of the "Environmental protection" company guideline and ensures that the principles set out in the guideline are implemented.

With this company guideline, we are addressing the subjects of air and water pollution in the key IROs and subscribing to the target of avoiding such pollutants through the use of suitable processes and technologies at all facilities and thus contributing to air quality and the protection of water resources.

Pollutants covered by the "Environmental protection" company guideline
By **air pollutants**, we mean gases and aerosols with negative impacts on the atmosphere and ecosystems released into the air in the course of our economic activities. We have formally identified these substances in our "Environmental protection" company guideline and listed them in the following table.

Particulate matter, sulfur dioxide and nitrogen oxides are particularly prevalent, while dioxins and heavy metals occur in smaller quantities. These emissions contribute to air pollution and can damage both the environment and human health.

By **water pollutants**, we mean substances or materials released into rivers, lakes, groundwater or oceans, contaminating them or negatively impacting water quality. The water pollutants listed in the following table are relevant in the context of our business activities.

Management standards as the basis of environmental protection
The majority of manufacturing or processing Group companies in the business units of Steel Production, Steel Processing, Trading and Technology have implemented certified environmental management systems in accordance with the international DIN EN ISO 14001 standard. As of the reporting date, the percentage of facilities certified to ISO 14001 stood at 70 % – based on the number of employees. Further information can be found on our homepage under ↗ Certifications and Management systems.

In the areas of air quality and the protection of water resources, we make sure, as part of our strategy, that we meet the statutory limits for air and water pollutants in accordance with the E-PRTR Ordinance (European Pollutant Release and Transfer Register) at our European facilities.

The avoidance of unintended emissions of these pollutants in our production processes is also an integral part of the strategy. When setting up new systems, we take account of potential air and water pollutants with the aim of minimizing them through the use of the latest technologies. To prevent possible breaches of the law in the context of air and water pollutants as part of our business activities, we have set up the ↗ whistleblower system FAIR TOGETHER in the Salzgitter Group.

Group employees, business partners, local residents and other parties affected by the business activities of the Salzgitter Group can use the whistleblower system to report breaches of the law or other circumstances that may harm people, the environment, Salzgitter AG or one of its Group companies, unjustifiably disadvantage them or unlawfully impair natural livelihoods linked to the economic activities of the Salzgitter Group or one of its suppliers.

Our continuous, active management approach ensures that all operations are at the cutting edge of safety technology. All plants are inspected and approved by the responsible authorities in accordance with current statutory provisions. In collaboration with system planners and authorities, we are constantly working to minimize risks to the surroundings of our production facilities and staff. Furthermore, our aspiration is to deploy the best available technologies (BAT).

We use the latest monitoring and safety systems to effectively prevent hazardous incidents and subject our plants to regular, careful maintenance. A hazardous incident is any event, such as the release of substances, a fire or large-scale explosion, in which certain substances specified in the Hazardous Incident Ordinance are released which may put people or the environment at risk. We have emergency plans and risk management concepts in place for such events. Our aim is to comply with all statutory regulations for preventing and limiting hazardous incidents and their impacts in accordance with the Hazardous Incident Ordinance.

DISCLOSURE REQUIREMENT E2-2 – ACTIONS AND RESOURCES IN RELATION TO ENVIRONMENTAL POLLUTION

The avoidance of air and water pollutants is a matter of fundamental importance to the Salzgitter Group. The key levers and measures for avoiding air and water pollutants are essentially summarized under the environmental protection measures. There are currently no comprehensive action plans.

Actions to prevent environmental pollution are to be continuously implemented and perceived as an ongoing assignment for which there are no defined implementation deadlines. Instead, the environmental protection activities of the Salzgitter Group are based on an established organizational structure. We rely on the specific expertise and experience of our staff in companies on the ground as the significance of the subject of climate and environmental protection is directly linked to their respective production processes and techniques, as well as the potential environmental impact resulting from them. For example, there are considerably more specifications and requirements under environmental legislation applying to the integrated steel production at the Salzgitter location than is the case at Group companies exclusively devoted to processing steel. As things stand today, no further measures will be implemented in the upstream and downstream value chain as, in our view, there is no need for them.

Our measures in the last reporting year for avoiding environmental pollution focused, on the one hand, on the technological optimization of systems and production processes as well as the technology deployed and, on the other hand, on everyday operational management. Consequently, we can control the essential levers for minimizing risks and mitigating negative impacts at our production facilities. In particular, measures are continuously reviewed and optimized as part of our environmental management systems. For example, the Salzgitter facility has its own accredited immisions protection laboratory which is equipped with the latest environmental analysis technology and conducts on-site measurements and analyses, which are subject to regular checks by an external expert. These measures are intended to ensure that the latest legal requirements are met and risks to air quality and water protection, such as heightened emissions, can be detected in good time and corresponding countermeasures introduced. A further significant individual measure for environmental protection is the investment in a modern walking beam furnace and an exhaust gas heat recovery system at Salzgitter Flachstahl GmbH. The new walking beam furnace will replace the previous pusher furnace. Besides the reduction in carbon emissions and lower energy consumption, airborne emissions will also be reduced. Commissioning is scheduled for 2028.

The following list specifies the measures used to avoid emissions of air and water pollutants, which are addressed on a technological level and as part of operational management.

Technical measures
- Use of the best available technologies in treatment operations – if possible, drawing on relevant BAT conclusions
- Use of low-emission production processes
- Optimization and modernization of existing systems
- Introduction of filter and capture technologies
- Reliability of environmental protection systems

Operational management and maintenance
- Regular maintenance of systems to avoid unexpected emissions

METRICS AND TARGETS

DISCLOSURE REQUIREMENT E2-3 – TARGETS RELATED TO ENVIRONMENTAL POLLUTION

Salzgitter AG is committed to the goal of reducing emissions of harmful substances at all production facilities to a minimum through the use of suitable processes and technologies, thereby contributing to air quality and the protection of water resources. The observance of statutory provisions and official requirements represents an unshakeable framework within which we conduct our entrepreneurial activities. Breaches of the law are not tolerated.

No further measurable targets were set out beyond the qualitative target for maintaining clean air and protecting water resources, as minimum requirements and limits are defined in the comprehensive legal provisions. The unintentional release of air and water pollutants is reported in accordance with the E-PRTR Ordinance. In the context of the (re-)certification of our environmental management systems to the ISO 14001 standard, the existing systems for guaranteeing environmental protection are also subjected to constant review and refined.

DISCLOSURE REQUIREMENT E2-4 – POLLUTION OF AIR AND WATER

Environmental metrics are recorded in the Salzgitter Group through a central data management system, which ensures that environmental indicators are continuously registered in all Group companies. Absolute volumes of air and water pollutants were used to determine the key IROs. The metrics and survey methods are defined and described in an internal guide to ensure that the corresponding data are uniformly recorded.

Air and water pollutants essentially occur in our PRTR-reportable systems and are continuously measured or calculated at regular intervals. Official requirements which turn out differently depending on the relevance of the pollutant in relation to the survey procedure constitute the starting point here. The annual determination of the annual loads of air and water-polluting substances is conducted in compliance with the requirements of the German PRTR Ordinance (Pollutant Release and Transfer Register). These are reported on a consolidated basis at Group level to the European Pollutant Release and Transfer Register with plausibility checks against the figures reported for the previous year.

The key indicators for air and water pollution have been reported in the course of our reporting using the ESRS since the 2024 financial year. Direct comparison with the previous year's figures illustrates that the key indicators in the reporting year fell, fundamentally due to lower production.

To guarantee a consistent, comparable data base across all facilities, we will only report the particulate emissions from channelled and officially monitored emissions sources as from this year. By focusing on the channeled sources, we are following the approach of the essential "common intersection" of official requirements at our production sites. This approach enables us to compare the Group's sites in a technically correct manner.

In the area of wastewater purification, SZFG's water pollutants have seen a marked reduction due to more extensive purification. The figures for individual water pollutants also required adjustments. The reason for these adjustments is that, for 2024, some facilities that were not subject to the European Pollutant Release and Transfer Register were also taken into account. Overall, however, it should be noted that all figures continue to lie within the normal range as a result of the ongoing adherence to official requirements.

The key air pollutants of nitrogen oxides, sulfur oxides and PM10 particulate matter, as well as the main water pollutants, are shown in the following tables.

Nitrogen oxides (NO_x), sulfur oxides (SO_x) and other significant air emissions

		2025	2024
NO_x	t	4,798	4,920
SO_x	t	7,189	7,011
Particulate matter (PM10)	t	152	156[1]
Carbon monoxide	t	118,817	131,757
Volatile organic compounds (NMVOCs)	t	225	402
Inorganic chlorine compounds as HCl	t	84	99
Benzol	t	0	*
Mercury	t	0	*

[1] The previous year's figure was adjusted by −179 t.
* There is no previous year's figure available.

Water pollutants

		2025	2024
Chlorides	t	4,231	4,702
Total organic carbon (TOC)	t	91	100[1]
Total nitrogen	t	72	*
Total phosphorus	t	2	3
Zinc and compounds	t	9	7
Cyanides	t	1	1
Nickel and compounds	t	0	0
Lead and compounds	t	0	0
Chromium and compounds	t	0	0
Mercury and compounds	t	0	0
Arsenic and compounds	t	0	*
Copper and compounds	t	0	*
Phenols (as total C)	t	0	*

[2] The previous year's figure was adjusted by –13 t.
* There is no previous year's figure available.

ESRS E3 WATER AND MARINE RESOURCES

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

DISCLOSURE REQUIREMENT IN CONJUNCTION WITH ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN CONNECTION WITH WATER AND MARINE RESOURCES

Material impacts, risks and opportunities in connection with water resources were systematically determined across all business activities, Group companies and facilities. The sub-topic of "water" within the subject area of "water and marine resources" was identified as material.

To identify and assess water-related risks, we also consider the aspect of water consumption in regions with high water stress. To do so, we use the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). This tool enables us to identify regions with water shortages and include them in our integrated risk management.

The information in this section focuses in particular on the Salzgitter Group's manufacturing companies whose activities are to a large extent directly related to water resources. HKM, which belongs to the consolidated group and is included in the metrics, is not included in the strategic presentation due to a lack of operational control. The general process for identifying and assessing the material impacts, risks and opportunities is described in Section ESRS 2 under → IRO-1.

The subject of water withdrawal was identified as material in the course of our materiality analysis. Salzgitter AG is committed to maintaining strict standards in measuring and reporting its water interactions, as well as the quality of water pipes, in order to minimize impacts on the environment and the local population. The following comments therefore focus on the priorities of water withdrawal, water recirculation and water consumption. Steel production is, to a large extent, dependent on the constant availability of groundwater. We use water usage rights to ensure that our water withdrawal remains within regulatory limits and continuously assess our dependence and water-related impacts in this area on a Group company level.

We therefore monitor and document our entire water withdrawal and water usage in the course of our business activities and report them on a consolidated basis by facility and specific water interactions. Facilities for manufacturing Group companies record the volumes of water taken from the grid and water discharged, water consumption, the proportion of water requirements covered by reuse or recycling as well as the proportion of water stored. By comparison with the water consumption in Steel Production, consumption in the Technology value chain is low.

Taking account of the interests of communities
To take account of the interests of communities affected by water-related impacts from our business activities, our Group companies cultivate a needs-based dialog. We respect the differing usage interests and avoid any overuse of natural resources. For the common good, we adhere to the regulatory provisions of applicable water protection legislation at our facilities in terms of both our water withdrawal and our use of water.

Should the communities affected nevertheless observe negative impacts on local water resources, they can report them through our central whistleblower system. This enables us to establish a dialog and draw up solutions immediately in order to minimize potentially negative impacts.

DISCLOSURE REQUIREMENT E3-1 – POLICIES RELATED TO WATER AND MARINE RESOURCES

The resource of "water" enjoys an invaluable standing for Salzgitter AG. Not only is it a crucial production factor, but it also forms the basis for the activity of our manufacturing Group companies. For example, Salzgitter AG with its affiliated companies is both the operator of waterworks, a major consumer of water, a water supplier and the operator of wastewater treatment plants. Our aim is therefore to drive sustainable water management and to ensure that our use of water is as prudent as possible.

Organization of water management

Responsibility for systematically tracking and implementing Group requirements, strategies and objectives lies with the Executive Board, which is supported in this process by the Group Management Board.

The groupwide exchange of information on relevant topics surrounding environmental protection, climate protection and energy policy is conducted in the Environment and Energy Group steering committee. We formulate the contents of our strategy in direct dialog with the relevant stakeholders, including as part of official permit procedures. The respective Group companies are responsible for its implementation in accordance with the **"ESG" Group directive**. The governance structure described in the **"Environment" Group directive** applies to the entire contents of the "Water management" company guideline and ensures that the principles set out in the guideline are implemented.

With our **"Water management" company guideline**, we subscribe to the objective of avoiding negative, water-related impacts from our business activities through the use of suitable processes and technologies at all facilities and thus contributing to the responsible treatment of water resources. As an Annex to the **"Environment" Group directive**, the "Water management" company guideline applies to all Group companies of Salzgitter AG. Besides setting targets, the guideline also defines the principles and responsibilities as well as the central levers and measures relating to the material sub-topic of "water".

With the aid of internal environmental management systems, we monitor our water-related environmental impacts on an ongoing, systematic basis. In addition to our water withdrawal, we also record water consumption, wastewater treatment and the water quality by facility, and we estimate the potential impacts on the water resources available to us as part of our business activities. For example, we ensure compliance with the latest statutory requirements and are able to detect negative impacts and risks in connection with water and water pollution in good time and implement appropriate measures to reduce them.

Water management policies

Large volumes of cooling water and process water are consumed in the production of steel. Water is used primarily for cooling in pig iron and steel production as well as in steel mills and hot rolling mills. In order to guarantee sustainable use of the valuable resource of water, we constantly optimize our operating processes and implement measures to recycle cooling water and process water.

Salzgitter Flachstahl GmbH (SZFG) assumes special responsibility on the topics and issues of water, as it passes on water supplied by the in-house Börßum-Heiningen waterworks as drinking water and process water to industrial customers such as MAN, Alstom and VW in the industrial area of Salzgitter-Watenstedt. The water drawn is deacidified, filtered, disinfected and then softened with the aid of lime which enables it to be used as cooling and process water in production. The calcium carbonate sludge thereby created is used as certified fertilizer – one example of Salzgitter AG's recycling-based management approach to the resource of water.

The majority of manufacturing or processing Group companies in the business units of Steel Production, Steel Processing, Trading and Technology have certified environmental management systems in accordance with the international DIN EN ISO 14001 standard. As of the reporting date, the percentage of facilities certified to ISO 14001 stood at 70 % – based on the number of employees. Further information can be found on our homepage under ↗ Certifications and Management systems.

There are areas of acute water stress worldwide, and it is to be expected that the number of such regions and the scale of the stress will increase over the medium and long term. At Salzgitter AG, we therefore pay particular attention to making efficient use of the water we consume and of our water withdrawal. We regularly assess the actual and potential impacts of our facilities in water-stressed regions and where necessary implement measures to avoid any steps to exacerbate the situation. To do so, efficiency measures are built into the facility-specific strategic alignment and underpinned with targets, in order to improve the water quality and quantity. In particular, these include targets such as improving water quality by lowering contamination and reducing the emissions of dangerous chemicals and substances. All facilities with high water stress are covered by our "Water management" company guideline on water-related impacts, risks and opportunities.

DISCLOSURE REQUIREMENT E3-2 – ACTIONS AND RESOURCES IN RELATION TO WATER RESOURCES

For the Salzgitter Group, sustainable handling of the resource of water is of central importance and for that reason, continuous efforts are made involving all Group companies. Our manufacturing Group companies are tasked with implementing suitable measures in the sphere of water management to effectively meet the challenges in connection with the resource of water. In the process, we rely on the specific skills and experience of our employees in companies on the ground.

As part of the process of optimizing our environmental management systems, individual measures are constantly implemented in our day-to-day operations and adjusted in continuous improvement processes. This also includes water protection which, besides the most sustainable possible use of water resources, also comprises environmentally compatible wastewater disposal and careful handling of substances hazardous to water. The company's own wastewater treatment systems at the Salzgitter facility guarantee efficient wastewater treatment. The extension of SZFG's own wastewater treatment system to include a fourth purification stage in 2024 created the conditions for enhanced water pollution control.

The quality of the drinking water supplied is regularly checked by an accredited drinking water laboratory. The Börßum-Heiningen waterworks and the treatment plant in Adersheim use common groundwater resources and contribute to the region's secure water supply. Thanks to its close collaboration with regional water providers, SZFG supports reliable drinking water provision for industry and residents, thereby reinforcing the economic infrastructure in the Salzgitter and Braunschweig area. In addition, the Salzgitter Group manufactures water pipes, which are used in water supply projects, such as recently in Angola.

The measures listed below, which we implemented in the previous reporting year in connection with our targets in the field of water management, focus on the one hand on the technical optimization of systems and production processes as well as the technology deployed and, on the other hand, on the sphere of day-to-day operational management. Consequently, we cover the main levers for mitigating the risks and negative impacts of our business activities on local and regional water resources and taking advantage of opportunities. Due to the constant refinement of improvement processes, we do not define any specific deadlines for concluding these interlocking measures. There are currently no comprehensive action plans.

Technical measures

/ Use of the best available technologies in treatment operations – if possible, drawing on relevant BAT conclusions
/ Use of water-saving production processes
/ Optimization and modernization of existing systems
/ Introduction of water treatment and water recovery systems
/ Use of closed water circulation loops
/ Implementation of technologies to reduce water withdrawal

Operational management and maintenance

/ Regular inspection and maintenance of systems
/ Training employees and raising their awareness of the issues
/ Implementation of policies to reduce water consumption

METRICS AND TARGETS

DISCLOSURE REQUIREMENT E3-3 – TARGETS RELATED TO WATER RESOURCES

We have set ourselves the overarching target of achieving sustainable water management in order to secure the quality and availability of water resources for the long term. The target is not subject to measurable specifications as it is embedded in daily operating processes and is thus implemented by Group companies as an ongoing assignment as part of day-to-day operations. This target also applies to regions affected by water shortages or stress. We endeavor to guarantee security of supply, particularly in times of drought or other climate challenges. The overarching goal is given concrete shape by the following priorities:

The Salzgitter Group is reinforcing its resolve to adhere to the national legal requirements in place at each production facility and specifically recognize in full the limits enshrined in them regarding water quality and pollutants. We view the observance of legal pollutant limits and other quality criteria as a precondition for collaborating with our stakeholders in a spirit of trust. No account was taken of ecological thresholds in defining the targets.

In addition, thanks to the optimization of our operating processes and measures to implement the recycling of cooling water and process water, we aim to use the resource of water as carefully as possible. This is a binding target for all Group companies. We also follow the regulations for recirculating or disposing of water from our production processes and avoid contamination.

To do so, the high management standards in place throughout the Group governing the withdrawal and recirculation of water are upheld through the (re-)-certification of our environmental management systems to ISO 14001 or equivalent standards. This applies in particular to the Steel Production and Steel Processing business units due to their high levels of water consumption by comparison with other Group companies.

No further measurable targets were set at a Group level beyond the qualitative target and its priorities. In accordance with our **"Water management" company guideline**, our Group companies are required to handle the resource of water responsibly and must commit to the globally formulated, qualitative target.

DISCLOSURE REQUIREMENT E3-4 – WATER CONSUMPTION

Water consumption

		2025	2024
Total water consumption	k m³	7,862	7,243

Water withdrawal

		2025	2024
Total water withdrawal	k m³	36,147	37,460
Of which surface water	k m³	15,623	16,242
Of which groundwater	k m³	20,094	20,817
Of which water by third parties	k m³	430	400

Water recirculation

		2025	2024
Total water recirculation	k m³	28,285	30,217
Of which surface water	k m³	27,604	29,487
Of which groundwater	k m³	0	0
Of which water by third parties	k m³	681	730

In the reporting period, water withdrawal recorded a production-related decline while lower rainfall led to a corresponding reduction in recycled water. Less than 1% of the Group's total water consumption occurs in regions affected by high water stress. No material water risks were identified.

Water re-use / storage

		2025	2024
Total water re-use / storage	k m³	577,158	561,469
Of which water re-use	k m³	577,088	561,399
Of which stored water	k m³	70	70
Of which changes in water storage	k m³	0	0

Environmental indicators are recorded in the Salzgitter Group through a central data management system, which ensures that water-related indicators are continuously registered in all Group companies. Absolute volumes were used to determine the key IROs. The indicators and survey methods are defined and described in an internal guide to ensure that the corresponding data are uniformly recorded. In addition, we use our environmental management system as part of our ISO 14001 certification to ensure that key water-related environmental aspects are identified in all relevant Group companies, and we continuously review and improve our water management practices in these Group areas in order to minimize the overall environmental impact.

In this context, the existing processes for ensuring consistent water quality and measuring our water withdrawal and recirculation are constantly reviewed and adjusted where necessary. In addition, random check schedules guarantee that regular measurements are conducted at different locations. Equally, bodies of water are regularly inspected to ensure that wastewater and water thresholds are adhered to. Measurements are subject to regular checks by an external appraiser.

In surveying the data, we follow the specifications and measuring rules defined by governments and regional authorities. The water-related indicators supplied by individual Group companies in the central data management system are aggregated in the system in accordance with ESRS requirements by means of background calculations and ultimately further processed in specialist departments at a Group level for reporting purposes.

The methods for calculating these figures are designed to be site-specific. The primary data from Group companies are to be used for the survey. In the case of facilities that procure their water from third parties such as the municipal water utility, the data are based on the bills issued by the relevant providers. At facilities that manage their own water withdrawal and discharge, the data are registered by means of flow measurements. In a few instances – e.g. in sales and service offices where it takes a considerable time and effort to determine primary data – water-related indicators are extrapolated or estimated on the basis of uniform criteria. Of the identified water data base, 99 % consists of direct measurements, while the remaining 1 % is based on information taken from bills, including as submitted by water providers, or on extrapolations.

Water intensity describes total water consumption in a company's own operation in cubic meters per million euro of net sales generated. In the reporting year, this figure stood at 875 m^3 of water per million euro (2024: 724 m^3 of water per €m – this figure for the previous year was corrected due to an error in the calculation).

ESRS E5 USE OF RESOURCES AND CIRCULAR ECONOMY

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

DISCLOSURE REQUIREMENT IN CONJUNCTION WITH ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN CONNECTION WITH THE USE OF RESOURCES AND A CIRCULAR ECONOMY.

We have determined the material impacts of the use of resources and a circular economy by means of a comprehensive analysis of the value creation cycles within the Salzgitter Group and our upstream and downstream value chain. Our analysis of resource inflows and resource outflows and the disposal of waste focused on the manufacturing Group companies, primarily in the Steel Production business unit and Steel Processing business unit (including HKM). Due to the resource-intensive manufacture of systems and machinery, we also took the Trading and Technology business units into consideration.

By comparing internal requirements with external effects such as customer commitments, behavioral changes, changes expected to regulatory mechanisms, availability of resources, and technological developments, we were able to identify the material risks and opportunities. Key variables for business performance, such as market availability of ores and scrap were assigned specific probabilities in the subsequent assessment and applied to the risks and opportunities identified. The three themes of "Resource inflows including use of resources", "Resource outflows in the context of products and services" and "Waste" were identified as material within the circular economy sphere. They form the substantive starting point for shaping the continuous alignment of the Salzgitter Group with circular business models. HKM, which belongs to the consolidated group and is included in the key indicators, is not included in the strategic presentation due to a lack of operational control.

The general process for identifying and assessing the material impacts, risks and opportunities is described in Section ESRS 2 under → IRO-1.

Taking account of the interests of communities
Companies affected and further stakeholders were actively consulted when determining impacts, risks and opportunities, particularly with regard to when and where they were affected by significant resource inflows and resource outflows, as well as by the disposal of waste as part of our value creation.

DISCLOSURE REQUIREMENT E5-1 – POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In its Sustainability Statement, the Salzgitter Group's Executive Board denotes careful handling of resources and focus on circular business models as a central management task. This corresponds to the objective set out in the "Salzgitter AG 2030" Group strategy to place "circularity" at the heart of our transformation.

By circularity, we mean using resources taken from nature for economic purposes for as long as possible, thereby minimizing the additional supply of finite resources into the economic cycle. Our desire is to position ourselves as the market leader for the circular economy through innovative products, processes, and ideas from our staff, as well as with the aid of partnerships and networks.

We realize this ambition in the Group by means of a multi-stage circularity approach based on the cascading logic of the Waste Management and Product Recycling Act:

/ **Reduce:** We want to become even more conscious in our use of finite resources and minimize them in the economic cycle.

/ **Reuse:** We want to keep the resources once taken from nature in economic use for as long as possible.

/ **Recycle:** We want to reuse raw materials from products that have already been used in order to save resources.

/ **Rethink:** We are questioning our accustomed habits and processes and will develop a sustainable industrial organizational structure.

Due to the high material and energy deployment required for steel production, the main focus of our Group lies on steel production as well as the upstream supply chain. Closed material loops are therefore at the heart of our strategic activity. Steel has ideal properties for closed loops; it is durable and can be almost infinitely recycled with no significant loss of quality. At the same time, however, the production of steel is unavoidably associated with the use of considerable resources. Nearly three quarters of the cost of steel production is accounted for by raw materials such as iron ore, scrap, reducing agents and energy. Enhancing the efficiency of our production processes has consistently ranked as a key goal of the Salzgitter Group, both from an economic perspective and for ecological reasons.

By optimizing production processes – but also by way of new strategic partnerships – we intend to create additional closed loops for recycling scrap steel, thus realizing further savings potential in our use of primary materials. One example of closed loops is our new partnership with Volvo Cars: As part of a closed loop partnership with Volvo Cars, high-quality steel scrap from the Swedish car body company in Olofström will be fed back into steel production and processed to form new steel products with no loss of quality from 2026 onward. Transportation will be carried out by means of an optimized rail shuttle system in collaboration with DB Cargo, which will contribute to resource efficiency by avoiding empty journeys (outward leg: steel coils; return journey: scrap) and the use of 100 % climate-neutral traction power.

Organization of the circular economy
The set of issues revolving around the use of resources and the circular economy is enshrined in the Salzgitter Group's ESG governance structure. At the highest level of the Group's organization, the Executive Board is responsible for and has decision-making authority over the thematic priorities of resource inflows, resource outflows and waste, and for that reason it is kept regularly informed of the implementation status of topic-specific objectives and measures derived from them in meetings of the Group Management Board.

The Strategy & Corporate Development department is tasked with coordinating the groupwide circular economy strategy with a view to hitting its target effectively and in an economically efficient manner. To this end, the ESG round table provides a forum for the discussion of environmental and climate issues of relevance to the Group by participants from all business units. Such issues also include important strategic frameworks and decisions as well as consideration of stakeholders' interests. The strategic and economic importance of the issue of resource usage and the circular economy is set out in this report for external stakeholders and thus made fully accessible to those affected by it. There will be no separate publication containing information on the strategic implementation of measures in this regard.

We have defined our principles, responsibilities and objectives with respect to the strategic thrust of "circularity" in the **"Use of resources and circular economy" company guideline** as an Annex to the **"Environment Group Directive"** that applies to all Group companies of Salzgitter AG.

Management standards as the basis of resource efficiency and the circular economy
We guarantee management standards to make our use of resources as efficient as possible and increase the recyclability of our processes through the continuous certification of our environmental management systems. The majority of manufacturing or processing Group companies in the business units of Steel Production, Steel Processing, Trading and Technology have certified environmental management systems in accordance with the international DIN EN ISO 14001 standard. As of the reporting date, the percentage of facilities certified to ISO 14001 stood at 70 % – based on the number of employees. Further information can be found on our homepage under ↗ Certifications and management systems. This degree of coverage is to be expanded in accordance with the **"Environment" Group directive** and the topic-specific company guidelines.

DISCLOSURE REQUIREMENT E5-2 – ACTIONS AND RESOURCES IN RELATION TO RESOURCE USE AND CIRCULAR ECONOMY

As one of Europe's leading steel companies, we exercise our responsibility towards our customers as a reliable steel supplier. We adhere to contractually agreed delivery quantities and ensure the sufficient availability of ore, scrap and other secondary materials through our supply chain management. At the same time, we make sure to treat resources with care and handle unavoidable waste in an environmentally compatible manner.

Levers to reduce the use of resources and their contribution to the target
We have identified various levers for realizing Salzgitter AG's ambitions with regard to the circular economy and use of resources. In the process, we differentiate between the levers and actions in the Steel Production, Steel Processing and Trading, as well as the Technology business units. By embedding our targets in the overarching Group strategy, we also set the time horizon for implementing corresponding measures.

The following measures are to be prioritized in order to meet our targets on a cost-efficient basis:

- Identify alternative sources for secondary materials
- Design production systems to save resources
- Enhance material efficiency in production processes

The measures to be prioritized are supplemented by supportive measures which are largely implemented on a site-specific basis.

Measures to reduce the use of resources
With respect to processes and value creation in connection with steel, we have introduced "measures as part of the "Salzgitter AG 2030" Group strategy to reduce the use of primary materials in favor of increased use of secondary materials. To do so, we validate alternative sources in order to expand our scrap recycling and thus identify new business models. For this reason, the successes achieved with pilot plants in wind energy are to be consolidated as a specific implementation of our circular approach. For example, this includes the use of old scrap from the dismantling of demolished wind towers and the restructuring of companies to ready them for new product areas in the offshore wind sector.

The breaking of ground for the new large capacity shredder system in the summer of 2025 represented a key milestone in strengthening our in-house circular economy and ensuring security of supply. This strategic investment significantly increases intra-Group recycling capacity and the processing of old scrap to form a new, high-quality scrap grade (4 SALCOS®). This grade stands out due to its comparatively low proportion of accompanying elements such as chromium, copper and nickel, and it thus meets the characteristics required for the SALCOS® production process. This measure not only optimizes resource efficiency through increased use of secondary raw materials, but also at the same time makes a crucial contribution to quality assurance for the input materials for the planned low-carbon steel production as part of the SALCOS® transformation program.

In the Technology business unit, the KHS Group offers products and services focusing on resource-saving, closed-loop production chains. In the process, KHS relies on mechanical processes and modernization solutions which support particularly energy and resource-efficient filling and packaging operations on customers' premises over the entire life cycle of their systems.

Measures to reduce waste

The challenge is also to reduce waste in all our business units, and thus across all processes, by consuming less material in production and boosting resource efficiency. The actions we take here generate synergy effects between the fields of climate protection and energy on the one hand, and the use of resources and circular economies on the other. Enhanced resource efficiency and the resulting fall in material requirements lower our waste and our carbon equivalent emissions in equal measure. Consequently, our energy requirements are also dropping.

Measures developed in Group companies on a decentralized basis are validated from a technical perspective at the holding company level by the ESG team from the Strategic Corporate Development department and checked to verify whether they can be transferred to further companies.

We act as an environmentally friendly company toward local residents at our locations. We respect the requirements for safe waste management and professional disposal. Should local contamination nevertheless occur in connection with waste, this can be reported via our ↗ whistleblower system FAIR TOGETHER. This enables us to immediately implement countermeasures in order to minimize any negative impacts on our environment.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In our "Salzgitter AG 2030" Group strategy, we set ourselves clear targets as part of the strategic thrust towards the Circular Economy that are valid throughout the Salzgitter Group across all facilities. These targets are also embedded in our company guideline "Use of resources and circular economy" as an annex to the **"Environment" Group directive**. We derive our targets directly from the impacts, risks and opportunities which we scrutinize critically at regular intervals as part of a materiality analysis. The Salzgitter Group's topic-specific targets listed in the following sections of the report were drawn up as part of the ongoing dialog with stakeholders of strategic relevance and the respective specialist departments of Group companies. No changes were made to the targets set, the underlying parameters or the measurement methods used in the reporting period. No account was taken of ecological thresholds in defining the targets.

- **Resource inflows:** The declared aim of the Salzgitter Group is to successively expand our activities in the area of scrap recycling. As a result, we aim to close the material loop for steel to facilitate the return of raw materials to the cycle. This includes both the use of scrap as a secondary raw material in steel processing and steel production processes and trading with scrap and supporting activities. Based on a scrap proportion of 2,111 kt in 2021, the plan is to expand our activities in scrap recycling to 3,000 kt p.a. by 2030 (excl. HKM). This target is based on an analysis of our production capacity, the successful implementation of SALCOS® stage 1 and the availability of high-quality scrap on the market. In the 2025 financial year, our activities in the scrap recycling sphere totaled 2,137 kt (excl. HKM: 1,945 kt). This equates to an increase in the base figure of currently 1.2 % (excl. HKM: -7.8 %).
- **Waste:** Across the Group, national statutory provisions and official specifications, as well as scientifically established limits defined in them, must be adhered to at each of our facilities. While preserving the aspects of relevance and suitability, Group companies are obliged to introduce and (re-)certify environmental management systems.

DISCLOSURE REQUIREMENT E5-4 – RESOURCE INFLOWS

Materials and products

The production of high-quality steel at the Salzgitter Group's facilities requires the use of iron ore as the basic raw material as well as reducing agents and auxiliary materials. The addition of scrap as a substitute in the production process lowers the use of primary materials in keeping with our circularity approach. The figures shown below include the most significant material flows for steel production in terms of volumes, i.e. materials which are used in the products and where the volume processed per year exceeds 40 kt. Added to this for the first time are semi-finished goods in the form of production goods and commercial goods.

Environmental impacts are particularly important in the upstream supply chain for the metal producing and metal processing industries. As bulk raw materials such as iron ore, coal and bought-in coke are almost exclusively imported, we focus principally on the supply chain upstream from steel production when examining sustainability aspects. Due to their high material throughput, the spotlight naturally falls on the Salzgitter and Peine facilities when analyzing the environmental impact of steel production and steel processing in our plants. The Group's cost of materials in financial year 2025 amounted to around € 7 billion (excl.HKM). A major part of that expenditure, amounting to 28 %, was accounted for by the purchase of raw materials and energy for steel production at Salzgitter Flachstahl GmbH (SZFG) and Peiner Träger GmbH (PTG). We focus our efforts on procuring high-quality materials and make sure that all aspects of relevance to the environment, health and safety are complied with.

We have developed a criteria-based process with input from specialist departments in order to identify key resource inflows. At the product group level, this process took account of, among other things, whether resources belonged to the "critical raw materials" or "conflict minerals" groups, but also of financial purchasing volumes, the greenhouse gas potential of an inflow of resources and aspects of our supplier risk analysis processes. On the basis of this analysis, we record the data provided by all Group companies through our internal data management system, thereby covering our own business activities and those in the upstream value chain. In the process, we survey the actual quantity consumed in the case of materials and the sales quantities for traded goods from all material resource inflows.

The scrap rate is also of major importance with respect to the materials used in steel production. It indicates what percentage of our materials used for steel production are primary raw materials and what percentage is covered by recycled steel scrap.

Materials used

		2025	2024
Metallic raw materials			
Iron ore	kt	6,435	7,118
Total scrap	kt	1,976	2,167
Alloys and metals	kt	124	130
Reduction agents			
Coking coal	kt	2,167	2,327
Bought-in coke	kt	82	116
Anthracite and coal fines	kt	976	1,007
Other reduction agents	kt	22	42
Mineral raw materials			
Limestone and dolomite	kt	1,050	1,198
Auxiliaries (e. g. dunite)	kt	203	231
Other mineral raw materials	kt	0	0
Semi-finished products as production goods			
Ferrous metals	kt	807	738
Non-ferrous metals	kt	0	1
Plastics	kt	3	2
Merchandise and goods			
Ferrous metals	kt	1,523	1,754
Non-ferrous metals	kt	58	20
Coal and coal products	kt	0	147
Secondary materials used (excl. scrap)	kt	11	12
Secondary materials used (incl. scrap)	kt	1,988	2,180
Secondary materials used (incl. scrap)	%	14	14[1]

[1] The previous year's figure has been corrected due to a calculation error.

Critical raw materials used

		2025	2024
Critical raw materials	kt	114	124
Conflict minerals	kt	0.000	0.002

Critical raw materials such as manganese, for example, may also appear in the "Materials used" table in some cases. Otherwise, double counting is prevented by using unambiguous definitions for the values surveyed, clear processes and responsibilities for data surveys, and by running comprehensive plausibility checks on the data.

DISCLOSURE REQUIREMENT E5-5 – RESOURCE OUTFLOWS

Products and materials

As a particularly durable, corrosion-resistant and nearly infinitely recyclable material, steel is one of Salzgitter AG's main products. It is the central material and product conceived in accordance with the circular economy principles of durability, recyclability, reparability and return to the cycle.

		2025	2024
Crude steel production	kt	5,880	6,361
Salzgitter Flachstahl GmbH	kt	3,921	4,257
Peiner Träger GmbH	kt	836	899
HKM Hüttenwerke Krupp Mannesmann GmbH	kt	1,123	1,205

Crude steel production fell in 2025, standing at around 5.9 million tons. The data result from the precise dimensions of the slabs and the specific crude steel density. The steel products of the Salzgitter Group are intended to meet the highest quality standards in the steel industry. In the case of steel production and processing, our internal grade system, quality standards and external qualification systems are aimed at ensuring that our products are resilient, durable and reparable. This is to be guaranteed by among other things, the systematic use of steel scrap to substitute for primary raw materials.

The production processes for the production of primary steel require that around 20 % iron content is contributed by scrap. The pig iron used is first produced in the blast furnaces of Salzgitter Flachstahl GmbH. With secondary steel, on the other hand, up to 100 % of the iron content can come from the use of recycled material, i.e. scrap-based, as is the case in the electric steel mill of Peiner Träger GmbH. Thanks to SALCOS® and the integration of electric arc furnaces into primary steel production, we will be in a position theoretically to use higher or lower proportions of scrap depending on the customer's wishes and the availability of primary and secondary raw materials.

In the Technology Business Unit, our focus on sustainable product design, maintenance service, usage concepts and flexibility towards our customers permits us to significantly extend the lifetimes of the systems sold. We achieve this, for example, by means of modular, flexible new machinery and systems concepts that can be extended over their lifetime to accommodate further container sizes or even other container formats. A wide range of modernization services supports this overarching goal to extend the lifetime of machinery and systems. The result is that the KHS Group's machinery has a notional lifetime of 15 years which equates to the industry average. At the end of the machine's lifetime, the high recyclability of the valuable raw materials included in it such as steel, stainless steel and plastic, bears fruit. With the aid of individual machine documentation, the customer can already initiate the first steps towards environmentally compatible, professional disposal of their own accord. As a further option, KHS is available to disassemble the system to ensure that the resources used are safely returned to the materials cycle. With regard to the packaging solutions from the KHS Group, we also rely on recyclable materials and on reducing their use in primary and secondary packaging. With respect to PET container advice, KHS is already in a position to offer its customers solutions with a recycled content of up to 100 %. In the case of secondary packaging, customers can choose to use up to 100 % material for films or even a solution that dispenses with secondary packaging altogether.

Waste

Waste management

Wherever waste in steel production has so far proved to be unavoidable, in spite of innovative methods and high recycling rates of approximately one third, the company attaches great importance to its professional, appropriate disposal.

Waste

		2025	2024
Waste incurred	kt	1,480	1,693
Of which non-hazardous waste	kt	1,385	1,617
Of which hazardous waste	kt	95	76
Waste diverted from disposal	kt	674	852
Preparation for reuse	kt	0	2
Of which non-hazardous waste	kt	0	1
Of which hazardous waste	kt	0	0
Waste recycling	kt	657	643
Of which non-hazardous waste	kt	631	617
Of which hazardous waste	kt	26	26
Other utilization processes	kt	17	207
Of which non-hazardous waste	kt	15	204
Of which hazardous waste	kt	2	3
Waste passed on for disposal	kt	806	841
Waste passed on for disposal	%	54	50
Incineration	kt	34	32
Of which non-hazardous waste	kt	32	28
Of which hazardous waste	kt	2	4
Landfill	kt	706	790
Of which non-hazardous waste	kt	691	754
Of which hazardous waste	kt	14	36
Other disposal procedures	kt	66	20
Of which non-hazardous waste	kt	15	13
Of which hazardous waste	kt	51	7
Incurred radio-active waste	kt	0	0

Due to the decline in crude steel production, the total waste incurred fell by a similar amount by comparison with the previous year. The volume and composition of the waste generated in the wake of our economic activities are the direct result of the production processes and processing techniques used at the Group's manufacturing facilities. The volume of waste determined results from various surveys of individual disposal companies or directly in our facilities. Waste data are in most cases determined directly (by weighing or the disposal service provider's billing), although in some cases, extrapolations are used due to incomplete billing for the year.

The erection and conversion of facilities at the Salzgitter site as part of the SALCOS® program is also reflected in the composition of our waste. The most significant waste streams in volume terms consist primarily of unprocessed slag and soil, solid waste from the treatment of flue gas, as well as dust. The Salzgitter Group documents the exact composition of the major waste streams from our steel producing and steel processing facilities as part of its environmental management strategy and collates the relevant information in an annual waste report.

SOCIAL INFORMATION

ESRS S1 OWN WORKFORCE

In the present report, we use the following definitions for our **workforce** as set out in the ESRS terms of reference:

- The terms “workers”, “employees”, “workforce” and “staff” relate to our own employees forming part of the permanent workforce at home and abroad who are in a direct employment relationship. Due to our Group structure, the workforce is made up in particular of industrial, technical and commercial occupations (wage earners, pay-scale and non-pay-scale employees, as well as senior executives).
- The “non-employee workers” category includes “temporary workers” as well as contractors who have signed a contract with us to provide services, so-called “self-employed workers”.

STRATEGY

DISCLOSURE REQUIREMENT RELATED TO ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material **impacts, risks** and **opportunities** with regard to our own workforce are identified as part of the double materiality analysis. **An explanation of the three IROs and their place in our business model can be taken from Table → SBM-3** in Section ESRS 2. The IROs form the substantive basis for the concepts, measures and targets listed below.

Occupational health and safety

Occupational health and safety and the associated actual, positive or negative impacts identified traditionally enjoy very high standing for us as a manufacturing company operating in heavy industry. Occupational safety is a crucial, fundamental value for us. Our responsibility derives from our commitment to the well-being and physical safety of our own employees, but also with regard to non-employees working on our site, among them our temporary workers, in particular. Individual accidents at work and associated injuries can occur, above all in manufacturing Group companies or in a manufacturing or quasi-manufacturing working environment, due to the physical nature of the work. To avoid accidents and work-related injuries, company-specific occupational health and safety concepts and measures are therefore implemented in individual business units and companies in the Salzgitter Group. We want our employees to live healthy lives and to be able to work free of illness. This task is growing in importance, particularly in view of longer working lives, and it applies to employees in Production and Administration in equal measure. We therefore rely on extensive company healthcare management and take measures to promote and preserve our employees' health and contribute to their well-being.

Further training and skills development

Further training and skills development measures help to maintain employability and also promote our employees' career development and promotion prospects. At the same time, the commitment, knowledge and creativity of our staff represent important factors in the success of our company, and are thus crucial both for our current business model and for our transformation to green steel production. We are convinced that continuous learning and further training form the foundation for successful work – now and in the future. To enable our employees to develop their abilities and talents, we create an environment of opportunities and ample scope for further development. We therefore strive to offer appropriate further training and growth opportunities to employees of all ages and positions.

SKILLS SHORTAGES

As part of the double materiality analysis conducted in the reporting year, the evaluation for the company-specific risk of the “skilled labor shortage” was adjusted vis-à-vis the previous year. Against the background of the current evaluation of the risk and the tense macroeconomic situation, this risk does not reach the defined thresholds and accordingly is classified as non-material in the reporting year. The subject of skilled labor shortages is therefore not given further consideration in the comments below.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

DISCLOSURE REQUIREMENT S1-1 – POLICIES RELATED TO OWN WORKFORCE

Success and progress hinge on our employees in particular – it is they who shape the future of the Salzgitter Group. For this reason, we are implementing issue-specific concepts to address the impacts identified as material. Activities across the Group and other actions of a strategic nature that affect our employees are managed by our Chief Personnel Officer (Industrial Relations Director) and by the line departments and group functions reporting to them. Such activities include implementing legal and collective agreement rules and regulations, drawing up personnel guidelines and Group agreements, identifying and developing specialists and senior executives across the Group, employer branding for Salzgitter AG, implementing remuneration and incentive systems, HR governance, as well as coordinating issues across all companies with respect to occupational health and safety, along with further training.

Personnel work in Group companies is carried out on a decentralized basis by local personnel departments and, along with groupwide requirements, is geared to regional requirements and processes and those specific to the respective company. The deployment of non-employees such as temporary workers is also managed and defined by Group companies on a decentralized level. Local HR departments are involved and kept informed by the Group in the form of regular HR manager meetings, issue-specific information events, and circulars, as well as an Intranet for HR managers. In addition, an HR Board consisting of the Industrial Relations Director and the personnel general managers of the business units functions as a supporting committee for voting on current and future issues relating to personnel for the Group and its companies.

As described in Section ESRS 2 in → **SBM-2**, we incorporate the interests of our stakeholders into the development and adoption of our concepts and associated actions.

Occupational health and safety
Occupational safety is one of SZAG's high-priority corporate goals. Against this background, the new **"Occupational Safety" Group directive** (updating the previous "Occupational Safety" directive) defines our health and safety policies as well as the components and standards of occupational safety management. The subject of health promotion was integrated and the directive substantively aligned with the new → **Health & Safety strategy** and ISO 45001. Each company is required to draw up targets, priorities and programs and to monitor the efficacy of the measures put in place.

As accidents at work and associated injuries are especially likely to occur in manufacturing Group companies or in a manufacturing or quasi-manufacturing working environment, we continuously strive to reduce the number of accidents in the relevant Group companies and quasi-manufacturing areas, identify and minimize risks and unsafe conditions, and mitigate and prevent any associated negative impacts on employees. Our occupational safety targets are regularly operationalized by the Executive Board and top management as part of our strategy goals and in annual target agreements.

Continuous monitoring of accidents in the Group and within individual Group companies, risk assessments, accident analyses and the preparation and communication of safety principles and rules help us, for example, in monitoring our performance in this area and counteracting any potential risks. The aim is to ensure that safety measures are always up-to-date, appropriate and effective and where necessary adapted to suit new circumstances. Further information on this can be found under Disclosure requirements → **S1-4** and → **S1-5.**

Against this backdrop, occupational health and safety concerns and issues regularly top the agenda in meetings of the Group Management Board. The Executive Board and business unit managers discuss the relevant safety figures here, as well as events occurring in the Group and individual companies and relevant improvement measures. In addition, we endeavor to obtain certification for occupational health and safety management systems in Group companies in order to review and refine our processes. The new "Occupational safety" is intended to ensure that all employees (100 %) work under standards based on ISO 45001. The central Occupational Safety unit supports this intention by vetting the companies accordingly. As of the reporting date, 72 % of employees both domestically and abroad were working in companies externally certified to ISO 45001.

We have been committed to the "Luxembourg Declaration on Workplace Health Promotion" in the EU since 2004. The intention of this declaration is not only to prevent occupational ill health but also to actively enhance health-promoting potential and improve well-being at the workplace. Prevention is a pivotal aspect of our health management, meaning efforts to promote behavior conducive to good health. We therefore attribute importance to having comprehensive company health care management and take measures to promote, protect and sustain the health of our workforce. Company healthcare management is normally designed on a facility or company basis and is based on relevant local needs and circumstances.

The new → **Health & Safety strategy** was initiated in the reporting year with a nationwide launch in Germany. Key components of the launch are the new Groupwide health & safety branding "Wir geben Acht" [We take care] as well as the eight new "golden rules" governing essential principles and topics of occupational health and safety valid throughout the Group.

Further training and skills development

One central element of skills development in the Salzgitter Group is our vocational training, particularly in the technical industrial sector. Our aim is to develop specific skills in our trainees and thus to attract junior staff to the company. Our **Group umbrella agreement "Training",** concluded with the Group Works Council, defines corresponding framework conditions and standards for training for employees and trainees of domestic Group companies (with the exception of HKM). In-house training is planned, designed and implemented at company level, which allows company-specific requirements and circumstances to be taken into account.

As part of Group HR controlling, the number of trainees and the corresponding number offered subsequent employment are surveyed at home and abroad to obtain an overview of the training situation in the Group. In addition, a qualitative analysis of training subjects is conducted through management bodies or committees. For example, the "Joint Vocational Education Advisory Board" at the Salzgitter, Peine and Ilsenburg facilities regularly discusses questions and issues relating to training, further education and skills development.

To enable our employees to develop their abilities and talents, we are working on creating an environment of opportunities and ample scope for further development. Our aim is to provide our workforce with appropriate qualification and growth opportunities and boost their career prospects. Against this background, our **Group umbrella works agreement "Further Training",** concluded with the Group Works Council, defines corresponding framework conditions and standards for further training and access to qualification offers for employees of domestic Group companies (with the exception of HKM). Besides the provision of central further training and development programs (e.g. for developing managers), further planning, the design and implementation of further training processes and measures, as well as the conclusion of corresponding agreements and rules are conducted primarily on the level of Group companies, taking account of company-specific requirements and circumstances.

In Group personnel controlling, the number of further training participants and further training measures carried out in the Salzgitter Group is regularly surveyed in order to obtain an overview of the further training situation in the Group. Further training hours and the number of interviews conducted on career and performance assessments are also recorded in the set of key indicators. In addition, a detailed analysis of further training subjects is conducted through management bodies or committees.

A further focus of our activities lies on employees with key functions or within the managerial sphere. With regard to filling vacant managerial posts, a succession and talent management process has been established in the Group. The aim is to identify and promote successors with a specific target position and talented employees with the potential to take on more extensive management tasks, initially on the CEO level and the managers reporting directly to them across the Group. Our **Group works agreements "Succession planning"** and **"Talent management",** concluded with the Group Works Council, define the process and participation arrangements for our non-pay-scale employees in Germany (with the exception of HKM). By way of a separate arrangement, our senior executives are incorporated into the succession planning and talent management. Regular conferences are organized for succession planning and talent management. The Executive Board, Business Unit Managers and Personnel General Managers as well as the responsible Managers department confirm where the talents lie and decide on potential successors.

Human rights policy

Respect for internationally recognized human rights is high on the list of priorities for Salzgitter AG. This is underlined, in particular, by our ↗ Policy Statement issued by the Executive Board on the human rights strategy of the Salzgitter Group as well as our Code of Conduct. The principles laid down in the Salzgitter Group's ↗ Code of Conduct are at the heart of our corporate culture while, at the same time, representing binding guidelines on the actions of all the Group's employees. One essential component of these rules is respect for internationally recognized human rights, among them the lists in the European Convention on Human Rights and the Universal Declaration of Human Rights adopted by the United Nations. In this we include both personal rights and civil liberties as well as judicial and social human rights. As set out in our code of conduct, based on the ten principles of the UN Global Compact, we explicitly reject any form of forced labor, campaign for the abolition of child labor and recognize the right of employees to form unions and employee representations. Not least, we advocate for appropriate remuneration for all employees. In addition, the Salzgitter Group will not tolerate any kind of discrimination or harassment in the workplace and views occupational health and safety as a high-quality asset.

Our Group directives give concrete form to the expectations of the Executive Board with respect to the behavior of all Group employees. In particular, our **Group directive "Corporate due diligence in the supply chain"** helps to ensure that respect for human rights standards is applied both in its own business units and the supply chain. According to the directive, it is expected of all Executive Board members, management teams and Group employees that they ensure, within the remit assigned to them, that all obligations relating to human rights and the environment are observed. Our code of conduct and Group directives apply uniformly around the world to all facilities of our Group companies and are thus designed to guarantee uniform respect for human rights in the Salzgitter Group.

In order to identify risks with regard to the respect of human rights both in Group companies and in the supply chain, a supply chain risk management system (LkRM) has been set up in the Group. The supply chain risk management system is based on the obligations arising from the Supply Chain Due Diligence Act (LkSG). Its processes and mechanisms therefore also serve to monitor observance of the United Nations Guiding Principles on Business and Human Rights, the Declaration of the ILO on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, provided this is covered by the requirements of the LkSG. All operating Group companies report once a year on the human rights situation in their own business units and any risks that have come to light regarding respect for human rights among their suppliers. The supply chain risk management system is monitored by our Human Rights Officer.

Our objective is to strengthen this understanding, not only among our own employees but also among all our suppliers, and avoid human rights infringements such as child labor throughout the supply chain. This aspiration is expressed in our ↗ Supplier Code as well as the Policy Statement issued by Salzgitter AG's Executive Board on the Salzgitter Group's human rights strategy.

The **"Corporate Compliance" Group directive** also obliges all Group employees to observe the law and internal directives, giving them specific rules of conduct to guide them. The instruments of employee communication are used to make all Group employees continuously aware of issues of relevance to compliance.

"Human trafficking" is synonymous with grave human rights infringements which we combat with the aid of the aforementioned policies. In our understanding, therefore, our policies focused on preserving human rights include the subject of "human trafficking" even if this term is not explicitly referenced.

Our ↗ whistleblower system FAIR TOGETHER allows all Group employees, our business partners' employees and all other stakeholders to report violations of the law, abuses or other negative effects, for example in relation to occupational health and safety, which damage or penalize people, the environment or Salzgitter AG and its Group companies, or which harm natural resources in the context of the economic activity of the Salzgitter Group or its suppliers. Tip-offs can be submitted either via our electronic reporting portal, to our compliance hotline or addressed to our ombudsperson. Our electronic reporting portal can accept tip-offs in 27 languages. The compliance hotline and our ombudsperson receive tip-offs in German or English. They are also available for a one-to-one conversation on request and after fixing an appointment. Anonymous and confidential tip-offs are permitted.

Human rights breaches that have occurred or are imminent must be reported to our compliance management without delay. The Group company affected will take suitable remedial measures to prevent a breach, immediately put a halt to it or minimize the scale of the breach. The efficacy of the prevention and remedial measures implemented as well as the whistleblower system (complaints procedure) is reviewed by the Group's internal auditing department.

Moreover, we encourage a continuous dialog with our employees. The (Group) Works Council is the central co-determination and participation body for our workforce. In view of the decentralized Group structure, we also involve workers at a company level, in particular, besides the Group level. The central players here are predominantly local employee representatives. Various meeting and workshop formats, as well as regular works meetings or joint management bodies and committees, support dialog with the workforce on the ground.

Our policies are based on relevant, internationally recognized standards. In the course of matching the various requirements contained in the frameworks referenced in the ESRS with our internal documentation, we identified individual aspects that do not yet fully reflect the relevant international standards, among them the United Nations Guiding Principles on Business and Human Rights. The recommendations resulting from such mapping will serve as the basis for any potential adjustments to our internal rules and regulations.

The Salzgitter Group will not tolerate any discrimination or harassment in the working environment, whether on the basis of race, ethnic origin, gender, religion, ideology, disability, age or sexual identity. This principle is clearly enshrined in our ↗ Code of Conduct. The Salzgitter Group also expects objective, friendly, fair behavior from every Group employee in their dealings with employees and third parties. The Salzgitter Group values and promotes open interactions between all parties. The obligation not to tolerate "any kind of discrimination" also includes the potential grounds for discrimination represented by skin color, political opinions, national heritage and social background as well as other forms of discrimination covered by EU legal regulations and national law even if these terms are not explicitly listed in our code of conduct. Corresponding breaches of such principles will be pursued and punished. Individual Group companies sometimes have their own rules and agreements on the treatment of employees and collaborating in a spirit of partnership. Such agreements define the principles and rules of conduct for the relevant company. The value of "fairness and a spirit of partnership" is an integral part of our ↗ Group mission statement YOUNITED.

With a view to integrating people with severe disabilities, the Salzgitter Group offers workplaces adapted to employee needs. The redesign or conversion of workplaces can enable employees with health restrictions to continue to play a productive part in working life. A Group framework inclusion agreement also stipulates that the participation of employees with severe disabilities in training measures to maintain, expand and adapt their skills and knowledge must be promoted. Companies define their targets on their own initiative, e.g. the appointment or training of young people with disabilities. To meet these targets, individual companies can set up "Inclusion Teams" that draw up the specific measures to be implemented. In addition, employees have access to the representative bodies for people with severe disabilities both at Group level and at a local level in Group companies if they have questions or concerns with respect to severe disabilities or gender equality.

Two components of our FORWARD personnel development program make an important contribution to promoting female employees: Our "Career Path for Women" program is aimed at women in all functions who wish to actively plan their careers and who are considering a management career. In addition, the target market for the mentoring program for women is composed of dedicated female managers. The mentoring program is aimed at assisting the individual in developing in a management role, as well as at providing support on the path toward higher managerial responsibility. Acting in the role of mentors are senior executives or managing directors in the Group who are willing to share their professional experience and insights, as well as their network of contacts, with the mentee in confidence and to support them as their career develops. A women's network "Women of Steel" has also been set up at Salzgitter Flachstahl GmbH which is intended to serve as a platform for exchange and networking among female employees in all departments and levels of the hierarchy.

Beyond these initiatives, there are no specific political commitments to include or promote people from particularly vulnerable groups within our own workforce.

DISCLOSURE REQUIREMENT S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

Regular, ongoing dialog with our employees is a matter of importance to us. Under → SBM-2 in ESRS 2, we explain the fundamental, general procedures for the direct inclusion of our workers. This is achieved by means of various dialog formats as well as trade unions, works councils and other forms of employee representation in the context of codetermination.

On Salzgitter AG's Supervisory Board, the employee representatives play an active role in preparing the Supervisory Board's targets for the Executive Board and monitoring their implementation. For example, the Supervisory Board sets annual targets for the Executive Board comprising sustainability aspects such as occupational health and safety.

The Group Works Council is the central codetermination and participation body for our employees. Its members are delegated to the council from works councils in domestic companies operating in the relevant business units. The Group Works Council works closely with the Group representatives for youths and trainees as well as people with severe disabilities, who also participate in meetings and events of the Group Works Council. In addition, each business unit has its own work groups within the works councils. This structure supports the networking of codetermination bodies between companies in each of the Group's business units. Our **Group works agreements** on the **"Composition and Brief of the Group Works Council"** as well as the **"Working Groups of the Works Councils"** define among other things the composition, remit and working methods of these codetermination bodies and aspects of their collaboration with the company.

The Chief Personnel Officer (Group Industrial Relations Director) is the link between the Group Works Council and the company and is responsible for incorporating the results and suggestions arising from dialog with our employees and employee representatives in policies and actions. The exchange between companies and employee representatives is based on continuous constructive collaboration. As a general rule, we strive to ensure that dialog with our employees and employee representatives is held as early as possible and on a continuous basis. Besides regular meetings with the chair of the Group Works Council, the Group Industrial Relations Director also participates in meetings of the Group Works Council, for example, using this forum to discuss with the attendees both strategic and issue-specific circumstances in connection with our impacts, such as the accident picture in the Group, measures to promote occupational health and safety or further training. The full Executive Board also takes part in the annual Group Works Councils Conference. In addition, there are regular plenary sessions for the working groups of the business units involving the participation of the responsible industrial relations directors and business unit managers. The HR Board and the head body of the Group Works Council (Group Works Committee) get together at least twice a year to discuss issues of relevance to the company and HR. Topics such as safety at work, health and environmental protection or training and further education are addressed by the Group's Works Council in committees specially set up for this purpose. The information required to enable the committees to carry out their work is supplied by the company, and suggestions from the committees with respect to our impact in the areas of occupational health and safety, further training and skills development are received by the company and vetted. Constructive collaboration between company and Group Works Council is also reflected in the conclusion of collective agreements on a wide variety of subjects, among them the **Group umbrella works agreements for "Training"** and **"Further Education"**. With regard to the implementation of the → **Health & Safety strategy**, the Group works agreement "Procedural Agreement for the 2025 Health & Safety strategy" was also completed in the reporting year in order to create common understanding of the targets and contents and ensure uniform framework conditions.

As already explained, employees are included not only at Group level but also particularly at the company level, e.g. through local employee representative bodies. Company-specific rules and agreements, including on subjects such as occupational health and safety or further education, are concluded in the companies and corresponding measures implemented. Various meeting and workshop formats, as well as regular works meetings or joint management bodies and committees, support dialog with the workforce on the ground. For example, the reporting year saw the launch of the new discussion format "Dialog with the Executive Board" in which the Executive Board seeks to converse directly with employees of all types of Group companies.

The materials and funds required for the inclusion of employees are provided by the Group or the companies in accordance with the specifications of the Works Constitution Act (BetrVG).

In addition, numerous companies have a company suggestions management system that gives employees the chance to submit suggestions for improvements and thus actively lobby for changes to their working environment.

Information media for employees

We ensure that our employees are informed of current issues in the Group through our extensive Intranet as well as a range of printed matter such as brochures, flyers or posters. We also make use of digital formats such as video blogs and podcasts. For example, the Executive Board provides regular information on the Group's current situation in the "InSZights" series, as well as an outlook on future development. As part of the annual Group forum and regular seminars for managers, the Executive Board keeps top management continuously informed of current topics of relevance to the Group, thereby furthering the cascading of communication and flow of information to the companies. The rollout of our in-house employee app "SZMAPP" also continued in the reporting year with the connection of the Trading Business Unit. This employee app contains a wide range of information, employee services, dates and documents, making a further contribution to supporting internal communication with our employees. Furthermore, decentralized communication formats such as company Intranets or employee magazines are used in the companies.

DISCLOSURE REQUIREMENT S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

Various channels are available to our workers through which they can express their needs and concerns and address them directly to the company. Besides decentralized reporting channels such as HR departments or works councils, this also includes our ↗ whistleblower system FAIR TOGETHER.

If we establish that the breach of a human rights-related obligation or a material negative impact on our staff caused by us has occurred or is imminent in the business unit of a Group company, the management of the Group company concerned will immediately implement remedial measures – if necessary in consultation with the Human Rights Officer. The remedial action to be taken will be determined on a case-by-case basis and selected in terms of measures that appear most suitable to prevent or immediately put an end to any breach or negative impact or to minimize its scale. We also assess the efficacy of the remedial action taken on a case-by-case basis and thus objectively. In order to prevent negative impacts with respect to occupational health and safety or take remedial action, measures such as incident investigations and associated priority programs, risk assessments, targeted communication, training or security briefings are used, for example, in the companies. In particular, accident analyses, regular risk assessments, inspections or audits help to identify and eliminate accident black spots, unsafe conditions and risks, as well as to review the efficacy of the relevant measures.

We inform our workers of our whistleblower system and other complaints mechanisms via our Group homepage as well as → **information media for workers**. We do not record either how well known they are or to what extent the workforce trusts the process. Our whistleblower system meets the statutory requirements for protecting whistleblowers. The protection of Salzgitter Group employees who provide information is separately defined in the **"Corporate Compliance" Group directive**. Further details on the whistleblower system can be found in → **G1-1**. The efficacy of the whistleblower system (complaints procedure) is regularly reviewed by our Group internal auditing department. Stakeholders who are intended as target users are not included in the process for tracking the efficacy of the system.

DISCLOSURE REQUIREMENT S1-4 – TAKING ACTION ON MATERIAL IMPACTS AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS AND APPROACHES

With regard to impacts identified as material, various individual issue-specific measures are implemented which we explain below. There are currently no comprehensive action plans. Accordingly, we dispense below with the minimum disclosure requirements in accordance with MDR-A 69 a to c, which are not applicable.

The corresponding human resources, financial means and material resources required to implement all the measures mentioned here, which serve to manage our material impacts, will be provided by the company or Group companies.

Internal directives such as the **"Occupational Safety" Group directive** and behavioral principles such as the code of conduct are intended to ensure that our own practices do not have any negative impacts on the workforce. Internal company rules and relevant statutory provisions constitute important company principles and must be observed. With regard to the subject of occupational health and safety, we work tirelessly to prevent accidents, identify and eliminate unsafe conditions and risks and reinforce the safety culture in the company.

Occupational health and safety

Occupational health and safety is accorded high priority in the Salzgitter Group. The aim of our actions, on the one hand, is to avoid and counteract negative impacts such as accidents and risks, and on the other, to reinforce the safety culture in the company so as to further optimize the level of safety in the Group and continually heighten awareness of the subject of occupational safety among our workforce. Furthermore, our actions are intended to foster the health and well-being of our employees in the area of health management.

Occupational safety management and measures to promote occupational safety

Occupational safety is a crucial, fundamental value for us. Accordingly, the new → **Health & Safety strategy** reinforces a consistent approach to health and safety throughout the Group. Among other things, the focus is on the subjects of management and responsibility, as well as risk awareness and risk management. On this basis, any more extensive requirements will also be tackled in the future on a decentralized basis in individual business units and companies in the Salzgitter Group, and corresponding measures implemented locally. For that reason, facility-specific and operation-specific measures and offers are therefore continually developed and implemented in Group companies in order to prevent, mitigate or put a stop to negative impacts. The emphasis lies in implementing statutory requirements and taking account of the issues relevant to the companies. These include specific risks, identifying prevalent accidents and injuries, such as tripping and falling or hand injuries, unsafe conditions and near misses. The necessity and suitability of each measure must be confirmed by means of a targeted process. In this way, accidents in companies are systematically documented, investigated and analyzed, including the circumstances surrounding the accident and the cause of the accident . Corresponding measures to prevent future accidents are derived and implemented on this basis, and corresponding remedial action taken. The latter is actioned by the companies in the event of an accident, taking account of the particular incident depending on the situation. For example, the remedial action comprises first aid for the victim of the accident, investigations into the incident, discussions of the events surrounding the accident, a repetition of safety briefings or training, drawing up or changing safety instructions, the temporary provision of alternative jobs, or measures to reintegrate employees into the operation. In addition, there is constant communication on the subject of occupational safety issues or incidents in order to raise employees' awareness of safety. Accident analyses, regular risk assessments, inspections or audits help to identify and eliminate accident black spots, unsafe conditions and risks, as well as to review the efficacy of the relevant measures.

The Personal Protective Equipment (PPE) used in the companies is subject to a defined selection and approval process involving technical departments and employee representatives. The intention is to ensure the quality and suitability of the PPE made available to employees for their work. The handling of hazardous substances is governed by law. For example, at Salzgitter Flachstahl GmbH (SZFG), employees affected receive instruction regarding general work with hazardous substances via an e-learning module. Furthermore, the specific risks and protective measures associated with individual hazardous substances are taught by company supervisors on the basis of operating instructions in accordance with the Hazardous Substances Ordinance.

In addition, specialist seminars on the subject of occupational health and safety are conducted across the Group, such as the annual get-together of safety officers and qualification measures on the subject of occupational safety. Moreover, occupational safety is a matter subject to codetermination as a rule. For example, there are various company agreements in place in the Group companies that reflect comprehensive health and safety at work as well as an integrated understanding of health. The inclusion of our co-determination bodies and employees in occupational safety processes, such as risk assessment, for instance, and the development and introduction of preventative occupational safety mechanisms is a key part of this process.

Implementation of the new Health & Safety strategy

Implementation of the new Health & Safety strategy for the Salzgitter Group continued in the reporting year. The aim is to marry the themes of safety at work and protecting health more closely with each other, realize continuous, measurable improvement in occupational health and safety and reinforce the occupational health and safety culture in the Group as an essential fundamental value. The aim is to achieve a uniform, consistent stance on the seven focus areas of: management and responsibility, identification of hazards and risk management, health, intervention and recognition, skills and training, suppliers / contractors and performance management.

Establishment of a "Central Occupational Safety" unit and "Occupational Safety" working group

In order to manage and refine the new Health & Safety strategy, a central unit "Central Occupational Safety" was established in the holding company in the reporting year, reporting directly to the Chief Personnel Officer and Group Industrial Relations Director. This central unit is also available to the Executive Board, Group management, Group co-determination staff and the companies in an advisory capacity.

The Group working group for occupational safety was extended in the reporting year to cover the area of health, and as the "Occupational Safety" working group under the coordination of the central unit Central Occupational Safety, it now develops policies and measures with the aim of promoting and improving occupational health and safety in the Group. In addition, the exchange of information and transfer of knowledge between the companies are to be intensified by integrating further Health & Safety experts. By way of support, the Group companies receive information with the aid of Teams-based channels in order to learn from other companies and good practice examples.

Communication campaign and golden rules
Besides organizational and regulatory measures, the communication and dissemination of the new Health & Safety strategy throughout the Group represent key success factors. The process was therefore launched by an advertising campaign surrounding the new Health & Safety branding "We take care" as well as the eight new "golden rules" governing the key principles and issues regarding occupational safety.

1. We look out for each other
2. We take time for safety
3. We take care of our health
4. We spot risks and work proactively
5. We follow all safety rules and signs
6. We only work with safe machines and tools
7. We always move loads safely
8. We always use the PPE prescribed

These rules and their importance are to be further explained and driven home in 2026 by means of various action plans and measures across facilities and companies, both online and at the relevant facilities.

Action days in Group companies on occupational safety and health promotion

In the reporting year, activities also focused on staging action days with varying priorities on the subjects of occupational health and safety. Besides technical and organizational protective opportunities, the occupational safety conduct of each individual is crucial. The aim of these events, therefore, is to constantly make employees conscious of accident risks and health dangers, hone their awareness of them and encourage them to practice safe, healthy working methods and modes of behavior. The examples listed below reflect the wide range of offers aimed at the special requirements and needs of individual Group companies.

The "Occupational Health and Safety Practical Days" were held in the spring for the fourth time at SZFG with more than 4,300 employees from different Group companies participating. The groups of participants moved through various stations on occupational health and safety topics at four-hourly intervals in over 60 event blocks. Attendees were able to swap notes, glean information and play an active role at various stations. For example, there was an "intoxication course" where they were able to experience first-hand how the consumption of drugs changes cognitive functions.

This year's employee Health Day at the Peine facility was held under the motto "S!cher für mich?!" ("Safe for me?!"). At this event, employees from Peiner Träger GmbH, Deutsche Erz- und Metall-Union GmbH and Salzgitter Mannesmann Stahlhandel GmbH were able to gain information, test their knowledge and actively join in at a total of 18 different action stands. For example, the offer included a reaction speed test from BKK Salzgitter or information on how the works fire service acts in emergency situations. The central theme of the health days was the significance of risk assessments as the basis for effective occupational health and safety. Important preventive themes were also addressed. From the company pension scheme, occupational disability to the theme of care with a workshop on "The Labyrinth of Dependents' Care".

At Ilsenburger Grobblech GmbH, the occupational health and safety action days were held in the autumn with around 300 participants. The priorities lay on the accident reporting chain, the detection of risks as well as practical first aid exercises. In addition, employees were able to find out about PPE at different stands, attend lectures on cardiovascular health and workshops on stress management or take part in skin cancer screening.

Mannesmannröhren-Werk GmbH offered its employees a wide-ranging program on the subjects of occupational health and safety and well-being at its 2025 Occupational Health and Safety Days. The aim was to raise awareness of safety, exercise and healthy habits in everyday working life under the motto of "Fit machen durch Mitmachen" ("Get fit by joining in"). One focus was on the subject of skin protection. Here, experts provided information on the correct approach to products offering skin protection, skin cleansing and skin care. Other offers included exercises on the subject of correct lifting and carrying, with attendees given the chance to join in, practice in how to handle a fire extinguisher, opportunities to learn about PPE, practical exercises and tips on a healthy posture in the form of back training and a hearing station to check whether earmolds are working.

"MENTAL HEALTH WEEK" was held nationwide at Mannesmann Precision Tubes GmbH in October of the reporting year. During the five days, participants were able to attend presentations on a wide range of topics surrounding mental health. The participatory offers gave employees the chance to try out various relaxation and mindfulness exercises. In addition, employees were able to take part in panel discussions and access a broad selection of theme-based podcasts, videos, self-tests and e-learning offers.

To evaluate the efficacy of measures, companies obtain feedback from participants in the action days, for example, and the organizers reflect on the events in retrospect. The findings and insights thereby gained serve as the basis for designing future programs. Continuous monitoring of the accident situation in the Group and at the company level also helps us to monitor our performance in this area and to take corrective action. Moreover, the subject of occupational safety is top of the agenda in Group management meetings. The Executive Board and business unit managers discuss the relevant safety figures here, as well as events occurring in the Group and individual companies and relevant improvement measures.

Further health management measures

We are constantly working on actively strengthening our health potential and improving the well-being of our employees in the workplace. Prevention is an important goal of our health management, meaning efforts to promote behavior conducive to good health.

Besides medical screening and consultations, our health offers range from "health check-ups", company fitness centers and alliances with external partners, to support for employees participating in public sports events. Our "health check-up" is an easily accessible offer in which parameters such as blood sugar, blood fats, BMI and blood pressure are measured. In a subsequent consultation with the works doctor, participants receive their test results and recommendations on the steps to take to boost their individual health.

In addition, the companies provide regular action and information offers which focus on a wide variety of health and screening issues. For example, in 2025, there were company podcasts available on the subjects of "support in the event of complaints and diseases of the musculoskeletal system" or "preventive offers", screening campaigns for bowel and skin cancer, heart and venous diseases, as well as preventive eye examinations. In addition, there were diverse presentation offers on topics such as sleep quality and addictions. Annual flu jabs were also offered at various facilities.

A special examination in the form of the CardioExplorer was also offered to employees at a heightened risk of cardiovascular diseases for companies at the Salzgitter, Peine and Ilsenburg facilities. The analysis of various health parameters by the works doctors in the course of this test procedure determines the likelihood of the presence of an acute vascular disease in the person concerned. Furthermore, the test reveals previously undetected risk factors such as high blood sugar or cholesterol levels. The test is followed by a consultation with the works doctor during which the results are handed over to the participating patient. Depending on the seriousness of the findings, the works doctor may also identify further measures – e.g. a recommendation to have more extensive tests – and, if necessary, arrange for such tests to be performed. As a further measure in the area of heart disease, 24 Automated External Defibrillators have been installed in the head office and at the site in Salzgitter with the result that, in the event of a cardiac arrest, helpers can begin resuscitating the person concerned even before the fire service or works doctor arrives. As a result, the chances of surviving such an emergency are significantly increased.

Occupational healthcare also places emphasis on employees' mental health. At the Salzgitter facility, for example, there is the "mental signpost". Employees are able to obtain direct personal advice from a psychological psychotherapist who, if appropriate, will act as an intermediary between other providers for our health management at the workplace or in healthcare under the national health system. There are also further education offers in the areas of stress management or resilience, as well as a special offer for managers of all levels on how to handle psychological complaints and illnesses at work. Employees with care responsibilities can also avail themselves of a free family service in Germany which can advise them on questions relating to looking after children and caring for dependents and refer them to other services.

In addition, employees with long-term illnesses are given special support to reacclimatize to working life. First and foremost, this company reintegration management system includes measures individually tailored to those affected and their workplace demands. The highest priority is given to enabling them to return to their existing workplace. The close networking of all service providers allows a coordinated response to be quickly orchestrated.

Healthcare offers are constantly advertised via the various communication channels and intended to motivate employees to take advantage of them. Feedback or the number of participants offer clues as to the efficacy and acceptance of the measures. In addition, our company health insurance provider prepares regular health reports for numerous companies which provide extensive information on the health situation in each company (e.g. absenteeism and the analysis of absences, main illnesses). Corresponding target market-specific and company-specific health offers can be conceived on that basis.

Further training and skills development

The constant training and further education of our employees is a key concern of ours. To enable our employees to develop their abilities and talents, we work tirelessly on creating an environment that offers them opportunities and ample scope for further development. Our aim is to provide our employees with appropriate qualification and growth opportunities and boost their career prospects.

Vocational training

Vocational training represents for us a key central measure for securing a high level of skilled workers. To this end, we offer training in over 30 different occupations and dual study programs in commercial and technical fields, as well as IT. Securing the future prospects of trainees by giving them follow-on employment not exclusively based on immediate requirements reinforces the processes of obtaining and extending qualifications and represents an important approach to the problem of retaining the expertise acquired in the Group. Training is organized and delivered at Group company level, as is the corresponding requirements planning. Besides the well-founded communication of training content, trainees also receive close support. For example, trainees can enjoy their own “works school” at the Salzgitter training center, where they are specifically trained for exams in addition to their regular lessons. In addition, the regularly held “Executive Board meets Trainee” scheme underscores the importance our company places on education and training activities. In a series of workshops, trainees from various Group companies work on entrepreneurial and strategic issues and subsequently discuss their conclusions together with the Executive Board.

At the Salzgitter facility, our “Future Hunter” program is making its contribution toward readying school-leavers in need of support to take up a company traineeship in the metalworking or electrical field. In the course of this ten-month program, participants learn the basic work methods and gain insights into everyday working life, as well as into how training operates in our company. In addition, refugees were again given the opportunity in the reporting year as part of an integration project to find their feet in the world of work through an internship and to qualify for a company traineeship.

The quality and efficacy of our vocational training is continually reviewed by the companies, e.g. with respect to the occupations offered or examination results obtained. There is a joint Vocational Training Advisory Board in place for the Salzgitter, Peine and Ilsenburg facilities. This board consists of employer and employee representatives from different companies, and it meets on a regular basis to discuss and analyze issues surrounding vocational training. In the process, application figures and examination results are regularly discussed, for example, and training processes, content or projects agreed.

Further training and qualifications offers

To strengthen further training and design it to be more efficient, two Centers of Excellence (CoE) have been set up at Salzgitter Flachstahl GmbH (SZFG) and KHS GmbH which provide training offers for participating domestic Group companies and arrange for measures to be carried out. An extensive learning management system, “SuccessFactors Learning”, was implemented in this context as a building block in the strengthening and digitalization of further training. Using this system, for example, training measures can be selected and allocated or reflections on an employee’s own learning history prepared. Our employees have access to a comprehensive list of further education measures via the CoE that focus on a range of different work-related and interdisciplinary topics. For example, further training is offered in the spheres of IT and technology, logistics and transportation, communication and working methods, occupational health and safety, as well as leadership, cooperation and equal treatment (General Equal Treatment Act). These courses are staged both as face-to-face events and in digital formats.

In addition, the companies implement specific further training and qualification measures to fit their respective needs and circumstances. The systematic management of training requirements is exemplified by the PuQ program ("Personalentwicklung & Qualifizierung" – "Personnel growth and qualification") conducted by SZFG. Employees meet with their supervisors once a year to discuss and clarify qualification requirements and career prospects. Leading on from this, measures and career development opportunities are agreed and generally realized within a year. Similar further training models are in use in other companies with the aim of determining employees' corresponding qualification requirements and growth opportunities in structured, joint discussions between supervisors and employees, and deriving suitable measures to be implemented.

Given the noticeable rise in cyber threats, training measures were developed and mandated throughout the Group in the reporting year, serving to protect employees from cyber threats and safeguard Group infrastructure.

Through its "Fit4Leadership International" program, KHS GmbH has implemented a learning offering for international executives and project managers designed to strengthen networking, joint learning and the initiation and implementation of change processes on a global scale and thus support the company's international growth path. As part of this program, participants receive training on topics such as intercultural communication or virtual collaboration, among other things. With regard to the continuous qualification of its service technicians, KHS GmbH relies on an international infrastructure of trainers as well as a uniform qualifications matrix. The qualifications matrix defines the required technical skills which service technicians need to meet the high product requirements and standards – e.g. for the maintenance and servicing of systems on customers' premises – and facilitate reliable, flexible service. Since this reporting year, KHS GmbH has been offering its new "Fit4Global Collaboration" seminar to reinforce intercultural collaboration and employee communication in global and virtual teams. The aim is to promote clear communication, trust and efficient collaboration across cultural and geographical borders. Practical tools are intended to help improve global teamwork and prevent typical pitfalls. In addition, a new virtual training center (VTC) was opened at KHS GmbH in the reporting year. The center gives employees access to virtual machines from the KHS portfolio anytime, anywhere. This enables basic knowledge and grasp of the machine to be efficiently expanded.

Further training and qualification offers are subject to regular review – e.g. with respect to the demand for them or their relevance from the perspective of employees and companies – and supplemented by the needs of Group companies. This is aimed at ensuring that the offers align with the needs of the company and its workforce and are always up to date. In addition, feedback is solicited from participants on the relevant training measures, enabling any necessary adjustments to be made to the training and qualifications offer. The stages in employees' growth and their careers are defined and implemented at Group company level. For example, after successfully completing training measures and acquiring the necessary qualifications and skills (e.g. certifications), employees can take the next steps defined in their growth path.

Career development

In the Salzgitter Group we have established a groupwide system called FORWARD for managers and experts encompassing all companies. This system fosters commitment, innovation capability, information sharing and networking on the part of high achievers on all hierarchical levels. Our Salzgitter competence model defines interdisciplinary requirements that are particularly important, alongside expertise and professional experience.

Junior employees with a university degree and qualified staff with vocational training constitute the target market for FORWARD basic programs. The focus here is on the structured communication of knowledge and the systematic establishment and expansion of methodological expertise and social skills that are intended to enable students to take on departmental and managerial responsibility at a later date. There is a broadly diversified range of seminars on offer that not only offers interesting opportunities for further training in line with requirements and on an extracurricular basis, but also contributes towards the networking of junior staff between companies. Regular presentations from internal speakers provide insights into company structures, processes and subjects.

By way of more extensive programs on personnel growth, such as the Experts Seminar for the target group of experienced specialists and the Management Seminar for managers, FORWARD promotes and supports the development of skills in high-potential individuals and high achievers for the long term. Along with the range on offer to domestic companies, two English-speaking programs also form part of the FORWARD system. Particular emphasis is placed on intercultural collaboration for the target market of international high achievers, along with instruction in extra-curricular competencies. The FORWARD program for the top management "Leadership Circle" provides a targeted offer for the top management of the Salzgitter Group that provides fresh impetus with its emphasis on (new) leadership, change, systemic thinking and innovation, encouraging the consolidation and expansion of managerial skills.

To evaluate the efficacy of the FORWARD modules, regular feedback is obtained from participants and on this basis any adjustments needed to the content of the program are defined and implemented. There is also a close feedback loop in place with Group companies with respect to the modular development of managers as well as the modification of existing and development of new modules in the Group.

Succession and talent management

With regard to filling vacant managerial posts, a succession and talent management process has been established in the Group. Its aim is initially to identify and encourage successors (with a specific target function) and talented individuals (with potential for more far-reaching management assignments without as yet any defined personal development target) for the general manager level and managers reporting directly to them across the Group. A comprehensive analysis of their potential is obligatory for all those nominated. Talented individuals are integrated into a talent pool, and they undergo a high-quality program for personnel growth at a Group level. The development of successors is managed in the companies on a decentralized basis. To ensure the efficacy of our succession and talent management, appointments to the pool and the career development of prospects are tracked and supported via the Managers department in the holding company. In addition, the content of the program and associated processes are regularly reviewed and, where necessary, adjusted. In 2024, talent management was also more closely linked to our mentoring program for women. The aim in the future is to integrate graduates from the mentoring program into the nomination process for the talent management program in an even more targeted fashion and identify female prospects. The current nomination cycle was initiated at the end of 2024, the successors and talented individuals were selected in June of the reporting year, and the current talent programs have been running since September 2025.

Securing knowledge

As a module to secure knowledge, a process of systematic knowledge transfer is used as and when required in the form of the so-called "TransferWerk" in Group companies. The aim is to preserve knowledge in the company, especially when individuals in key functions change and, under normal circumstances, this knowledge will be made available to their successor. TransferWerk is a proven knowledge management tool in the Group, or more specifically the companies, and it makes an important contribution toward preserving and passing on knowledge and know-how in the company and supporting the onboarding process for employees.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT S1-5 – TARGETS RELATED TO MANAGING MATERIAL IMPACTS, ADVANCING POSITIVE IMPACTS, AS WELL AS TO RISKS AND OPPORTUNITIES

Occupational health and safety

Occupational health and safety have always represented an important concern for the company. Reducing accidents and promoting a safe, healthy working environment play a significant role in this process. These aspects have been anchored in our strategic corporate goals since 2022. In order to reflect our workforce structure as comprehensively as possible in our targets, the LTIF target is based on the global active workforce (core workforce and trainees) rather than the ESRS table "Key figures for health and safety" (global core workforce). We are striving to reduce accidents by 35 % by 2025, and by 50 % by 2030 compared with 2021. The metric here is the Lost Time Injury Frequency (LTIF, number of work-related accidents with days lost and fatal work-related accidents per 1 million hours worked) of our active workforce worldwide. The baseline figure from 2021 is 8.57. In the reporting year, the actual figure stood at 6.66 with the result that the target (5,57) was just missed. There were no adjustments to the targets or measurement methods in the reporting period.

In addition, a reduction in the number of accidents or the LTIF is a regular component of the targets set by the Supervisory Board for the Executive Board. The employee representatives on the Supervisory Board play an active role in defining targets and thus setting objectivesfor the Executive Board, and they monitor and discuss their implementation status in this context. The LTIF target for the whole Group was 7.08 in 2025 while the actual figure in 2025 was 6.92 meaning that the target was hit. Besides the worldwide active workforce, temporary workers have also been included in the LTIF target for the Executive Board in order to monitor accident frequencies for this group of people more closely.

The LTIF target for the Group is also passed on within the Group via the Executive Board's annual targets set for top management. The corresponding targets are set for each company. The degree to which the target is met is continuously followed by monitoring accident figures and the LTIF on a monthly basis. The topic of occupational safety is top of the agenda at Group Management Board meetings. The Executive Board and business unit managers discuss the relevant safety figures here, as well as events occurring in the Group and individual companies and improvement measures. At meetings of the Group Works Council, the Group Industrial Relations Director informs employee representatives of the accident picture and discusses findings and opportunities for improvement with the members.

Further training and skills development

The provision of opportunities for qualifications and development to boost the employability and career prospects of our employees is one of our company's important objectives. Between 2020 and 2023, the continuous expansion of further training activities in the Salzgitter Group was enshrined in the Supervisory Board's targets for the Executive Board.

After the targets for 2023 were successfully met, the Group initially refrained from defining a follow-on target on the subject of "Further training". The further training data for the Group are uniformly collected for the entire Group via Personnel Controlling on the basis of the corresponding definitions. The regular monitoring of the number of further training participants and the further training measures carried out for our global permanent workforce was also maintained in the reporting year. In 2025, we recorded 19,305 further training participants across the Group and 94,116 further training measures carried out.

There are currently insufficient empirical data or benchmarks in the Group to formulate specific targets with respect to further training hours per employee. On the basis of the data surveyed, we will assess and verify whether appropriate targets can be derived from them going forward. Regardless of this process, we are continuously working on providing our employees with qualification and growth opportunities and boosting their career prospects. We therefore continued to deliver our further training measures and programs at Group and company level in the reporting year. Details on tracking the efficacy of our concepts and measures are described in this section in → S1-4 .

DISCLOSURE REQUIREMENT S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

The following key data provide an overview of how our workforce is structured and supplement the information on the aforementioned IROs. The key workforce data are based on the workforces of all consolidated domestic and foreign Group companies. All of these details are based on the number of people on the reporting date. The personnel indicators are recorded in an SAP-BW system as part of Personnel Controlling. The survey itself is conducted on a largely automated basis via machine interfaces from the central payroll accounting client of the Salzgitter Group to the SAP-BW system. The workforce data and personnel movements for the vast majority of foreign facilities are also recorded via mini master records in the Group client and extracted to the BW system. All further data are collected via manual data entry screens on binding reporting dates. Data are collected on the basis of definitions applicable across the Group. Rounding differences in personnel data can occur due to proportional shareholdings.

Employees by gender (as of 12/31/2025)

Gender	2025	2024
Male	18,939	19,266
Female	3,075	3,115
Other[1]	0	0
Not disclosed	0	0
Total Employees	22,014	22,381

[1] Gender as specified by the employees themselves.

Employees by countries in which the company has at least 50 employees who make up at least 10 % of the company's total number of employees (as of 12/31/2025)

Country	2025	2024
Germany	18,259	18,585

Employees by type of contract and gender (as of 12/31/2025)

	Female		Male		Other[1]		Not disclosed		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Number of employees	3,075	3,115	18,939	19,266	0	0	0	0	22,014	22,381
Number of permanent employees	3,006	3,019	18,178	18,547	0	0	0	0	21,184	21,566
Number of temporary employees	69	97	762	719	0	0	0	0	830	816
Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0
Number of full-time employees	2,315	2,362	18,364	18,924	0	0	0	0	20,679	21,286
Number of part-time employees	759	749	576	345	0	0	0	0	1,335	1,094

[1] Gender as specified by the employees themselves.

Employees by type of contract and region (as of 12/31/2025)

	Germany		Rest of Europe		Asia		America		Other regions		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Number of employees	18,259	18,585	1,092	1,226	953	905	1,468	1,451	242	214	22,014	22,381
Number of permanent employees	17,532	17,873	1,054	1,194	905	848	1,466	1,448	227	203	21,184	21,566
Number of temporary employees	727	712	38	32	48	57	2	3	15	11	830	815
Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0	0	0
Number of full-time employees	16,981	17,563	1,041	1,158	949	901	1,467	1,451	241	214	20,679	21,287
Number of part-time employees	1,278	1,023	51	68	4	4	1	0	1	0	1,335	1,095

Turnover

	2025	2024
Total number of employees who have left the company	1,656	1,715
Rate of employee turnover in %[1]	7.4	7.4

[1] Based on the average core workforce of 2025.

As of the reporting date, our global workforce comprised 22,014 employees. The most representative number in the financial statements can be found in 4, Personnel expenses. Over 95 % of our employees were employed with permanent contracts and over 90 % on a full-time basis. Fixed-term employment contracts are used, for example, to provide cover for temporary additional staffing requirements or absences. A total of 1,656 employees left the company in the reporting year. This figure includes employee resignations, terminations initiated by the employer as well as age and health-related exits. A total of 490 employees left the company in 2025 as a result of handing in their notice; this corresponds to a voluntary termination rate of 2.2 %. Further information about the trends in the workforce in the financial year 2025, along with information on the composition of our Executive and Supervisory Boards, can be found in the management report in the sections entitled → Employees and → Declaration on Corporate Governance.

DISCLOSURE REQUIREMENT S1-13 – TRAINING AND SKILLS DEVELOPMENT METRICS

Employees who have taken part in regular performance and career assessments

		2025	2024
Female	%	57.2	54.1
Male	%	50.7	47.6
Other[1]	%	0.0	0.0
Not disclosed	%	0.0	0.0
Total	%	51.6	48.5

[1] Gender as specified by the employees themselves.

The key figure is reported as the percentage of permanent employees on the reporting date who participated in at least one performance and career review meeting during the reporting year.

Average number of training hours

		2025	2024
Female	h	12.0	17.0
Male	h	17.8	23.2
Other[1]	h	0	0
Not disclosed	h	0	0
Total	h	17.0	22.3

[1] Gender as specified by the employees themselves.

To determine the average number of training hours, the number of further training hours completed by permanent staff in the reporting year is divided by the number of permanent employees on the reporting date.

DISCLOSURE REQUIREMENT S1-14 – HEALTH AND SAFETY METRICS

Occupational Safety

	2025	2024
The percentage of people in its own workforce who are covered by the undertaking's health and safety management system.	72 %[1]	71 %[1]
The number of fatalities as a result of work-related injuries and work-related illnesses.	1	0
Number of recordable work-related accidents	222	250
Rate of recordable work-related accidents[2]	6.6	7.2

[1] Based on management systems certified according to ISO 45001.
[2] Occupational accidents per 1 million hours worked and fatal occupational accidents; core workforce.

In the reporting year, a work-related accident occurred on the site of Salzgitter Mannesmann Stahlhandel GmbH in which an employee was injured while material was being moved by crane and later died of his injuries. Official investigations into this incident were completed in the reporting year. The rules surrounding the handling of heavy loads were communicated again and included in the eight new rules for the Health & Safety strategy. The option to adopt additional technical and organizational preventive measures was reviewed.

No work-related fatalities were recorded in the reporting year among other workers deployed at the Salzgitter Group's facilities.

DISCLOSURE REQUIREMENT S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

In the reporting year, twelve cases of discrimination, including harassment, were reported within our own workforce via our ↗ whistleblower system FAIR TOGETHER as well as other decentralized reporting channels (e.g. local personnel departments). In addition, three complaints were received via these complaints channels in the reporting year. No fines, penalties or damages were paid in the reporting year in connection with the aforementioned incidents and complaints. No serious incidents were reported with regard to human rights in connection with the company's workforce. No fines, penalties or damages were paid in connection with serious human rights incidents relating to the company's workforce. The data were collected worldwide by the responsible bodies in the Group using a questionnaire based on the ESRS. Any HKM data were included in full (100 %) and not on a pro rata basis.

ESRS S2 WORKERS IN THE VALUE CHAIN

STRATEGY

DISCLOSURE REQUIREMENT IN CONNECTION WITH ESRS 2 SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS

As workers in our value chain might be materially affected by our operating activities, we regard them as vital stakeholders. In the process, we focus on the employees of service companies which perform their work on our sites in a manufacturing or quasi-manufacturing working environment. Their interests, views and rights form part of our occupational safety strategy and are enshrined there as a strategic target in terms of minimizing risks and achieving a common culture of safety.

DISCLOSURE REQUIREMENT IN CONNECTION WITH ESRS 2 SBM-3 IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The actual and potential impacts on workers in our value chain, which we viewed as part of our materiality analysis, are linked to our human rights strategy, particularly with respect to occupational health and safety. We have identified management of social and human rights issues along the entire value chain as a strategic focus as part of our → **Sustainability strategy**.

In the course of our materiality analysis, we identified and examined certain kinds of workers in the upstream and downstream value chain who may be affected by negative impacts, primarily on their health and safety at work. During the → **workshops conducted for the materiality analysis**, we developed a deep understanding of the extent to which certain workers are at greater risk, e.g. with respect to complex production processes or construction work forming part of the SALCOS® program. Employees of service companies within the upstream value chain who perform their work in a manufacturing or quasi-manufacturing working environment on our sites are the workers in the value chain who may be significantly affected by our activities.

With respect to the fatal accident on the site of Hüttenwerke Krupp Mannesmann GmbH (HKM; 30 % stake) in 2024, the official investigation has still not been completed. The investigation is receiving the full support of HKM. In 2025, there were no fatal accidents involving external employees on our sites.

We did not identify any substantial risk of child labor or forced labor among workers in our value chain. In the reporting year, no serious problems or incidents were reported to us in connection with human rights within our upstream and downstream value chain.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

DISCLOSURE REQUIREMENT S2-1 – POLICIES RELATED TO WORKERS IN THE VALUE CHAIN

Our occupational safety concepts described below apply to all partner companies working in Group companies and to all employees of Salzgitter AG on its sites. Activities in the upstream and downstream value chain, in particular at external suppliers or service providers not working at Group facilities, are not covered. Our occupational safety concepts comprise all activities within Salzgitter AG and its direct Group companies. This includes all activities in the areas of production, administration and logistics relating to the occupational health and safety of workers of partner companies and suppliers.

Occupational safety is a high-priority corporate goal for the Salzgitter Group and traditionally enjoys very high standing for us as a manufacturing company operating in heavy industry. Against this background, the new **"Occupational Safety" Group directive** (replacing the previous "Occupational Safety" directive) defines our health and safety policies as well as the components and standards of occupational safety management. The subject of health promotion was integrated and the directive substantively aligned with the new → **Health & Safety strategy** and ISO 45001. The new Annex to the "Partner company management" Group directive describes expectations and principles relating to collaboration with partner companies in matters of occupational safety. Based on this directive, individual business units and companies within the Salzgitter Group implement occupational health and safety concepts and measures tailored to their respective requirements. Responsibility for implementation lies with the relevant management. Each company is required to draw up targets, priorities and programs and to monitor and check the efficacy of the measures put in place.

With the aid of these requirements for partner companies which are binding across the Group, we want to minimize risks and avoid accidents in order to safeguard the physical safety of all suppliers and employees of partner companies. The core objective of the works regulation governing the work of Salzgitter Flachstahl GmbH (SZFG) employees, for example, is to guarantee safety on construction sites, in particular for non-German speakers and external workers. In addition, the "Staged Concept for Briefing External Companies" specifies the briefings to be given on occupational safety, technical environmental protection and energy management.

In various companies, the implementation of occupational safety is based on certified occupational safety management systems which largely align with the ISO 45001 management system. The "Occupational Safety" Group directive that has applied to all Group companies since July 2025 is also aligned with ISO 45001. The management systems are regularly reviewed and management teams and the Group Management Board informed of their current status. Non-certified companies will be recorded by the Central Occupational Safety unit by means of a defined self-disclosure form from 2026 onwards. Further information on the Central Occupational Safety unit set up in 2025 can be found in → **Section S1**. Companies' ↗ certifications are available on the Salzgitter AG website.

As part of a continuous monitoring and improvement process, safety measures are updated and adjusted to fit new circumstances. This includes regular risk assessments, safety regulations and the documentation of accidents and near misses. The responsible managers and safety experts also conduct implementation and efficacy checks to ensure that the protective effect expected is genuinely delivered.

The observance of human rights in all parts of the Salzgitter Group is a matter of course for us. In addition, we endeavor to cement this understanding with all our suppliers and workers in the value chain and prevent human rights infringements in the entire supply chain. This is also clearly expressed in the ↗ Policy Statement of Salzgitter AG's Executive Board in the context of the Salzgitter Group's human rights policy.

Part of our human rights policy is to ensure that human rights due diligence is carried out in the supply chain. To achieve this, the Salzgitter Group and each Group company have introduced various processes and mechanisms as part of supply chain risk management, which is based on the three pillars of Identification, Prevention and Remedy and set out in writing in the **"Corporate Due Diligence in the Supply Chain" Group directive**. Supply chain risk management is based on the obligations arising from the Supply Chain Due Diligence Act (LkSG). Its processes and mechanisms therefore also serve to monitor observance of the United Nations Guiding Principles on Business and Human Rights, the Declaration of the ILO on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, provided this is covered by the regulations and requirements of the LkSG. Implementation of the LkRM of Salzgitter AG and SZFG, acting as a center of excellence for various Group companies, is monitored by the Human Rights Officers of Salzgitter AG and SZFG. Our ↗ whistleblower system FAIR TOGETHER is also available to our workers in the value chain.

If it is established that a breach of human rights due diligence has occurred or is imminent, the management of the Group company concerned will immediately take remedial action – if necessary, in consultation with the Human Rights Officer. These measures are individually defined and selected for their suitability for preventing the breach, putting an immediate stop to it or minimizing its scale.

In order to remedy negative impacts with respect to occupational health and safety, risk assessments are prepared, training conducted, and documented safety briefings provided, among other measures. In addition, measures are implemented such as detailed incident investigations and associated priority programs initiated in the companies. In the process, we always rely on targeted communication.

Our Supplier Code of Conduct defines clear standards for suppliers with respect to the observance of human rights, occupational safety, environmental protection and climate protection, as well as statutory regulations. Suppliers are obliged to implement these principles along the entire supply chain with a facility to carry out audits and random checks and terminate contracts in the event of serious infringements. The Salzgitter Group's Supplier Code of Conduct contains provisions dealing with worker safety, forced labor and child labor.

Our policies in relation to workers in the value chain are based on internationally recognized standards of relevance to workers in the value chain. In particular, we regard the Principles of the United Nations' International Labor Organization (ILO) and the contents of the International Covenant on Civil and Political Rights (ICCPR) `and the International Covenant on Economic, Social and Cultural Rights (ICESCR) as minimum global standards. In the course of matching the various requirements contained in the frameworks referenced in the ESRS with our internal documentation, we identified individual aspects that do not yet fully reflect the relevant international standards, among them the United Nations Guiding Principles on Business and Human Rights. This relates to individual documents, e.g. the Supplier Code of Conduct. No cases of failure to observe the UN Guiding Principles on Business and Human Rights, the Declaration of the ILO on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises relating to workers in our value chain were reported to our compliance hotline with respect to our upstream and downstream value chain in the reporting year.

DISCLOSURE REQUIREMENT S2-2 – PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS IN RELATION TO IMPACTS

We take account of the views of workers in our value chain by facilitating a regular exchange through regular processes, such as standard meetings between external company coordinators and representatives of external companies or joint safety meetings. The management of each company bears responsibility for ensuring that this participation takes place and the results are taken into account. We evaluate the efficacy of our commitment to the workers in our value chain by means of regular inspections and by recording the relevant accident figures.

DISCLOSURE REQUIREMENT S2-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

If we have caused a material negative impact on workers in our value chain or contributed to such an impact in connection with working conditions, we apply the following approaches and processes to remedy the situation: The management of the Group company affected – if necessary in consultation with the relevant Human Rights Officer – will take remedial action without delay. This action will be determined on a case-by-case basis and selected in terms of measures that appear most suitable to prevent or immediately put an end to any breach or negative impact or to minimize its scale. We also assess the efficacy of the remedial action taken on a case-by-case basis and thus objectively.

We offer workers in our value chain the opportunity to raise their concerns, needs and reservations directly and use our whistleblower system FAIR TOGETHER to convey them to us anonymously and confidentially via our electronic reporting portal, compliance hotline or our ombuds. These channels are set up by Salzgitter AG itself. We provide detailed information on our homepage through our whistleblower system FAIR TOGETHER both on the protection offered to the whistleblower and on external and internal reporting offices. Furthermore, we regularly draw attention to FAIR TOGETHER in our Group magazine STIL and fundamentally in our Supplier Code of Conduct. Details can be found in Section S1 under → **Human Rights Policy** or Section G1 under → **Compliance Management System**.

Raised and addressed problems that may relate either to the breach of a human rights obligation or to a material negative impact on workers in the value chain caused by us are tracked and monitored by the management of the Group company affected. If necessary, such issues may also be coordinated with the relevant Human Rights Officer. The efficacy of the whistleblower channels is reviewed by management once a year and as warranted; this review includes random checks carried out by our internal auditing department. Stakeholders who are intended as target users are not included in the process for tracking the efficacy of the system.

We do not regularly investigate whether the workers in our value chain are aware of these processes, or we trust them to raise their concerns or needs and have them reviewed. Our whistleblower system meets the statutory requirements for protecting whistleblowers.

DISCLOSURE REQUIREMENT S2-4 – TAKING ACTION ON MATERIAL IMPACTS, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS AND APPROACHES

We implement various occupational safety measures to prevent or mitigate material negative impacts on workers in the value chain which we explain below. There are currently no comprehensive action plans. Accordingly, we dispense below with the minimum disclosure requirements in accordance with MDR-A 69 a to c, which are not applicable.

Collaboration, training and management systems for suppliers

The Salzgitter Group works closely with its suppliers to ensure that all suppliers observe the Supplier Code of Conduct. We also require that our suppliers' management systems are certified. Occupational health and safety requirements are systematically integrated into the planning of new buildings and conversions. In the process, we also rely on safety assessments and experience from comparable projects. In addition, we conduct training to communicate knowledge of human rights-related risks in supply chains as part of a compliance training program for our staff. To supplement this program, the PAM process (Partnerschaftliches Auftragnehmermanagement – Contractor Management in a Spirit of Partnership) was implemented at SZFG in order to systematically meet occupational health and safety requirements in working with contractors. This process includes the identification and reporting of anomalies, the classification and escalation of breaches, and efficacy reviews.

The Salzgitter Group has introduced a comprehensive questionnaire to evaluate and administer external companies and contractors. This questionnaire serves as a tool to ensure occupational safety and minimize risks when working with external companies. It includes various aspects such as occupational health and safety management, the induction system or risk assessments. By introducing this questionnaire, we are ensuring that collaboration with external companies is systematically monitored and continuously improved.

Furthermore, we have defined minimum standards and good practice examples for external companies to ensure that they meet the high standards of our own employees. These joint efforts are designed to specifically identify weaknesses and take remedial action.

Efficacy of the measures

The Salzgitter Group tracks and evaluates the efficacy of its measures by carrying out regular audits and random checks, as well as execution and efficacy checks, and by analyzing the results. Warnings are consistently issued when delays occur, and the protective effect of the measures is carefully verified. The implementation of minimum standards for partner companies of Salzgitter AG and the works regulation governing contractor services to SZFG are to be guaranteed by measures such as recorded safety briefings, documented risk assessments and daily reports, and monitored by means of random checks of the documentation.

Processes and the approach to implementing measures in relation to material impacts

SZFG has introduced a systematic process for recording and processing safety incidents. This process comprises the reporting and documentation of work-related accidents, near misses and unsafe conditions by means of regular inspections and a standardized form. From 2023 onwards, the monitoring was extended to temporary workers worldwide and, from 2024, to the employees of external companies in Germany, thus enabling a comprehensive record and analysis of accidents. Contracts with external companies are being adjusted to reflect current health and safety requirements.

Measures tailored to meet the relevant requirements in relation to certain material negative impacts on workers in the value chain are being implemented in companies in the Salzgitter Group. At SZFG, if an accident or incident occurs, the coordinator of the German Social Accident Insurance (DGUV), the client's supervisor or technical project manager are immediately notified (obligation pursuant to Sec. 193 of the German Social Code Vol. 7). SZFG uses a standardized form for reporting and documenting incidents containing detailed information on the date, time, location, persons involved and immediate action taken. The causes of the incident are analyzed and corresponding measures defined and implemented to avoid any future incidents. Near misses and accidents are subsequently communicated in order to raise awareness of safety. Regular discussions are held on serious accidents in meetings of the Executive Board and Group Management Board as well as in the Group working group on "Occupational Safety". Supplementing the "Partner Company Management" Annex to the "Occupational Safety" Group directive, an evaluation system for assessing external companies' level of occupational safety was prepared by the Central Occupational Safety unit and distributed to companies' H&S experts as guidance.

When obligations overlap, as is the case with public safety, we ensure that processes for implementing or facilitating remedial action are available in the event of material negative impacts and effective in terms of their implementation and results as part of the established process of coordinating external companies. Further details on our remedial concept can be found in → S2-3.

Further measures and deployment of resources

We implement further measures above and beyond the topic of occupational safety in order to ensure that our practices have no material negative impacts on workers in our value chain. We achieve this, for example, by the requirement to comply with collective agreements and minimum wages in the relevant contracts. Moreover, aspects such as child labor and forced labor, slavery, abuse of the right of association and unequal treatment form part of the continuous abstract risk analysis.

The corresponding human resources, financial means and material resources required to implement the measures described here which serve to manage our material impacts, will be provided by the company or Group companies.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT S2-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Currently, we have not set ourselves any measurable, results-driven targets with respect to our material negative impact on workers in the value chain. Details on tracking the efficacy of our policies and measures are explained in → S2-4.

GOVERNANCE INFORMATION

ESRS G1 CORPORATE GOVERNANCE

GOVERNANCE

DISCLOSURE REQUIREMENT IN CONNECTION WITH ESRS 2 GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Details of the role and specialist knowledge of the administrative, management and supervisory bodies with respect to aspects of corporate governance can be found in Section ESRS 2 under → GOV-1.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

DISCLOSURE REQUIREMENT IN CONJUNCTION WITH ESRS 2 IRO-1– DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Details of the process for identifying and assessing the material impacts, risks and opportunities are described in Section ESRS 2 under → IRO-1.

DISCLOSURE REQUIREMENT G1-1 – CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

As a globally active Group, Salzgitter AG and its Group companies have the ambition not only to uphold the highest safety and quality standards while simultaneously maintaining an environmentally friendly approach in the production of goods and delivery of services, but also to correctly and fairly shape all business activities and thus the relationship with its business partners and all parts of society in legal and ethical terms. We have therefore given ourselves a Group-wide code of conduct, as well as implementing further measures to guarantee compliance across the board.

A **healthy corporate culture** counteracts breaches of internal and external regulations, and we therefore promote integrity as a key component of our corporate culture. This includes the creation and observance of the guidelines, structures and processes (corporate governance) with which we want to ensure responsible entrepreneurship along the entire value chain.

The Salzgitter Group's ↗ Code of Conduct sets out principles to be observed by all employees of the Group which serve the purpose of ensuring that all laws are adhered to at all times and places in the conduct of our business, that generally recognized, fundamental values are respected in our dealings with other people and companies, that we behave fairly and that we do our utmost to protect nature.

The **"Corporate Compliance" Group directive** aims to:

- Make it crystal clear that observance of statutory regulations and internal company rules represents an unshakable framework within which employees of the Salzgitter Group perform their duties for the company, and that no breaches of any kind will be tolerated (zero tolerance)
- Leave no doubt as to who is responsible for compliance with the regulations to be observed in the company's business activities
- Specify the organizational measures which all members of the Executive Board, all managing directors, all managers, all other senior executives and all employees are obliged to comply with as a minimum requirement
- Clarify that it is also the responsibility of all members of the Executive Board, all managing directors, all managers and all other senior executives to take steps to regularly monitor that their staff are meeting their obligations in this regard and what these obligations consist of
- Provide all employees with guidelines for complying with the standards in place in certain legal areas, e.g. to prevent corruption and avoid breaches of anti-trust legislation

This is intended to ensure that every effort is made in the Salzgitter Group to avoid breaches of regulations as well as the ensuing disadvantages for Group companies and personal disadvantages for the employees concerned.

Organization of corporate compliance

Corporate compliance – the observance of all external and internal regulations applicable for our operations such as laws, ordinances, provisions in articles of association, rules of procedure and internal directives – is regarded as an important part of corporate governance in the Salzgitter Group. The Executive Board of Salzgitter AG therefore works actively to ensure observance of the statutory provisions and internal Salzgitter Group guidelines relevant to its business practices by means of systematic prevention, including through the Compliance Management System (CMS).

In the Salzgitter Group, all members of the Executive Board, every managing director and every other Group employee must ensure that all external and internal regulations pertaining to their assigned sphere of responsibility are observed.

Compliance organization

EXECUTIVE BOARD

COMPLIANCE COMMITTEE

Chief Executive Officer | Chief Financial Officer | Head of Legal, Compliance & Insurance | Head of Internal Audit

COMPLIANCE MANAGEMENT/COMPLIANCE OFFICER

Within the Executive Board, responsibility for compliance is assigned to the CEO. At all meetings of the Executive Board and the Group Management Board which are normally held twice a month, the Executive Board is informed by the Head of Compliance Management of any new compliance issues and the status of any ongoing matters, as well as the refinement of the CMS under the agenda item of "compliance". In addition, members of these boards report on new findings available to them. The CEO and further members of the Compliance Committee are informed of new compliance issues of elevated importance by the Head of Compliance Management / the Compliance Officer on an ad hoc basis.

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

Priorities of the Compliance Committee in 2025

In the 2025 financial year, the Compliance Committee concerned itself with the focus area of integrity and ongoing and scheduled refinements to the Salzgitter Group's CMS and supply chain risk management. This included reporting on the results of compliance and supply chain risk analyses, refining the CMS and supply chain risk management in the Salzgitter Group as well as the status of ongoing compliance issues of relevance. No new compliance matters of heightened relevance or major new findings with respect to already familiar issues were identified. Equally, no breaches of human rights or environmental obligations became known in the supply chain in the 2025 financial year. No special measures had to be implemented in these areas in the process of monitoring the company's strategy, no special considerations taken into account nor any compromises found in relation to individual decisions.

The Compliance Management department helps to ensure that external and internal rules and regulations are observed by framing preventive measures and refining the CMS in the Salzgitter Group, and it consults on questions regarding the implementation of the CMS in Group companies. At the same time, it performs the compliance hotline function.

One member of the management in each Group company bears responsibility for compliance. This member implements a CMS which reflects the size, type of business activity and risk position of the particular Group company. The design of the CMS is based on the Salzgitter Group's Code of Conduct as well as the **"Corporate Compliance" Group directive**. Depending on the business activities and risk position of the particular Group company, it will also have compliance committees or support for the management in the shape of compliance officers.

All wholly owned, operating subsidiaries of Salzgitter AG analyze their compliance risks annually. They check risks arising from corruption, competition, money-laundering and supply chains as well as general indicators of changes in the compliance risk position and report on them to the Compliance Committee. The internal Audit department verifies the suitability and efficacy of the preventive measures implemented in the course of its regularity audits.

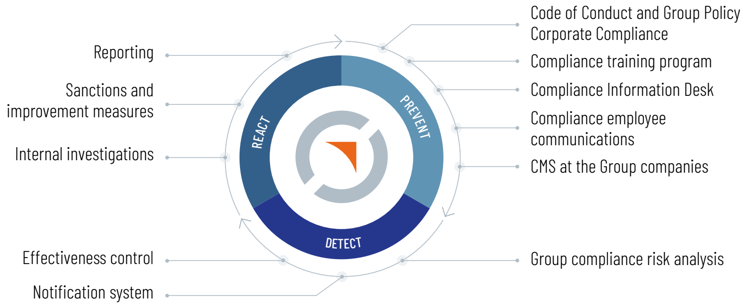
The Executive Board explains the corporate compliance situation of the Salzgitter Group to the Supervisory Board in a detailed compliance report every year and on an ad hoc basis. An audit committee set up by the Supervisory Board also addresses issues relevant to compliance. The CEO and the chairman of the Supervisory Board also remain in touch between meetings of the Supervisory Board in order to discuss compliance issues as and when they arise. Salzgitter AG also reports on the Group's corporate compliance in its → **Declaration of Corporate Governance**, which is published annually.

Any compliance risks resulting from the corporate culture or breaches of external standards to be respected in its business activities are incorporated into Salzgitter AG's risk management system and in this way taken into account in management decisions.

Compliance Management System

The aim of the CMS in the Salzgitter Group is to prevent or reveal breaches of laws and internal directives and to respond to any such breaches appropriately and effectively. It is based on the three pillars Prevent, Detect and React. The scope of the CMS includes all Salzgitter AG's Group companies (Sec. 18 (1) AktG). In order to ensure maximum efficiency, its design is closely linked to the management organization, i.e. compliance responsibility matches management responsibility.

Elements of the compliance management system



Prevent

The rules contained in the Code of Conduct, including respect for human rights, adherence to laws and avoidance of conflicts of interest, form the core of the Salzgitter Group's corporate culture. The **"Corporate Compliance" Group directive** commits all employees to respecting laws and internal directives. It gives them specific rules of conduct to prevent corruption, ensure correct anti-trust behavior under competition law, avoid money-laundering risks, prevent forbidden insider trading, conclude consultancy contracts and vet business partners.

The legal departments in the Salzgitter Group are available to all Group companies and employees as a point of contact for legal questions, and they offer comprehensive legal advice.

The instruments of employee communication are used to make all Group employees continuously aware of issues of relevance to compliance.

Compliance training

Observance of and compliance with the law are a key component of integrity. Our compliance training program therefore imparts the necessary knowledge of external standards (laws, etc.) which are relevant to the business activities of Group companies and the Salzgitter Group. This puts employees in a position with respect to the duties assigned to them and their remit to better detect and avoid the risk of legal infringements.

The areas for which training is offered include corruption prevention, the prevention of breaches of antitrust law, data protection law, money laundering prevention and the Supply Chain Due Diligence Act. The compliance training program is delivered in the form of e-learning and face-to-face classes. Thanks to e-learning, it is also possible to offer compliance training to those engaged in mobile working.

E-learning is available in German and numerous other languages with the result that facilities abroad can also be included.

On taking up a compliance-sensitive activity, the employees concerned will receive compliance training within twelve months. The training will be repeated after three years at the latest.

Detect

The Salzgitter Group's compliance risk position is regularly analyzed and evaluated. Our whistleblower system gives all employees as well as customers, suppliers and other business partners and their staff the opportunity to draw attention to breaches of the law and misconduct. The efficacy of the CMS of the Salzgitter Group and its Group companies is regularly reviewed by internal audits.

Whistleblower system

The Salzgitter Group has set up the ↗ whistleblower system FAIR TOGETHER in order to learn of potential breaches of the law in connection with the economic activities of companies in the Salzgitter Group as well as of any human rights abuses along its supply and value chains, and to counteract them. We provide information in this regard on the homepages of our Group companies and on the Group Intranet.

All Group employees, business partners, their employees and all other stakeholders of the Salzgitter Group can approach our reporting offices for information. FAIR TOGETHER offers an opportunity to draw attention to breaches of the law or to other circumstances as a result of which people, the environment, Salzgitter AG or one of its Group companies are harmed, unjustly disadvantaged or natural livelihoods linked to the economic activities of the Salzgitter Group or one of its business partners are unlawfully impaired.

Tip-offs can be submitted either via our electronic reporting portal or addressed to our compliance hotline or our ↗ ombudsperson. Our electronic reporting portal can accept tip-offs in German and 26 other languages. Our compliance hotline and our ombudsperson can receive tip-offs in German or English. They are also available for a personal conversation on request and with an appointment.

All information is treated confidentially. Information on persons and circumstances contained in such tip-offs can only be accessed internally by employees who need it to process the case.

Anonymous tip-offs can be submitted through our electronic reporting portal, by letter or to the ombudsperson. The ombudsperson will not pass on the identity of the whistleblower or any other parties involved to the Salzgitter Group if the whistleblower so wishes.

The Compliance Committee is informed of tip-offs relating to events of special significance or of groupwide relevance on an ad hoc basis or in the course of regular reporting.

React

Our aspiration is to thoroughly investigate and solve any suspected breach of the law or regulations.

Handling suspicious cases and infringements

All suspicious cases of infringements of internal or external regulations in connection with the Salzgitter Group's business activities are investigated immediately wherever possible. The aim is to investigate and evaluate whether and to what extent an infringement can be identified. If suspicious cases are of elevated or fundamental importance, this investigation is carried out by the internal Audit department. All further cases of suspicion are investigated by the management of the Group company concerned, if applicable, with the support of the legal departments in the Salzgitter Group. Any breaches found are met with sanctions. Measures to bring about improvements are implemented to avoid repetitions.

The Compliance Management informs the Executive Board about current compliance issues. Equally, the Executive Board and Supervisory Board are kept regularly informed of refinements to the CMS and significant compliance events within the Salzgitter Group.

DISCLOSURE REQUIREMENT G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Trusting, intact supplier relationships form the basis for reliable, punctual delivery, can strengthen operating business, and bring about economic benefits over the long term.

In order to exploit this opportunity and reinforce trusting relationships with our suppliers in a spirit of partnership, we therefore aim to always settle their bills punctually in accordance with the terms of payment agreed. This applies regardless of whether the supplier is a large, small or medium-sized company. The terms of payment to be applied to each order are recorded in the contracts and transparently made available to all parties involved in the process in subsequent procedures. Invoices are punctually verified and paid on the basis of workflow-supported standard processes and general work instructions, the observance and efficacy of which are monitored via internal audits and supervisory measures. These processes fall within the remit of the management teams of the procuring Group companies and that of the management of our shared service center, insofar as its competence is affected.

Constant refinement of supply chain risk management

In addition to the risk analysis of the supply chain which we have been using across the Group since 2023, the purchasing departments of the various Group companies conduct standardized assessments of the main suppliers every year. Furthermore, as a center of excellence for various Group companies, Salzgitter Flachstahl GmbH (SZFG) developed a separate questionnaire in 2015 on the most important sustainability issues which is closely based on the self-disclosure "Sustainability for Automotive Sector Suppliers" form used in the automotive industry. On the basis of this survey, all the relevant long-term suppliers of raw materials are regularly evaluated with an additional spotlight on further sustainability criteria. Since 2024, suppliers from other product categories have also been included in a structured survey of sustainability criteria.

In the 2024 financial year, work started on incorporating carbon equivalent emissions data and risk scores from supply chain risk management, as well as suppliers' readiness to accept our Supplier code in which we express our human rights and environmental expectations and our own expectations of legally compliant conduct on the part of our suppliers, in decisions to award contracts and to take them into account for further decisions.

Social and ecological aspects of supplier selection covered by risk analysis

All suppliers are viewed as equal business partners and treated fairly. This principle is also reflected in the Salzgitter Group's Code of Conduct. The IT-based risk analysis covers numerous social and ecological aspects which are important to us as company in order to ensure compliance and sustainability. As a general rule, the risk analysis supports the implementation of the Supply Chain Due Diligence Act.

Stakeholder Commitment

Our → **"Partnering for Transformation" mission** pursues the objective of securing central sections of our value chain for the long term with the aid of strategic partnerships and monitoring critical control points. Suppliers and customers alike, as well as Salzgitter AG and its subsidiaries are faced with the task of transformation. We are convinced that we can only meet these challenges together. Cross-sector support from collaboration activities offers Salzgitter AG and its partners investment security that is required across the entire value chain. Strategic partnership agreements allow us to secure and actively develop reference points of relevance to production at an early stage.

METRICS AND TARGETS

DISCLOSURE REQUIREMENT G1-6 – PAYMENT PRACTICES

The average duration until supplier liabilities were paid by our Group companies in the 2025 financial year (Days of Payables Outstanding (DPO)) amounted to around 87 days (DPO for 2024 financial year: around 83 days, value for 2024 from previous calculation method: 27 days.). The DPO is a figure derived from the consolidated balance sheet which reflects the entire group.

Our standard payment terms provide for payment within 90 days at the latest, in many cases earlier, and, if so agreed, with the application of a discount. These payment terms were uniformly applied to around 91 % (previous year: 93 %) of all payments in the 2025 financial year, regardless of whether the payee was a small, medium-sized or large company.

Companies in the Salzgitter Group were only taken to court for payment in two instances in the 2025 financial year. In one case, the claim was recognized.

APPENDIX

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

The following index shows the disclosure requirements followed on the basis of the results of the materiality assessment, including the pages containing the corresponding disclosures in the report.

List of sector-independent disclosure requirements covered

The following index shows the disclosure requirements resulting from other EU legal regulations including the materiality assessment and, for material disclosures, the pages containing the relevant disclosures in the report.

List of datapoints in general and topic-related standards arising from other EU regulations

Disclosure Requirement and related datapoint	EU Legislation[1]	Page, if material
ESRS 2 - GOV-1 Board's gender diversity paragraph 21 (d)	SFDR, BR	→ 103-104
ESRS 2 - GOV-1 Percentage of board members who are independent paragraph 21 (e)	BR	→ 103
ESRS 2 - GOV-4 Statement on due diligence paragraph 30	SFDR	→ 113
ESRS 2 - SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	SFDR, P3, BR	not material
ESRS 2 - SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	SFDR, BR	not material
ESRS 2 - SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	SFDR, BR	not material
ESRS 2 - SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	BR	not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	EUCL	→ 141-142
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	P3, BR	→ 141
ESRS E1-4 GHG emission reduction targets paragraph 34	SFDR, P3, BR	→ 149
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	SFDR	→ 150
ESRS E1-5 Energy consumption and mix paragraph 37 ESRS	SFDR	→ 150
E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43 ESRS	SFDR	→ 151
E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	SFDR, P3, BR	→ 152
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	SFDR, P3, BR	→ 153
ESRS E1-7 GHG removals and carbon credits paragraph 56	EUCL	→ 153-154
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	BR	Phase-In
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	P3	Phase-In
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	P3	Phase-In
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	BR	Phase-In
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	SFDR	→ 157-158
ESRS E3-1 Water and marine resources paragraph 9	SFDR	→ 159-160
ESRS E3-1 Dedicated policy paragraph 13	SFDR	→ 159-160
ESRS E3-1 Sustainable oceans and seas paragraph 14	SFDR	not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	SFDR	→ 161
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	SFDR	→ 161
ESRS 2 - SBM 3 – E4, paragraph 16 (a) i	SFDR	not material
ESRS 2 - SBM 3 – E4, paragraph 16 (b)	SFDR	not material
ESRS 2 - SBM 3 – E4, paragraph 16 (c)	SFDR	not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	SFDR	not material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	SFDR	not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	SFDR	not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	SFDR	→ 168
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	SFDR	→ 168
ESRS 2- SBM3 – S1 Risk of incidents of forced labor paragraph 14 (f)	SFDR	→ 169
ESRS 2- SBM3 – S1 Risk of incidents of child labor paragraph 14 (g)	SFDR	→ 169
ESRS S1-1 Human rights policy commitments paragraph 20	SFDR	→ 171-173
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21	BR	→ 172

Disclosure Requirement and related datapoint	EU Legislation[1]	Page, if material
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	SFDR	→ 171
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	SFDR	→ 170
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	SFDR	→ 175
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	SFDR, BR	→ 184
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	SFDR	Phase-In
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	SFDR, BR	not material
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	SFDR	not material
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	SFDR	→ 185
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	SFDR, BR	→ 185
ESRS 2 - SBM 3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	SFDR	→ 185
ESRS S2-1 Human rights policy commitments paragraph 17	SFDR	→ 186-187
ESRS S2-1 Policies related to value chain workers paragraph 18	SFDR	→ 186-187
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	SFDR, BR	→ 186
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19	BR	→ 186-187
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	SFDR	→ 188-189
ESRS S3-1 Human rights policy commitments paragraph 16	SFDR	not material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	SFDR, BR	not material
ESRS S3-4 Human rights issues and incidents paragraph 36	SFDR	not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	SFDR	not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	SFDR, BR	not material
ESRS S4-4 Human rights issues and incidents paragraph 35	SFDR	not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	SFDR	not material
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	SFDR	not material
ESRS G1-4 Fines for violation of anti- corruption and anti-bribery laws paragraph 24 (a)	SFDR, BR	not material
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	SFDR	not material

[1] SFDR = Sustainable Finance Disclosure Regulations, P3 = Pillar 3, BR = Benchmark Regulation, EUCL = EU Climate Law

Salzgitter, March 16, 2026

The Executive Board

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In € million	Note	2025	2024
Sales	[1]	8,981.3	10,011.7
Changes in inventories / other own work capitalized		–77.8	137.7
Overall performance		8,903.5	10,149.4
Other operating income	[2]	601.8	539.5
Cost of materials	[3]	5,798.8	6,975.1
Personnel expenses	[4]	1,957.6	2,015.8
Amortization and depreciation of intangible assets and property, plant and equipment	[5]	317.7	624.2
Other operating expenses	[6]	1,548.2	1,437.4
Result from impairment losses and reversal of impairment losses of financial assets		-9.0	-1.2
Income from shareholdings		2.0	1.3
Result from investments accounted for using the equity method	[13]	182.7	184.4
Finance income	[7]	43.9	33.4
Finance expenses	[7]	130.3	150.6
Earnings before taxes		-27.7	-296.2
Income tax	[8]	42.1	51.7
Consolidated result		-69.8	–347.9
Consolidated net result due to Salzgitter AG shareholders		–74.2	–352.2
Minority interest in consolidated net result		4.4	4.3
Earnings per share (in €) – basic	[9]	-1.37	-6.51
Earnings per share (in €) – diluted	[9]	–1.37	–6.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € million	Note	2025	2024
Consolidated result		–69.8	–347.9
Recycling			
Reserve from currency translation		–34.5	5.4
Changes in value from cash flow hedges	[34]	–3.5	–23.4
Changes in fair value		–1.9	–38.0
Recognition with effect on income		–1.7	0.8
Deferred tax		–0.0	13.8
Changes in the value of investments accounted for using the equity method	[14]	–15.8	6.8
Changes in fair value (in particular cash flow hedges)		3.7	–2.5
Currency translation		–19.5	8.3
Deferred tax		0.0	1.0
Deferred taxes on other changes with no effect on income		0.2	–0.6
		–53.6	–11.7
Non-recycling			
Changes in equity for financial equity instruments valued without effect on the income	[34]	–11.5	–1.7
Changes in fair value		–11.5	–2.2
Deferred taxes		0.0	0.5
Remeasurements		123.3	5.9
Remeasurement of pensions	[26]	201.8	6.2
Deferred tax		–65.7	–0.2
Currency translation		0.1	–0.1
Remeasurement of own credit risk exchangeable bonds		–12.9	-
Changes in the value of investments accounted for using the equity method	[14]	4.0	–7.2
Changes in fair value		0.0	–0.1
Remeasurement of pensions		6.0	–10.5
Deferred taxes		–2.0	3.4
		115.8	–3.0
Other comprehensive income		62.3	–14.8
Total comprehensive income		–7.5	–362.6
Total comprehensive income due to Salzgitter AG shareholders		–12.0	–367.0
Total comprehensive income due to minority interest		4.5	4.3

CONSOLIDATED BALANCE SHEET

Assets in € million	Note	2025/12/31	2024/12/31
Non-current assets			
Intangible assets	[10]	160.2	174.4
Property, plant and equipment	[11]	2,855.2	2,674.8
Investment property	[12]	63.3	65.5
Financial assets	[13]	16.5	26.2
Investments accounted for using the equity method	[14]	1,805.2	1,655.0
Trade receivables	[17]	0.8	1.4
Other receivables and other assets	[19]	45.7	19.6
Income tax assets	[20]	0.2	9.8
Deferred income tax assets	[15]	222.7	364.9
		5,169.8	4,991.7
Current assets			
Inventories	[16]	2,532.1	2,740.9
Trade receivables	[17]	1,038.4	1,058.9
Contract assets	[18]	374.7	382.1
Other receivables and other assets	[19]	263.3	244.7
Income tax assets	[20]	37.9	44.8
Securities	[21]	4.1	0.0
Cash and cash equivalents	[21]	1,060.5	1,002.2
		5,311.0	5,473.6
Total assets		10,480.8	10,465.3

Equity and liabilities in € million	Note	2025/12/31	2024/12/31
Equity			
Subscribed capital	[22]	161.6	161.6
Capital reserve	[23]	257.0	257.0
Retained earnings		4,343.9	4,304.7
Other reserves		20.7	75.8
Unappropriated retained earnings	[24]	12.1	12.1
Subtotal		4,795.2	4811.1
Treasury shares		-369.7	-369.7
Amount due to Salzgitter AG shareholders		4,425.5	4,441.4
Minority interest		7.2	7.4
		4,432.8	4,448.8
Non-current liabilities			
Provisions for pensions and similar obligations	[26]	1,408.2	1,638.4
Deferred income tax liabilities	[14]	115.4	154.8
Income tax liabilities	[20]	18.4	19.2
Other provisions	[27]	214.4	201.5
Financial liabilities	[28]	1,937.8	465.4
Contract liabilities	[30]	–	0.9
Other liabilities		12.9	4.6
		3,707.1	2,484.8
Current liabilities			
Other provisions	[27]	300.9	292.4
Financial liabilities	[29]	283.3	1,290.1
Trade payables		1,049.8	1,290.6
Contract liabilities	[30]	439.0	408.7
Income tax liabilities	[20]	5.8	4.4
Other liabilities	[31]	262.2	245.5
		2,340.9	3,531.7
Total assets		10,480.8	10,465.3

CONSOLIDATED CASH FLOW STATEMENT

In € million	2025	2024
Earnings before taxes	–27.7	–296.2
Depreciation, amortization and impairment (+) / (-) of non-current assets	317.7	623.4
Income tax paid (–) / refunded (+)	34.7	–41.6
Other non-cash expenses (+) / income (–)	85.2	34.2
Interest expenses	130.3	150.6
Gain (–) / loss (+) from the disposal of non-current assets	12.3	–3.0
Increase (–) / decrease (+) in inventories	164.9	118.3
Increase (–) / decrease (+) in trade receivables and other assets not attributable to investment or financing activities	54.9	137.1
Use of provisions affecting payments, excluding use of tax provisions	–227.8	–226.6
Increase (+) / decrease (–) in trade payables and other liabilities not attributable to investment or financing activities	–39.8	–87.8
Cash inflow from operating activities	**504.6**	**408.4**

In € million	2025	2024
Cash inflow from the disposal of intangible assets, property, plant and equipment and investment properties	3.5	18.7
Cash outflow for investments in intangible assets, property, plant and equipment and investment properties	–1,070.3	–968.7
Payments from subsidies for intangible and fixed assets	370.5	137.6
Cash inflow from investments of funds	16.1	3.0
Payments for financial investments	–20.6	–
Cash inflow (+) from the sale of subsidiaries	22.7	130.9
Cash outflow (-) for the acquisition of subsidiaries	–10.5	–
Cash inflow from the disposal of other non-current assets	0.2	1.2
Cash outflow for investments in other non-current assets	–4.5	–0.1
Cash outflow from investment activities	**–692.8**	**–677.4**
Cash outflow in payments to company owners	–10.8	–24.3
Deposits from taking out loans and other financial debts	1,188.2	1,475.5
Repayment of loans and other financial liabilities	–1,314.0	–1,019.6
Cash inflow (+) from issuance of bonds	500.0	–
Interest paid	–88.2	–99.6
Cash flow from financing activities	**275.2**	**331.9**
Cash and cash equivalents at the start of the period	1,002.2	939.7
Cash and cash equivalents relating to changes in the consolidated group	–2.2	–0.5
Gains and losses from changes in foreign exchange rates	–26.4	0.1
Payment-related changes in cash and cash equivalents	87.0	62.9
Cash and cash equivalents at the end of the period	**1,060.5**	**1,002.2**

For information on the composition of cash and cash equivalents, please refer to Note 21 → **Cash and Cash Equivalents.** For further information, please refer to Note 35 → **Notes to the Cash Flow Statement.**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital reserve	Treasury shares	Retained earnings	Other reserves from				Unappropriated retained earnings	Share of Salzgitter AG shareholders	Minority interest	Equity
In € million					Currency translation	Cash flow hedges	Equity instruments measured at fair value with no effect on income	Investments accounted for using the equity method				
Note	[22]	[23]				[34]	[34]	[14]	[24]			
As of 2024/01/01	161.6	257.0	−369.7	4,660.4	−14.8	23.1	14.8	67.4	27.1	4,826.9	7.6	4,834.5
Consolidated result	–	–	–	–	–	–	–	–	−352.2	−352.2	4.3	−347.9
Other comprehensive income	–	–	–	5.3	5.4	-23.4	-1.7	-0.3	–	-14.7	-0.0	-14.8
Total comprehensive income	–	–	–	5.3	5.4	-23.4	-1.7	-0.3	-352.2	-367.0	4.3	-362.6
Basis adjustments	–	–	–	–	–	4.1	–	–	–	4.1	–	4.1
Dividend	–	–	–	–	–	–	–	–	-24.3	-24.3	-4.5	-28.9
Change in retained earnings	–	–	–	−361.5	–	–	–	–	361.5	–	–	–
Initial consolidation of Group companies so far not consolidated for materiality reasons	–	–	–	−0.1	–	–	–	–	–	−0.1	–	−0.1
Disposals from deconsolidation	–	–	–	–	1.2	–	–	–	–	1.2	–	1.2
Other	–	–	–	0.6	–	–	–	–	–	0.6	–	0.6
As of 2024/12/31	161.6	257.0	−369.7	4,304.7	−8.2	3.9	13.0	67.1	12.1	4,441.4	7.4	4,448.8
Consolidated result	–	–	–	–	–	–	–	–	-74.2	-74.2	4.4	-69.8
Other comprehensive income	–	–	–	123.4	-34.5	-3.5	-11.5	-11.7	–	62.2	0.1	62.3
Total comprehensive income	–	–	–	123.4	-34.5	-3.5	-11.5	-11.7	-74.2	-12.0	4.5	-7.5
Basis adjustments	–	–	–	–	–	6.1	–	–	–	6.1	–	6.1
Dividend	–	–	–	–	–	–	–	–	−10.8	−10.8	−4.6	−15.4
Change in retained earnings	–	–	–	−85.0	–	–	–	–	85.0	–	–	–
Initial consolidation of Group companies so far not consolidated for materiality reasons	–	–	–	0.4	–	–	–	–	–	0.4	–	0.4
Disposals from deconsolidation	–	–	–	-2.1	–	–	–	–	–	-2.1	–	-2.1
Other	–	–	–	2.4	–	–	–	–	–	2.4	–	2.4
As of 2025/12/31	161.6	257.0	-369.7	4,343.9	-42.7	6.5	1.5	55.4	12.1	4,425.5	7.2	4,432.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT REPORTING

In € million	Steel Production		Steel Processing		Trading		Technology		Total segments		Reconciliation		Group	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
External sales	3,165.6	3,388.8	1,222.0	1,576.3	2,628.7	3,056.7	1,766.9	1,803.9	8,783.3	9,825.7	198.0	186.0	8,981.3	10,011.7
Sales to other segments	1,112.8	1,159.9	577.2	632.4	66.4	44.4	0.5	0.8	1,756.9	1,837.5				
Sales to Group companies that are not allocated to an operating segment	3.3	3.3	262.3	300.1	0.0	0.0	–	–	265.6	303.4				
Segment sales	4,281.7	4,551.9	2,061.6	2,508.8	2,695.1	3,101.1	1,767.5	1,804.7	10,805.8	11,966.5				
Segment cost of materials	2,988.5	3,421.8	1,537.5	1,889.1	2,410.0	2,849.0	873.3	922.1	7,809.3	9,082.0	–2,010.5	–2,107.0	5,798.8	6,975.1
Interest income (consolidated)	0.3	0.3	1.7	3.4	2.5	2.5	8.9	5.9	13.3	12.2	30.6	21.3	43.9	33.4
Interest income from other segments	–	–	–	–	–	–	–	–	–	–				
Interest income from Group companies not allocated to an operating segment	28.8	2.2	9.4	2.9	17.3	19.4	2.8	0.2	58.3	24.6				
Segment interest income	29.1	2.5	11.1	6.3	19.8	21.9	11.6	6.1	71.6	36.7				
Interest expenses (consolidated)	53.6	55.3	12.1	14.3	25.9	35.3	6.2	6.2	97.9	111.0	32.4	39.5	130.3	150.6
Interest expenses to other segments	–0.0	–	–0.0	–	–0.0	–	–0.0	–	–0.0	–				
Interest expenses from Group companies not allocated to an operating segment	21.6	8.2	13.2	12.2	0.7	0.6	1.2	2.6	36.7	23.7				
Segment interest expenses	75.2	63.5	25.3	26.5	26.6	35.9	7.5	8.8	134.5	134.7				
Scheduled depreciation of property, plant and equipment and amortization of intangible assets (excluding impairment costs in accordance with IAS 36)	188.2	186.1	38.7	52.4	20.4	20.2	30.7	34.6	278.0	293.3	37.5	36.3	315.5	329.5
Impairment of tangible and intangible assets (according to IAS 36)	1.1	–	–	240.2	0.0	26.0	1.1	17.6	2.1	283.9	–	10.8	2.1	294.7
Earnings before taxes	-65.6	-60.9	-116.5	-391.4	31.0	-81.2	112.8	93.5	-38.3	-440.0	10.5	143.8	-27.7	-296.2
of which: resulting from investments accounted for using the equity method	–	–	2.6	0.3	–	–	–	–	2.6	0.3	180.1	184.1	182.7	184.4
Earnings before Taxes and Valuation Exchangeable (EBT VX)	-65.6		-116.5		31.0		112.8		-38.3		40.3		2.0	
Material non-cash items	58.8	74.2	35.0	40.5	0.8	29.1	58.8	50.8	153.5	194.6	17.2	6.1	170.7	200.7
Investments in property, plant and equipment and intangible assets	362.1	653.7	94.3	96.1	16.2	31.0	24.6	56.5	497.2	837.3	30.4	61.5	527.6	898.8

For further information, please refer to Note 36 → **Notes to Segment Reporting**. This section also includes notes on reconciliation.

ANALYSIS OF FIXED ASSETS 2025

In € million	Acquisition and production costs						Valuation allowances						Book values	
	2025/01/01	Currency translation differences	Additions	Disposals	Transfers	2025/12/31	2025/01/01	Currency translation differences	Depreciation/amortization in the financial year[1]	Disposals	Transfers to other accounts	2025/12/31	2025/12/31	2024/12/31
Intangible assets														
Purchased concessions, brand names, industrial property rights plus licenses and emission rights	442.5	-0.6	6.4	-43.8	4.6	409.0	-276.2	0.4	-22.3	34.4	-0.7	-264.4	144.6	166.3
Payments on account	20.6	-0.1	9.2	-0.1	-2.0	27.6	-12.4	0.1	-0.0	0.1	0.3	-12.0	15.6	8.2
	463.1	**-0.7**	**15.5**	**-43.9**	**2.6**	**436.7**	**-288.6**	**0.4**	**-22.3**	**34.5**	**-0.5**	**-276.5**	**160.2**	**174.4**
Property, plant and equipment														
Land, similar rights and buildings, including buildings on land owned by others	2,129.6	-7.0	12.3	-37.3	15.9	2,113.5	-1,349.4	4.3	-47.1	19.5	-1.5	-1,374.2	739.3	780.2
Plant equipment and machinery	7,486.0	-11.0	171.4	-137.1	86.3	7,595.6	-6,500.6	10.3	-201.9	127.8	-20.1	-6,584.5	1,011.1	985.4
Other equipment, plant and office equipment	583.6	-2.5	37.4	-34.3	7.1	591.3	-449.9	1.8	-45.3	31.1	-1.5	-463.8	127.5	133.7
Payments made on account and equipment under construction	829.6	-0.7	291.0	-2.0	-107.8	1,010.1	-54.0	0.3	–	1.5	19.6	-32.7	977.4	775.6
	11,028.7	**-21.2**	**512.1**	**-210.7**	**1.5**	**11,10.4**	**-8,353.9**	**16.7**	**-294.2**	**179.9**	**-3.6**	**-8,455.2**	**2,855.2**	**2,74.8**
Investment property	**100.2**	**–**	**–**	**-3.3**	**–**	**96.9**	**-34.7**	**–**	**-1.1**	**2.2**	**–**	**-33.7**	**63.3**	**65.5**
	11,591.9	**-21.9**	**527.6**	**-257.8**	**4.1**	**11,844.0**	**-8,677.3**	**17.2**	**-317.7**	**216.6**	**-4.1**	**-8,765.3**	**3,078.7**	**2,914.7**

[1] Impairments (unscheduled amortization and depreciation) under this item are summarized under note 5.

ANALYSIS OF FIXED ASSETS 2024

In € million	Acquisition and production costs						Valuation allowances						Book values	
	2024/01/01	Currency translation differences	Additions	Disposals	Transfers to other accounts	2024/12/31	2024/01/01	Currency translation differences	Deprecia-tion / amor-tization in the financial year	Disposals	Transfers to other accounts	2024/12/31	2024/12/31	2023/12/31
Intangible assets														
Purchased concessions, brand names, industrial property rights plus licenses and emission rights	447.3	-0.1	12.0	-31.6	14.9	442.5	-261.7	0.2	-27.2	12.5	-0.0	-276.2	166.3	185.5
Payments on account	24.6	0.0	4.7	-0.1	-8.6	20.6	-2.8	-0.0	-9.6	–	–	-12.4	8.2	21.8
	471.9	**-0.1**	**16.7**	**-31.7**	**6.3**	**463.1**	**-264.5**	**0.2**	**-36.8**	**12.5**	**-0.0**	**-288.6**	**174.4**	**207.3**
Property, plant and equipment														
Land, similar rights and buildings, including buildings on land owned by others	2,066.1	3.9	73.3	-17.7	3.9	2,129.6	-1,254.0	-1.7	-104.8	11.8	-0.6	-1,349.4	780.2	812.1
Plant equipment and machinery	7,333.4	5.6	190.6	-125.6	82.0	7,486.0	-6,236.7	-5.3	-363.3	116.8	-12.0	-6,500.6	985.4	1,096.8
Other equipment, plant and office equipment	550.1	0.0	62.4	-38.4	9.4	583.6	-432.2	-0.2	-55.4	36.9	0.9	-449.9	133.7	117.8
Payments made on account and equipment under construction	375.2	0.3	555.8	-0.3	-101.5	829.6	-13.5	-0.1	-52.8	0.8	11.5	-54.0	775.6	361.7
	10,324.9	**9.9**	**882.2**	**-182.0**	**-6.2**	**11,028.7**	**-7,936.3**	**-7.3**	**-576.3**	**166.1**	**-0.1**	**-8,353.9**	**2,674.8**	**2,388.5**
Investment property	**100.2**	**–**	**–**	**–**	**–**	**100.2**	**-23.5**	**–**	**-11.2**	**–**	**-0.0**	**-34.7**	**65.5**	**76.6**
	10,896.9	**9.8**	**898.8**	**-213.7**	**0.2**	**11,591.9**	**-8,224.4**	**-7.1**	**-624.2**	**178.6**	**-0.2**	**-8,677.3**	**2,914.7**	**2,672.5**

PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements are based on the audited financial statements of the ultimate parent company Salzgitter AG (SZAG) as well as the largely audited statements of the companies to be included in these financial statements. SZAG is entered in the Commercial Register at Braunschweig Local Court, Germany, under HRB 9207 and has its headquarters in Salzgitter. The Group's business stretches from the production and further processing of rolled steel and tube products, trading with such products as well as the construction of custom machines and systems. The address of SZAG's Executive Board is Eisenhüttenstraße 99, 38239 Salzgitter, Germany.

The accounting rules of the International Accounting Standards Board (IASB) that are mandatory in the European Union as of the balance sheet date, as well as the supplementary rules of Section 315e (1) German Commercial Code (HGB) are decisive for the preparation of SZAG's consolidated financial statements. These rules, together with the interpretations based on them, constitute the foundation for the accounting and valuation principles that must be applied uniformly throughout the Group. All of the requirements set down in these standards were fulfilled, with the result that the consolidated financial statements were prepared in compliance with the applicable accounting rules (IFRS Accounting Standards). The consolidated financial statements of SZAG are prepared in euros. Unless otherwise indicated, the amounts are stated in millions of euros (€ m). As a result, there may be deviations from the unrounded amounts.

On December 4, 2025, the Executive Board and the Supervisory Board issued the Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on the company's website (↗ Declaration of Conformity). The Declaration of Conformity is also printed in the → **Corporate Governance Report** section of the Annual Report.

The consolidated financial statements and the Group management report were approved by the Executive Board on March 18, 2026, for submission to the Supervisory Board. They will then be published in the German Federal Gazette.

ACCOUNTING AND VALUATION PRINCIPLES

EFFECTS OF STANDARDS APPLIED FOR THE FIRST TIME OR AMENDED STANDARDS

Standards / Interpretation		Mandatory date in financial year	Adoption by EU Commission	Effects
IAS 21	Lack of Exchangeability — Amendments	2025	yes	none

LIKELY EFFECTS OF NEW AND / OR AMENDED STANDARDS TO BE APPLIED IN THE FUTURE

Standards / Interpretation		Mandatory date in financial year	Adoption by EU Commission	Likely effects
IFRS 9 / IFRS 7	Classification and Measurement of Financial Instruments — Amendments	2026	yes	none
IFRS 9 / IFRS 7	Power Purchase Agreements — Amendments	2026	yes	compare with following information
Multitude	Annual Improvements to IFRS Accounting Standards — Volume 11 - Amendments	2026	yes	presentation and disclosures in the consolidated financial statements
IFRS 18	Presentation and Disclosure in Financial Statements — Amendments	2027	yes	presentation and disclosures in the consolidated financial statements
IFRS19	Subsidiaries without Public Accountability; Disclosures - Amendments	2027	no	none
IAS 21	Translation to a Hyperinflationary Presentation Currency — Amendments	2027	no	none

The International Accounting Standards Board (IASB) published amendments to IFRS 9 and IFRS 7 on December 18, 2024. The amendments clarify in particular how own use criteria are to be applied in future to power purchase agreements.

The Salzgitter Group has concluded long-term Power Purchase Agreements (PPAs) for its SALCOS® steel production in order to guarantee the long-term supply of electricity from renewable sources such as wind and solar energy. In contrast to conventional energy supply contracts in which only the energy required is purchased, the electricity from renewable energies (e.g. from a wind or solar farm) must usually be purchased in full and at fixed prices. Companies inevitably have to accept naturally occurring fluctuations with respect to the quantities to be purchased. They may even have to resell electricity purchased from renewable sources.

The assessment of whether the own consumption exemption can be applied is made on the basis of the own use criteria defined in IFRS 9. Applicability is excluded in particular if similar contracts are normally settled in cash or the resale is made to achieve profits from short-term fluctuations in prices or dealer margins. This would be of increased significance for the Salzgitter Group with the planned reduction in self-generated energy from coal as part of the expanding SALCOS® steel production from the 2027 financial year onward.

The provisions contained in IFRS 9 for the future – with the latest date of initial application from January 1, 2026 – can be applied to all contracts relating to electricity dependent on nature. The resale of electricity procured under PPAs will then no longer automatically entail that the own use exemption cannot be applied. One condition for the application of the own use exemption is that a company must be a net buyer of electricity during the term of the contract and plans to remain so in the future. A company is a net buyer if it usually buys sufficient electricity over a period of up to 12 months to offset the sale of unused electricity on the same market.

Furthermore, the IASB published IFRS 18 “Presentation and Disclosure in Financial Statements” in April 2024 which will replace the previous IAS 1. This standard obliges companies to report new categories and interim balances in the income statement from January 1, 2027 onward. Besides the “Operating result” interim balance, the “Result before financing and income taxes” also has to be disclosed. New requirements for the aggregation and disaggregation of information and the disclosure of management-defined performance indicators have also been imposed.

The Salzgitter Group will comply with these requirements for the first time as of January 1, 2027, by applying the retrospective transition provisions.

The application of IFRS 18 will lead to a significant differentiation between income and expenses within the income statement by dividing them into the categories “operating”, “investing” and “financing”. The starting figure for the cash flow statement will in future be the “operating result” and not the “result before taxes” from the income statement. The Salzgitter Group will disclose a reconciliation statement for its self-defined management performance indicators (MPM) in the notes to the consolidated financial statements unless these MPM can be directly derived from the IFRS interim balances in the income statement. As of now, these explanations are included in the Group management report. Certain expense items will also be broken down by type in greater detail in the notes to the consolidated financial statements.

The Group is currently preparing to adapt its chart of accounts and consolidation software. With regard to the Salzgitter’s consolidated financial statements, one significant change will be that the results of equity investments – which relate first and foremost to the Aurubis interest – will not be included in the “operating result” in future but in the separate interim investing result. The effects will be quantified as soon as the analyses have been completed in full.

CONSOLIDATION PRINCIPLES AND METHODS

SUBSIDIARIES

All material subsidiaries are fully integrated into the consolidated financial statements. Subsidiaries are commercial entities over which Salzgitter AG (SZAG), in accordance with IFRS 10, has indirect or direct power of disposition (control) and from which it receives both positive and negative variable returns whose amounts can be influenced by the power of disposition.

These subsidiaries are included fully in the consolidated financial statements as of the time when the possibility of being controlled commences. Changes in SZAG's ownership interest in a subsidiary that do not lead to a cessation of control are shown in the balance sheet as equity transactions. If the potential for control of a subsidiary by the Group ceases, that entity is excluded from the consolidated group.

Capital consolidation is carried out by setting off the acquisition cost of the shareholding against the proportionate amount of the newly valued equity at the time when the subsidiary was purchased. Intercompany sales, expenses, and income are eliminated within the scope of consolidation, while receivables and liabilities between the companies included in the financial statements are eliminated within the scope of debt consolidation. Intercompany results deriving from intercompany deliveries and services are eliminated with effect on income, taking deferred taxes into account. Minority interests in the consolidated companies are reported separately within equity (minority interest).

JOINT ARRANGEMENTS

Arrangements in which SZAG contractually exercises the management functions together with one or more partner entities are classified as joint arrangements in accordance with IFRS 11. In accounting for the joint arrangements in the balance sheet, a distinction is made between joint ventures and joint operations.

The distinction depends on the rights and obligations of the parties. Joint operations are characterized by the fact that the parties possess rights to the assets and have obligations for the liabilities in the arrangement, whereas the parties to joint ventures possess rights to the net assets in the arrangement. Joint ventures are accounted for using the equity method, while joint operations are included proportionally in the consolidated financial statements (proportional application of the consolidation rules).

ASSOCIATED COMPANIES

According to IAS 28, moreover, those participating interests in associated companies in which SZAG is able to participate in the respective financial and business strategy decisions, but where neither control nor joint management applies (significant influence), are accounted for using the equity method.

The times of admission into and departure from the group of consolidated companies accounted for using the equity method are determined by applying the same principles that are used for subsidiaries. The associated companies are reported using the revaluation method with their proportionate equity at the time of acquisition. As a general rule, the equity valuation is based on the last audited annual financial statements or consolidated financial statements, or in the case of a financial year that diverges from that of the consolidated financial statements, the (consolidated) interim financial statements as of December 31.

SHAREHOLDINGS

If SZAG is unable either to exercise significant influence or to participate in the respective financial and business strategy decisions, the shares in the company are accounted for at fair value as financial assets in accordance with IFRS 9.

CONSOLIDATED GROUP

In addition to the annual financial statements of the parent company, the consolidated financial statements include the annual financial statements of 42 (previous year: 43) domestic affiliated companies. DESMA Schuhmaschinen GmbH (KDS) was deconsolidated together with a non-consolidated subsidiary abroad. The consolidated group also includes 60 (previous year: 59) foreign affiliated companies. In addition to the sale of KDS' foreign subsidiaries, Salzgitter Mannesmann Stahlhandel Austria GmbH (SMSA, Gratkorn) was also sold and deconsolidated. Two companies previously not consolidated for reasons of materiality were included in the consolidated group for the first time in the financial year. The financial year of SZAG and its subsidiaries included in the consolidated financial statements corresponds to the calendar year.

A total of six (previous year: six) domestic and 9 (previous year: 11) foreign subsidiaries have still not been consolidated due to their minor overall significance for the Group's net assets, financial position and results of operations, but are shown as other non-current financial assets. These companies are primarily non-operational shell or holding companies as well as very small marketing or real estate companies.

As in the previous year, one domestic company is being included proportionally in the consolidated financial statements as a joint operation. The company in question is Hüttenwerke Krupp Mannesmann GmbH (HKM), Duisburg, in which Salzgitter Mannesmann GmbH has a 30 % participating interest. HKM's commercial activities consist in supplying the partners with input material. For this reason, HKM's operating result is dependent in particular on orders from the partners, with the result that the latter also assume the rights to the assets and the obligations for the liabilities.

Salzgitter Mannesmann GmbH continues to hold an interest of 29.99 % in Aurubis AG, relative to the total number of outstanding shares. As an affiliated company, Aurubis AG is accounted for by the equity method. For the purposes of group accounting, the share of equity is allocated taking account of Aurubis' treasury shares which reduce its equity. As of the reporting date, the equity portion is thus 30.89 %. This share did not change during the year. In 2025, a securities lending agreement was concluded between Salzgitter Mannesmann GmbH and BNP Paribas Financial Markets S.N.C. for up to 2,000,000 shares in Aurubis AG in order to hedge the borrowers' risks with respect to the exchangeable bond issued in October. As the principal rights and obligations remain with Salzgitter Mannesmann GmbH, the loaned shares are attributable to Salzgitter Mannesmann GmbH from an economic perspective. The shares transferred under the securities lending agreement are subject to restricted use for the term of the loan. Business relations between the Salzgitter Group and Aurubis AG are insignificant.

Salzgitter Mannesmann GmbH has a 50 % participating interest in EUROPIPE GmbH, Mülheim an der Ruhr. As both participating owners of EUROPIPE GmbH run the company jointly and have a contractual share in its net assets, this constitutes a joint venture. The EUROPIPE Group is therefore also accounted for using the equity method. The EUROPIPE Group procures input material from the Salzgitter Group.

Wohnungsbaugesellschaft mit beschränkter Haftung Salzgitter, Salzgitter, whose business purpose consists in developing, administering and managing real estate, is also accounted for using the equity method. Salzgitter Mannesmann GmbH holds a participating interest in this company of 25.05 %. Companies in the Salzgitter Group have business relations with this company of subordinate importance.

In the financial year, the Group sold Salzgitter Mannesmann Stahlhandel Austria GmbH, Gratkorn, on April 30, 2025, and DESMA Schuhmaschinen GmbH, Achim, together with its subsidiary DESMA (Guangzhou) Machinery & Engineering Co., Ltd., Guangzhou, China on July 29, 2025. Overall, the sales resulted in a loss in the mid-single-digit million which was immaterial from the Group's perspective. The sales price provisionally determined for DESMA Schuhmaschinen GmbH amounted to € 22.7 million plus a variable earnout component of up to € 2.5 million. As of the reporting date, it was not possible to conclusively assess whether this earn-out component would materialize.

As part of SZAG's annual financial statements and consolidated financial statements, a list of its entire shareholdings pursuant to Section 285 item 11 HGB can be downloaded from the ↗ electronic company register as well as under ↗ Financial Reports.

CURRENCY TRANSLATION

In the individual annual financial statements of the Group companies, business transactions in foreign currencies are valued at the exchange rate prevailing at the time when they were first recorded. Exchange gains and losses incurred due to the valuation of receivables and/or liabilities up to the reporting date are taken into consideration and impact the profit and loss.

Annual financial statements are prepared in the functional currency of the individual company. A company's functional currency is defined as the currency of the economic environment in which it primarily operates. With the exception of a few companies, the functional currencies of subsidiaries correspond to the currency of the country in which the relevant subsidiary has its head office.

Assets and liabilities are translated at the exchange rates prevailing on the reporting date; the positions in the income statement are translated at the annual average exchange rate. The resulting differences are reported in the currency translation reserve in equity without effect on income until such time as the subsidiary is sold.

A similar approach is adopted when translating equity rollover for foreign companies that are included in the consolidated financial statements using the equity method. Differences from the previous year's translation are disclosed under other reserves without effect on income. Income and expenses are translated at annual average exchange rates, while changes in reserves are translated at the rates prevailing on the reporting date.

ESTIMATES AND ASSUMPTIONS

When the consolidated financial statements were being prepared, estimates and assumptions were made that impacted the amounts and reporting of the assets and liabilities, the earnings and expenditure and the contingent liabilities that are included in the balance sheet. All estimates and assumptions were made in a way that conveys a true and fair picture of the Group's net assets, financial position and results of operations. The actual values may deviate from the assumptions and estimates in individual cases. Deviations of this kind are accounted for as of the time when better knowledge becomes available. Significant estimates and assumptions are used primarily for the following items explained below: "Impairment of intangible assets, property, plant and equipment, shares in companies accounted for using the equity method and investment property", "Impairment of financial instruments", "Inventories", "Recognition of sales", "Income taxes", "Provision for pensions and similar obligations" as well as "Provisions for typical operational and other risks".

IMPAIRMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, SHARES IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT PROPERTY

As of every balance sheet date, the Group must estimate whether there is any concrete indication that the carrying amount of an intangible asset, tangible fixed asset, shares in companies accounted for using the equity method or property held as a financial investment could be impaired. Should this be the case, the recoverable amount of the asset in question or the cash generating unit is estimated using recognized measurement methods. The recoverable amount is either the fair value less selling costs or the value in use, whichever is higher. The calculation is basically made at fair value less selling costs. To determine the value in use in this context, the discounted future cash flows of the asset in question or cash-generating unit must be determined. The estimate of the discounted future cash flows is based on fundamental assumptions concerning, for example, future selling prices and selling volumes, costs and discount rates. Comparable estimates arise with purchase price allocations in acquisitions. As part of the impairment test, models are run for the cash generating entity Salzgitter Flachstahl GmbH (SZFG) as well as for Hüttenwerke Krupp Mannesmann GmbH (HKM), including the possible effects of carbon emissions. The underlying estimates and assumptions take account of future price trends for carbon allowances, the expected carbon emission allocation quotas and the impact on sales prices. The expertise of the consulting firm AFRY is also used to forecast the expected prices from carbon credit trading. In contrast to Hüttenwerke Krupp Mannesmann GmbH (HKM) and the other cash-generating units, the detailed planning for the planning years 2026-2028 for Salzgitter Flachstahl GmbH (SZFG) is supplemented by further planning for 2029 to 2040 as part of the SALCOS® transformation program in order to reflect the complete conversion of steel production to virtually carbon-free steel production as well as a steady state serving as the basis for determining the perpetual annuity, resulting in a total planning period of 2026 to 2040. The continuing assumption is that the entire transformation will have been completed by the mid-2030s. The extended forecasting period serves to register the downstream effects of the transformation and ensure stabilized business performance for deriving long-term growth assumptions.

The assessment includes the transformation investments associated with SALCOS® and government subsidies for the first expansion stage serving to realize low-carbon steel production. The level of revenues achievable with low-carbon steel will be highly dependent on future customer demand, the competitive environment, technological developments and the political and regulatory framework. This means that the underlying assumptions, particularly for the long-term forecasting period to 2040, are subject to heightened uncertainty. For the impairment calculation of the cash-generating unit of Salzgitter Flachstahl GmbH, it is assumed that there will be pent-up demand when low-carbon steel production begins in 2027 which will gradually dissipate as production capacity expands. The planning period from 2026 to 2040 includes the economic impact of the first expansion stage as well as further stages. Current and expected statutory and economic conditions, particularly EU emissions trading, emissions allowance trading, the gradual elimination of free allowances and the introduction of the Carbon Border Adjustment Mechanism (CBAM), are included in the cash flows with the result that complete transformation to green steel is assumed over the entire planning phase. In particular, the planning takes account of expected carbon price rises as well as further transformation capital expenditure, the changed mix of raw materials – especially for electricity, gas, hydrogen, steel scrap and HBI material (sponge iron) – including the effects resulting from the CBAM as well as a price surcharge ("green steel premium") have been reached in business operations and this year will mark the transition to perpetual annuity. For the period after the transformation has been completed, it is assumed that investments and running costs for the new production route – particularly for electricity, gas, hydrogen, steel scrap and HBI material – can be covered by the prices achievable on the market on a long-term basis.

The delay in the project and the extension of the planning period,both to 2040, increase the risk in the cash flow forecast as the definitive climate and environment-related conditions (e.g. carbon prices, regulatory requirements, demand for low-carbon products) have to be forecast over a longer period of time. The expansion of free carbon allowances that is currently a topic of political discussion was not included in planning and cash flow forecasts as it has not been specifically implemented in binding form at EU level. A supplementary scenario was calculated to reflect the heightened uncertainty which takes account of the finalization of the first expansion stage in 2027. To reflect the increased uncertainties, an additional scenario was calculated that assumes completion of the first expansion stage in 2027. In this scenario, full implementation of the further planned expansion stages is not assumed; accordingly, a combination of green and conventional (gray) steel production continues to be assumed. The expansion stages beyond the first expansion stage were therefore not taken into account over the planning period through 2040, meaning that their potential effects on future cash flows and the value development of the cash-generating unit remain unconsidered. In doing so, Salzgitter Flachstahl GmbH follows an "expected cash flow" approach, which is recommended for matters involving pronounced ESG and climate-related risks.

Should in particular the assumptions on imposing a price surcharge ("green steel premium") for low-carbon steel, on the trend in carbon prices and developments in the regulatory environment fail to materialize without any corresponding compensation – e.g. through a more attractive cost structure or additional government support – or if the underlying framework and market conditions take a significant turn for the worse, especially with respect to EU safeguard measures and the CBAM, this may result in the need for substantial impairment as a result of a fall in fair value. The potential impact of changes to these assumptions has been modeled in the form of scenario analyses.

On February 6, 2026, the leading shareholders of the not fully consolidated Hüttenwerke Krupp Mannesmann GmbH, Duisburg, agreed a position paper on the projected structural and economic development of the company. Implementation of the agreement is subject to the approval of the relevant bodies as well as the fulfillment of further conditions. Positive implementation of the agreement will provide HKM with an economic perspective over the long term in terms of its participation in the transformation process on the path to low-carbon steel production. The long-term impacts on the future cash flows of the reported assets would need to be reviewed following the transformation and would also be associated with a high level of uncertainty. The assumptions and estimates presently made for the assets acquired as part of impairment tests do not reveal any further need for impairment in the 2025 financial year. In the previous year, the intangible assets and property, plant and equipment were fully impaired.

If an impairment test is needed for companies accounted for using the equity method, it is carried out by applying the DCF method. The underlying assumptions for the budget are based primarily on information in the public domain. The main assumptions are derived from sales revenues and EBITDA margins. The peer group of companies is used to determine the discount rate.

It can generally be said with regard to impairment calculations that they may be negatively impacted if individual estimates or assumptions turn out to be false on a lasting basis.

Supplementary scenario analyses were carried out as part of this year's impairment tests. Here the impact on earnings resulting from expected price changes in the main input materials (iron ore, coking coal and scrap) and the energy sources of electricity and gas was determined for the main cash-generating units and their effect on fair value measured. According to this analysis, the cash-generating units are to a large extent able to promptly pass on price changes due to their predominantly short-term delivery obligations. In the case of longer-term delivery commitments and substantial changes in prices, the aim is to minimize their impact on earnings by means of possible escape clauses in contracts and increasing use of price escalation clauses. In addition, cost benefits are achieved by the central procurement of electricity and gas and price fluctuations reduced by concluding forward contracts. On the basis of historically observable, regular market conditions, the price changes assumed did not lead to any substantial, lasting change in fair value for the cash-generating units under consideration.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

With regard to the assessment of the impairment of financial instruments for which there is no active market, alternative actuarial assessment methods are used. The parameters taken into consideration in determining fair value are based partially on forward-looking assumptions. Further comments can be found in the section → **Financial assets – categorization and measurement** as well as in Note 34 → **Financial instruments**.

External and internal credit ratings are used to assess any impairment of receivables and contract assets in accordance with the expected loss model. The parameters on which the determination of credit ratings relies are partially based on forward-looking assumptions. Further comments can be found in the section → **Financial assets – accounting treatment of impairment losses** as well as in Note 34 → **Financial instruments**.

INVENTORIES

If it is discernible on the reporting date that pending sales contracts are likely to result in imminent losses and the semi-finished goods for such orders are included in inventories on the reporting date the inventories are written down accordingly. To determine the need for a write-down, the realizable net sales prices are deducted from the production costs and the difference recognized as a write-down. The probable full order-related costs (unavoidable costs) are used as the production costs. Due to production still outstanding in some cases as of the reporting date, estimates have to be made, particularly with regard to the actual costs such as raw materials or energy. Some of the sales contracts also contain variable price components which can only be calculated after production.

REVENUE RECOGNITION

Ascertaining the progress made so far in order to account for existing orders for the manufacture of machines and technical systems necessitates a precise estimate of the total costs of the contract, the costs still to be incurred before completion, total revenues from the contract, the risks associated with the contract and other assumptions. Estimates with respect to revenues, costs or progress of the contract are corrected if circumstances change. Any resulting increases or decreases in the estimated revenues or costs are recognized in profit and loss at the time when management becomes aware of the circumstances giving rise to the correction. For further estimates and assumptions in revenue recognition, please refer to the remarks in → **Revenue recognition**.

INCOME TAXES

As the Group operates and generates income in numerous countries, it is subject to an extremely wide variety of tax laws under a multiplicity of taxation authorities. To ascertain the Group's tax liabilities worldwide, a number of fundamental assessments must therefore be made. The carrying of potential tax risks in the Group as a liability is effected on the basis of the best possible estimate.

Provisions are formed for potential income tax back payments from preceding years with associated interest. The Salzgitter Group is continually audited by the local tax authorities. Ongoing refinements to tax laws, tax case law and its interpretation by national tax authorities can result in discrepancies between the actual taxes to be paid and the estimates and expectations formed in the financial statements. Measurement of provisions for income tax is based on the most likely value at which an uncertain event may be realized. The Salzgitter Group decides whether to show several tax uncertainties individually or as a group in each instance on the basis of which presentation is better suited to estimating the risk. From a tax perspective, the Salzgitter Group sees estimation uncertainties with regard to the timing of tax deductibility and the measurement of balance sheet items including provisions and capitalization and also off-balance sheet additions, for example, in the area of tax-related transfer pricing. Potential recourse to comparable market prices or similar accounting circumstances is subject to considerable uncertainty with regard to tax implications. The best possible estimate is made based on the facts known on the reporting date.

As of every balance sheet date, the Group, on the basis of a three-year planning period, assesses whether the realizability of future tax benefits is sufficiently probable for the reporting of deferred tax assets. Among other things, this requires management to assess the tax benefits that arise from the available tax strategies and future taxable income, and to take other positive and negative factors into account.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Pensions and other obligations are reported in the balance sheet in accordance with actuarial valuations. These valuations are based on statistical and other factors with a view to anticipating future events. These encompass actuarial assumptions such as interest rates, expected salary increases and mortality rates. Further explanations on the assessment of this provision can be found in Note 26 → **Provisions for pensions and similar obligations**.

PROVISIONS FOR OPERATIONAL AND OTHER RISKS

Any potential obligation is recognized taking account of its probability of occurrence. An amount is used to assess the obligation which matches the most likely scenario on the basis of the best possible estimates.

The accounting treatment of long-term energy procurement achieved or supply contracts which provide for the physical supply of energy (Power Purchase Agreements, PPA) depends on the structure of the contract. An initial review is conducted to establish whether control (IFRS 10) or joint control (IFRS 11) of the company applies or whether the Salzgitter Group owns the asset. The analysis then examines whether the contract is based on a lease (IFRS 16). This is the case if the consumer draws the entire economic benefit from its use and it is able to decide on use of the asset. Otherwise, a PPA may have to be accounted for in the same way as a financial instrument pursuant to IFRS 9. If IFRS 9 is not applied due to the own use exemption, the contract represents a pending transaction for which a provision for imminent losses is only to be formed if the contractual obligation is classified as an onerous contract (IAS 37). It is assumed that the own use exemption applies and no derivatives are therefore to be accounted for.

In determining obligations, assumptions must be made on future cash flows and, in the case of long-term obligations (particularly in the Strip Steel Business Unit), also on cost increases. The actual figures may diverge from the assumptions made if the underlying conditions change against expectations on the reporting date. Deviations of this kind are accounted for in profit or loss as of the time when greater insight becomes available. If necessary, the facts of the matter are assessed with the help of external advisors. Further explanations and details on this can be taken from Note 27 → Other provisions.

IMPACT OF CLIMATE CHANGE

As a result of heightened social and political discussions surrounding the need for (tougher) climate protection measures, the Salzgitter Group sees itself exposed to new risks in the form of regulatory measures (for example, changes to carbon emissions trading), as well as a structural change in production methods with the aim of achieving a significant, long-term reduction in carbon emissions as our contribution towards climate protection. These risks may have an effect on the impairment of assets as the useful lives of property, plant and equipment have to be re-estimated or future cash flows are affected.

We regard the further development of the European greenhouse gas emissions trading system as a key regulatory measure. Detailed rules are still awaited but changes have already been announced by the EU Commission for the fourth trading period lasting up to and including 2030. As we acquired carbon allowances as a precautionary measure in earlier years, it should be possible to largely offset the estimated medium-term shortfall for SZAG's fully consolidated subsidiaries covered by emissions trading, after allocations. It will only be possible to be more specific once more detailed rules are in place for all aspects relevant to allocations and it becomes clear whether and to what extent the envisaged raising of the EU's climate target by 2030 is to impact the budget for free allocation. Against this background, the EU Commission is currently deliberating on a possible extension or expansion of the free allocation of allowances, linked in some cases to additional consideration on the part of the companies concerned. At the current point in time, there is no sound basis for reliably quantifying this effect. On this basis, and due to the fact that our fully consolidated subsidiaries have plans in place to cover any shortfalls in carbon allowances, we are not expecting any relevant risk on average. If we assume that the underlying political framework will turn unfavorable, a requirement to buy further carbon allowances, no later than towards the end of the fourth trading period, cannot be ruled out on current assessments.

The change of production methods will make itself felt on an industrial scale, particularly with the implementation of SALCOS® (Salzgitter Low CO_2 Steelmaking). The first expansion stage is intended for 2027 enabling a production process in which 30 % of Salzgitter Flachstahl GmbH's primary steel production – over 1 million tons of steel – will already be produced without the use of coking coal. Implementation is due to be completed by the mid-2030s.

The long-term consequences of climate change on measurements and the regulatory requirements to which we are responding with our SALCOS® transformation project, were already included in earlier impairment tests. We currently do not see any additional effect on measurements resulting from the price increase in carbon allowances which is expected to be long-term as well as any possible requirement to purchase additional certificates at the end of the current trading period and after 2030, as by comparison with the previous year, we were essentially able to retain our planning assumptions.

From the time it is commissioned, the new production process will require more electricity than today's steel production using blast furnaces. In addition, after the complete transformation of the steel production process, there will not be sufficient gases for the company to generate its own electricity. As a result, and taking account of future electricity generation from renewable energy sources wherever possible, Power Purchase Agreements are already being concluded with wind and solar farm operators for a term of presently up to 15 years.

The successive conversion of the production process described above as a result of climate-related demands did not lead to any change in estimates of useful lives.

INTANGIBLE ASSETS

Intangible assets acquired against payment are reported at acquisition cost and amortized on a straight-line basis over the period of their likely economic useful lives, generally between three and five years.

Intangible assets generated internally are capitalized if it is probable that their usefulness for the Group is reliable and if the acquisition or production costs can be measured with accuracy. The production costs of internally generated intangible assets are determined on the basis of directly attributable costs. Costs that are necessary for the creation, production and development of the asset so that it is in good operational condition for the purposes intended for it by the Group's management are included. These intangible assets are usually amortized over a period of five years.

The assets identified within the framework of the purchase price allocations are amortized regularly over periods of between 10 and 26 years using the straight-line method.

Development costs are capitalized if a newly developed product or process can be clearly defined, is technically feasible and is intended for either the company's own use or for selling. Moreover, capitalization presupposes that development costs will with sufficient probability be covered by future inflows of cash and cash equivalents. The development process must be distinguished from a research phase. Development is the application of the research result and takes place before the start of commercial production or use. If the prerequisites for capitalization are not satisfied, the expenses are set off with effect on income in their year of origin.

The acquisition or production costs in question encompass all costs that are directly attributable to the development process, as well as similarly directly attributable parts of the development-related overheads. They are amortized from the start of production onward on a straight-line basis over the likely economic useful life of the developed asset models.

Rights to emit carbon are reported under intangible assets if the intention is to use emission rights for production purposes. The resulting expenses are recognized in cost of materials. Initial ownership of emission rights that were acquired gratuitously are recorded at an acquisition cost of € 0. Paid-for emission rights are reported at their acquisition cost.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at acquisition or production cost, less accumulated depreciation and impairment costs. Any investment grants received are shown as a reduction in the acquisition and production costs. The residual book values and the economic useful lives are examined on every reporting date and adjusted if necessary.

The production costs of internally generated intangible assets are determined on the basis of directly attributable costs. Borrowing costs that can be directly allocated to the purchase, construction or production of a qualified asset, are capitalized.

The costs incurred by the regular maintenance and repair of property, plant and equipment are recognized as expenses. Renewal and maintenance expenses are capitalized as subsequent production costs only if they result in an extension of the useful life or an improvement or change in the use of the said property, plant and equipment.

Material components of property, plant and equipment that require replacement at regular intervals are capitalized as autonomous assets and depreciated over the course of their economic useful lives.

The scheduled straight-line depreciation is essentially based on the following economic useful lives:

Economic useful lives	
Buildings including investment property	10 to 50 years
Property facilities	5 to 40 years
Plant equipment and machinery	5 to 33 years
Other equipment, plant and office equipment	3 to 20 years

LEASES

A right of use and lease liability are generally recognized for leases under IFRS 16.

Initial recognition of the lease liabilities assigned to financing liabilities is determined by the present value of the lease payments to be made. In the subsequent measurement, the carrying amount of the lease liability is compounded and reduced by the lease payments made with no effect on income. Lease payments include fixed payments (including de facto fixed payments) less any lease incentives to be received, variable lease payments linked to an index or interest rate and amounts that have to be paid as residual value guarantees. Lease payments also comprise the exercise price of a purchase option if it is regarded as reasonably certain that it will be exercised, and contractual penalties for terminating the lease if its term reflects the possibility that a termination option will be exercised. Variable payments not linked to an index or interest rate are recognized as expenses in profit and loss. In calculating the present value, the Salzgitter Group uses the incremental borrowing interest rate because the interest rate underlying the lease cannot be readily determined. To determine the incremental borrowing interest rate, reference interest rates are derived for a period of up to 30 years from the yields of corporate bonds for industrial companies from Europe which match the Salzgitter Group's rating class. Foreign Group companies are subject to country-specific circumstances.

Rights of use shown in tangible assets are recognized at the cost of acquisition less cumulative depreciation as well as any necessary impairment. The cost of acquiring the right of use is determined by the present value of all future lease payments plus the lease payments made at or before the beginning of the lease term as well as the cost of concluding the contract and the estimated cost of dismantling or restoring the leased object. All lease incentives received are deducted. In this context, the Salzgitter Group makes use of its option to consider payments for non-lease components as lease payments as a general rule. Leases for property and vehicle fleets constitute an exception.

If the lease payments to be taken into account also comprise the transfer of ownership of the underlying asset at the end of the lease term, including the exercise of a purchase option, amortization will be applied over the economic useful life. Otherwise, the right of use is amortized over the term of the lease.

During the term of the lease, the right of use must be amortized and the lease liability amortized by using the effective interest method and taking account of lease payments. Under IFRS 16, application relief is available for short-term and low-value leases which the Salzgitter Group takes advantage of and for which it therefore does not recognize any right of use or liability. Lease payments in this respect are recognized as an expense in profit and loss. The option not to apply IFRS 16 to intangible assets is also taken into account.

In determining the term of contracts with options to extend or terminate, all facts and circumstances which offer a financial incentive to exercise extension options or not to exercise termination options are taken into account. Changes to terms resulting from the exercise or non-exercise of such options are only taken into account in the term of the contract if they are reasonably certain. Lease agreements for real estate and land, in particular, contain extension and termination options in the Salzgitter Group. For details of possible future lease payments for periods after the time when extension and termination options not reflected in the term of the lease will be exercised, please refer to Note 37 → **Notes to leases**.

Lessors must classify leases as finance or operating leases on the basis of the distribution of opportunities and risks arising from the asset. In the case of an operating lease in the Salzgitter Group, the leased object is reported as an asset at amortized cost in tangible assets, and the lease installments collected shown under other operating income. With a finance lease, the asset is derecognized and instead shown under receivables at the level of the net investment value.

INVESTMENT PROPERTY

Investment property comprises property that is used to generate rental income or long-term value appreciation and not for production or administration purposes. This property is recognized at cost in accordance with IAS 40 taking into account unscheduled depreciation ("cost model").

FINANCIAL ASSETS – CATEGORIZATION AND MEASUREMENT

On initial recognition, a financial asset is classified for subsequent measurements as to be reported at "amortized cost", recognized "in profit or loss at its fair value" or "at its fair value with no effect on profit or loss".

CATEGORIZATION

BUSINESS MODEL CONDITION AND PAYMENT FLOW CONDITION

In accordance with IFRS 9, the categorization and measurement of financial assets are determined by the business model and the structure of the agreed payment flows. The financial instruments are allocated to different categories on the basis of these two conditions.

AMORTIZED COST

A financial instrument falls into the category of "at amortized cost" if the objective of the business model consists in holding a debt instrument in order to generate the contractual payment flows (for example, interest income) and, at the same time, the terms of the contract lead to payment flows at certain defined times constituting payments of principal and interest.

RECOGNIZED AT FAIR VALUE IN PROFIT OR LOSS

A financial instrument falls into the category "at fair value recognized in profit or loss" if the objective of the business model consists in holding the debt instruments or equity instruments for the short term in order to realize price gains (business model condition) and, in the case of debt instruments, interest payments and principal repayments are not exclusively generated on the outstanding principal (payment flow condition). In addition, derivatives not used in hedge accounting are also shown in this category.

AT FAIR VALUE WITH NO EFFECT ON PROFIT OR LOSS

A financial instrument defined as a debt instrument falls into the category "at fair value with no effect on profit or loss" if it has not been designated as "at fair value recognized in profit or loss" and the objective of the business model consists both in holding the financial assets to collect the contractual payment flows of the debt instrument and in selling the debt instrument, and the terms of the contract lead to payment flows at defined times that represent exclusively principal repayments and interest payments on the outstanding principal.

A financial instrument defined as an equity instrument can be reported in the category "at fair value through other comprehensive income" if it is not solely held for the short term in order to realize exchange rate gains. If this option is exercised, the cumulative gains and losses in other comprehensive income are not derecognized through profit or loss when the financial asset is derecognized (no recycling) but recognized directly in retained earnings. The Salzgitter Group makes use of this option provided the conditions described are met. Irrespective of the above, dividends are recognized in profit or loss unless they represent the repayment of part of the cost of acquiring the equity instrument.

Moreover, derivatives that according to hedge accounting rules are accounted for without affecting profit or loss as part of a cash flow hedge, are also assigned to this category.

The Salzgitter Group makes use of the option to recognize financial assets or financial liabilities at fair value in profit or loss (application of the fair value option) exclusively in connection with the accounting of the bond liability, the exchangeable bond for Aurubis shares issued in October 2025.

INITIAL AND SUBSEQUENT MEASUREMENT

Regular purchases and disposals of financial assets are recognized as of the trading date, the day on which the Group undertakes to purchase or dispose of a financial asset.

Financial assets are initially recognized at fair value.

Trade receivables are recognized at their transaction price on first-time recognition.

Financial instruments are attributed to non-current assets if management does not intend to sell them within twelve months of the reporting date.

Financial instruments in the categories "at fair value in profit or loss" and "at fair value with no effect on profit or loss" are subsequently measured at fair value. The category "at amortized cost" is subsequently measured at amortized cost using the effective interest method.

Market values are determined for forward exchange and commodity futures transactions by means of recognized actuarial methods. In the event of substantial market values, the counterparty risk is taken into account by way of a credit risk discount.

Forward exchange contracts are valued using the Group's own calculations. The outright rates applicable on the reporting date were determined on the basis of the ECB's reference rates for the respective currency pairs and the interest rate differences between the various terms of the forward exchange contracts. Working on the assumption of standardized terms, the interest rate differences between the actual terms were determined by means of interpolation. The information regarding the standardized terms was obtained from a standard market information system. The difference ascertained between the contractually agreed foreign exchange amount at the forward exchange rate and the cut-off date exchange rate is mainly discounted as of the reporting date using the Euribor interest rate in accordance with the residual term.

Open iron ore, coking coal and HRC swaps are measured with the aid of monthly forward prices. The future cash flows from these derivatives are discounted in accordance with their maturity. On the basis of these parameters, a market value is initially calculated for the open volume in foreign currency with no credit risk exposure. The second step is to determine a correction amount to take account of the credit risk in accordance with IFRS 13. This correction amount acts as an adjustment to the risk-free market value and takes account of the counterparty credit default risk (CVA = Credit Value Adjustment) and the company's own credit default risk (DVA = Debit Value Adjustment). The market value in foreign currency is finally converted to euros using the current rate of exchange.

Unrealized profits and losses arising from changes in the fair value of financial instruments in the "at fair value with no effect on profit or loss" category are posted to equity. If assets in this category defined as a debt instrument are sold, the cumulative adjustments to fair value under equity are posted to income in the income statement. If assets in this category defined as an equity instrument are sold, the gains and losses accumulated with no effect on income are not to be derecognized through profit or loss when the financial asset is derecognized (no recycling in other words). Accumulated gains and losses not recognized in profit or loss are transferred to retained earnings.

Changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are shown directly in the income statement.

DERECOGNITION

Financial instruments are derecognized if the rights to payments from the investment have expired or were transferred and the Group has essentially transferred all risks and opportunities associated with their ownership. If essentially all the risks and opportunities associated with ownership of the financial asset are retained in spite of its transfer, the financial asset is not derecognized and continues to be reported. If all the risks and opportunities associated with ownership of the financial asset are neither transferred nor retained, a determination is made as to whether control of the financial asset remains. If control is not retained, the financial asset is derecognized. However, if control is retained, the financial asset is not derecognized in accordance with the Group's continuing commitment and continues to be reported.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are netted and shown as a net amount in the balance sheet only if there a legal entitlement to this, plus an intention to bring about the settlement on a net basis or, at the same time, to utilize the asset concerned in order to redeem the associated liability. The legal right to netting out may not depend on some future event and must be enforceable, both in the normal course of business and in the event of a default or an insolvency.

FINANCIAL ASSETS – ACCOUNTING TREATMENT OF IMPAIRMENT LOSSES

EXPECTED LOSSES MODEL

The impairment model under IFRS 9 is based on the premise that the credit losses actually to be expected can be reflected as soon as financial assets are recognized.

The expected loss ratios are based on external and internal credit ratings. To judge whether the default risk has increased significantly, the default risk with respect to the closing date is compared with the default risk at the time of initial recognition. Besides external credit ratings, weight is given to internal credit ratings and significant changes to the expected profitability and payment behavior of the debtor.

STAGED MODEL (GENERAL APPROACH)

Assets for which expected losses are to be reflected in accordance with the expected losses model, are assigned to one of three stages depending on movements in the default risk (3-stage concept). A loss allowance is generally formed in all stages. All financial assets are to be assigned to Stage 1 when they are first recognized. Financial assets that are already impaired at the time of acquisition form an exception to this rule.

STAGE 1

The extent to which expected losses are recognized depends on whether the default risk of financial assets has substantially deteriorated since their acquisition or not. If the default risk has not substantially deteriorated, the expected losses over the life of the receivable resulting from possible future loss events within the next twelve months are to be taken into account (Stage 1).

STAGE 2

If the credit risk increases significantly after acquisition, the financial instrument is transferred to Stage 2. When calculating the loan loss provision in Stage 2, the expected losses over the entire residual term of the financial asset must be taken into account.

STAGE 3

The financial asset must be assigned to Stage 3 if its credit quality has deteriorated further and there is objective evidence of impairment. Breach of contract or considerable financial difficulties on the part of the debtor may represent objective evidence, for example. The loan loss provision is calculated as in Stage 2; however, the effective interest income must then be calculated not on the gross but on the net carrying amount (after deducting the loan loss provision).

SIMPLIFIED APPROACH

Derogations apply to trade receivables and contract assets under IFRS 15. For these assets, all expected losses over the entire life can be taken into account on acquisition of the financial instrument. The simplified impairment model contained in IFRS 9 is applied in the Salzgitter Group for trade receivables and contractual assets as a result of which the impairment is determined on the basis of the losses expected over the residual term and immediately recognized in profit or loss. The staged model is not applied as part of the simplified approach. The value of the financial asset must be fully corrected regardless, if its credit quality has deteriorated and there are objective indications of impairment, e.g. breach of contract or considerable financial difficulties on the part of the debtor.

In order to calculate the expected credit losses, trade receivables and contract assets are aggregated on the basis of common credit risk characteristics. Contract assets relate to services already provided in which the right to consideration depends on conditions other than the mere passage of time, and they essentially exhibit the same credit risk characteristics as trade receivables for the same types of contract. The Salzgitter Group therefore applies the same loss ratios as for trade receivables when measuring the expected losses from contract assets.

FINANCIAL INSTRUMENTS – ACCOUNTING TREATMENT OF HEDGE INSTRUMENTS

The method used to report gains or losses from derivatives depends on whether the derivative was designated a hedging instrument and, if this was the case, on the type of hedging arrangement. The Group designates derivatives either as hedging the fair value of an asset or a liability reported in the balance sheet (fair value hedge), as hedging payment flows from a transaction that is regarded as highly likely, or as hedging the currency risk inherent in a firm obligation (both cash flow hedges). The underlying and hedging transactions designated as a hedging relationship (hedge accounting) are managed and monitored within the scope of corporate risk management.

FAIR VALUE HEDGE

In the periods presented, no derivatives were qualified as fair value hedges in the Salzgitter Group.

CASH FLOW HEDGE

The effective portion of changes in the market value of derivatives that are designated for hedging cash flows or for the currency risk inherent in firm obligations and qualify as cash flow hedges is recognized under equity. The ineffective portion of the changes in value, on the other hand, is recognized immediately in the income statement through profit and loss.

When a hedged future transaction results in the recognition of a non-financial asset (e.g. inventories), the gains or losses previously recognized in equity are included directly in the initial measurement of the cost of the non-financial asset (adjusted basis). When a hedging instrument expires or is sold, or when a hedge no longer meets the requirements of hedge accounting, the cumulative gain or loss remains in equity and is not recognized as an adjusted basis in the balance sheet or disclosed in the income statement until the underlying transaction occurs.

If the forecast transaction is no longer expected to take place, the cumulative gains or losses that were recorded directly in equity must be transferred immediately to the income statement.

INVENTORIES

Inventories are recognized at acquisition or production cost or the net selling value, whichever is lower. Inventories are valued at average costs or individually attributed acquisition or production costs. The production costs are determined on the basis of normal capacity utilization. Specifically, the production costs include not only the directly attributable costs but also the production-related material costs and production overheads, including production-related depreciation. If the values as of the reporting date are lower because of a decline in net realizable values, these are reported. If the net selling value of previously written-down inventories has increased, the resultant reversal of write-downs is recorded as a reduction in the cost of materials or a change in inventories.

Unfinished and finished products, as well as raw materials generated internally, are valued at Group production cost that, in addition to direct costs, includes the variable and fixed overhead costs that are calculated systematically or attributed.

CONTRACT ASSETS AND CONTRACT LIABILITIES

The companies in the Salzgitter Group must determine on each reporting date the extent to which the parties involved in a customer contract have fulfilled the contract and show the net contract position in the balance sheet. This results in a contract asset if our Group company has fulfilled a greater part of the contract than the customer or a contract liability if the customer’s consideration received in advance is not yet matched by complete fulfillment. Prepayments received are deducted from contract assets on an order-specific basis. If the payments received on account for individual customer contracts exceed the receivables from customer contracts, the excess amount is reported under contract liabilities. If total contract costs are likely to exceed total contract revenues, the anticipated loss is recognized immediately as an expense and, if it exceeds the contract costs already incurred, reported as other provisions.

For the realization of sales revenues and further assumptions regarding customer contracts, reference is made to the section "Revenue recognition".

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions and similar obligations are formed as a result of benefit plans for retirement and invalidity pensions and provisions for surviving dependents. These provisions are formed exclusively for defined benefit plans under which the company guarantees that employees will receive a specific level of pension. The pension provisions also include bridging payments in the event of death.

The pension obligations are valued on the basis of actuarial assumptions and calculations. The defined benefit obligations are determined using the usual projected unit credit method prescribed by IFRS. The actuarial interest rate for measuring pensions under IFRS is determined on the basis of the Mercer Yield Curve Approach. According to this approach, a spot rate yield curve is calculated in the eurozone on the basis of high-quality corporate bonds. In order to represent the current market value of the money appropriately in accordance with IAS 19.84, both statistical outliers which are significantly higher or lower in their risk rating, as well as bonds with interest-distorting options are ignored. The yield curve is extrapolated in order to obtain an interest rate to match the duration of the obligation.

In contrast to this principle, pension commitments for which benefits are based on the growth of securities are, as a general rule, shown at the fair value of the underlying securities (securities-based commitments). To the extent that any minimum interest is guaranteed on the contributions made, a minimum, actuarially determined obligation is shown if it exceeds the fair value of the securities.

INCOME TAXES

In accordance with IAS 12, deferred taxes are calculated using the balance-sheet-oriented liability method. Under this method, reductions in the tax burden and charges that are likely to arise in future are reported for temporary differences between the book values shown in the consolidated financial statements and the values attributed to assets and liabilities for tax purposes.

The law for an immediate fiscal investment program to strengthen Germany as a business location, entered into force on July 19, 2025. The measures included in the Act are intended to create short-term investment incentives and strengthen Germany as a place to do business over the long term. This is to be achieved among other things by means of a gradual lowering of the corporation tax rate in Germany by one percentage point per year over the assessment periods 2028 to 2032. The lowering of the corporation tax rate will also result in the effective reduction of the solidarity surcharge. The effective corporation tax rates (incl. solidarity surcharges) will be as follows in the coming years:

Financial year	2028	2029	2030	2031	2032
Corporation tax rate	14.77 %	13.72 %	12.66 %	11.61 %	10.55 %

Deferred taxes are to be formed at the tax rates in force at the time of reversal (corporation tax rates (incl. solidarity surcharges as well as the trade tax rate). The date on which differences are reversed or when loss or interest carryforwards for which the deferred taxes have been recognized, are expected to be used is decisive in this regard. As of December 31, 2025, the deferred taxes of domestic corporations, taking account of balance sheet items and their respective maturities, are valued at between 26.3 % and 31.6 % (previous year: overall tax rate of 31.6 %). The trade tax rate accounts for 15.8 % of this amount. The impact on profit or loss resulting from the statutory change in tax rates is presented in the tax reconciliation statement, while the effects on equity are described in the general notes on income taxes.

The calculation of foreign income tax is based on the laws and regulations applicable in the individual countries. The anticipated tax savings resulting from the utilization of loss carryforwards whose realization is expected in the future are capitalized. When capitalized assets are valued for future reductions in the tax burden, consideration is given to the probability of the expected tax benefit being realized.

Assets deriving from future reductions in the tax burden include deferred tax assets arising from temporary differences between the book values stated in the consolidated balance sheet and values attributed for tax purposes, as well as tax savings resulting from loss carryforwards whose realization is anticipated at a future date.

Deferred tax claims in a particular area of fiscal jurisdiction are offset against deferred tax liabilities in the same area if the company is entitled to offset actual tax liabilities against tax claims and the tax is levied by the same tax authority; the offsetting is carried out on condition that there is matching maturity.

Provided that they relate to the same geographical area of fiscal jurisdiction and their types and maturities match, income tax liabilities are set off against corresponding tax refund claims.

OTHER PROVISIONS

Provisions are formed for current legal or factual obligations to third parties whose occurrence would be likely to burden Group assets. They are reported at their likely settlement amount, taking account of all the discernible risks involved, and are not offset against recourse claims. If discounting results in any significant effect, the provisions will be made at their present value. The interest rate used will be appropriate to the term and currency and risk free.

SHARE-BASED PAYMENTS

Share-based payment plans existing in the Group constitute payment plans settled in cash. The Group's resulting liability is determined at fair value and recognized as an expense over the period until the claim for cash settlement has been unalterably established. Until it is settled, the fair value of the liability is remeasured on each reporting date and any changes in the fair value recognized in profit or loss. An appropriate option pricing model is used to determine the fair value.

FINANCIAL LIABILITIES

CATEGORIZATION

Financial liabilities are categorized and measured at their amortized cost or at their fair value through profit or loss.

AMORTIZED COST

When financial liabilities are recognized for the first time, they are stated at fair value less transaction costs. In subsequent periods they are basically valued at amortized cost. Each difference between the amount paid out and the amount repaid is then spread over the term of the loan using the effective interest method. Supply chain finance agreements concluded with financial institutions correspond to the usual payment terms and do not change the original liability to the suppliers with the result that the amounts continue to be reported in trade accounts payable.

RECOGNIZED AT FAIR VALUE IN PROFIT OR LOSS

As financial instruments in the Salzgitter Group are designated as at fair value through profit and loss when first recognized exclusively in connection with the accounting for the bond liability, the exchangeable bond issued in October 2025 (application of the fair value option), this category only comprises the bond liability and derivatives with a negative fair value that are not shown in the hedge accounting.

As a general rule, fair value changes resulting from the exchangeable bond are recognized in profit or loss; changes attributable to the company's own credit risk are recognized in OCI (non-recycling). Salzgitter AG's default risk is determined by the difference between the risk-free euro interest rate and the interest rate for euro industrial bonds with comparable maturity. The fair value is determined on the basis of observable market data (bond price, CDS spread, yield curve) and assigned to Level 1 of the fair value hierarchy. Transaction costs are recognized in profit or loss.

DERECOGNITION

Financial liabilities are derecognized if the contractual obligations have been fulfilled, annulled or have expired.

REVENUE RECOGNITION

Revenue recognition under IFRS 15 is based on the transfer of control principle (control approach). The basic concept states that the recognition and measurement of assets and sales revenues be determined by applying five steps:

/ Identify the contract with the customer
/ Identify separate contractual obligations
/ Determine the transaction price
/ Split the transaction price across the contractual obligations identified
/ Realize the sales revenues when the contractual obligation is met

Revenues from contracts with customers are recognized when the delimitable contractual obligations, in other words, the contractually agreed goods or services, have been transferred. This is basically the case if the customer is able to decide on its use of the goods or services transferred and essentially derive the remaining benefit from them. Revenues must be recognized at the time when and in the amount at which contractual obligations are met. The fulfillment of contractual obligations is therefore classified by time or period. Revenues from sales are recognized at the level of the price defined in the contract – after deducting any reductions such as bonuses, cash discounts or rebates – and therefore equate to the transaction price. They are recognized to the extent that it is highly likely that no significant cancellation of the sales will become necessary provided there is no further uncertainty in this regard.

In the Salzgitter Group, power of disposal over products is generally transferred to the customer on delivery to the customer in accordance with the contractually agreed delivery terms.

No major financing components are included. There are no significant obligations to take back products, provide reimbursement or similar obligations which exceed normal assurance-type warranties. In the case of contracts with customers containing a bundle of contractual obligations, the prices of such obligations are largely estimated on the basis of existing individual sales prices.

Contract assets are subject to the expected losses model under IFRS 9. Impairment losses are recognized at the level of the expected credit loss over the term.

SALE OF STRIP STEEL AND HEAVY PLATE, SECTION STEEL PRODUCTS, TUBES AND PIPES AS WELL AS OTHER PRODUCTS

The Group sells its products in the Steel Production and Steel Processing business units, both directly to customers and with the involvement of the trade.

Revenues from sales are recognized when power of disposal has been transferred to the buyer and no unfulfilled obligations remain that might affect the customer's acceptance of the products. In the case of direct sales, this predominantly occurs on the transfer of physical possession to the customer.

If the Trading Business Unit is included, revenues are recognized at the time when the opportunities and risks associated with the product are transferred to the buyer. Payment terms of less than six months are usually agreed with customers. A receivable is shown on dispatch or delivery of the goods as at this point the claim for consideration is unconditional, in other words, payment will automatically become due with the lapse of time from this moment onward.

Revenues from sales are recognized at the level of the price defined in the contract – after deducting any reductions such as bonuses, cash discounts or rebates. If variable purchase price components change, such changes are netted off against the sales revenues. Sales revenues are only recognized to the extent that it is highly likely that no significant cancellation of the sales will become necessary provided there is no further uncertainty in this regard.

SALE OF MACHINES AND TECHNICAL EQUIPMENT

As a general rule, the Group sells machines and technical equipment directly. Spare parts and maintenance services are also offered. Revenues from sales are recognized both by time and period.

In the case of time-related recognition, revenues from sales are recognized when power of disposal has been transferred to the buyer and no unfulfilled obligations remain that might affect the customer's acceptance of the products. This is predominantly the case on delivery.

In the case of period-related recognition, the revenues are recognized over the term of the contract to the extent that a claim for the agreed payment by the customer is established by performance of the service already rendered provided the contract is structured accordingly. Payment terms of less than twelve months are usually agreed with customers. A receivable is shown on dispatch or delivery of the goods as at this point the claim for consideration is unconditional, in other words, payment will automatically become due with the lapse of time from this moment onward.

Applying IFRS 15, revenues from contracts with customers are realized as period-related sales if performance of the contract gives rise to a claim for the agreed payment by the customer. The Group provides its performance for contracts with customers on a period basis if performance gives rise to an asset with no alternative economic benefit, and an enforceable legal claim to consideration (including margin) for the contractual obligations fulfilled applies. Costs for the products sold and services provided are recognized at the end of the period in accordance with the stage of completion.

The input-oriented "cost-to-cost method" is used almost exclusively in the Group to determine the stage of completion as this method is best suited to reflecting the transfer of assets to the customer. The determination is based on the ratio between the costs accumulated by the closing date and the current estimate of the total costs.

Methods, assumptions and estimates are applied consistently. Losses on contracts are recognized in the period in which the latest estimate for the total costs of the contract exceeds the total contract revenues. Contract costs are estimated on the basis of project calculations, updated monthly. They also include estimated follow-on costs.

If the sales revenues for an individual order recognized by the stage of completion exceed payments received and advance payments requested, a contract asset is recognized for the excess amount. If the revenues are lower, a contract liability is recognized. If a claim for payment is successively established against the customer for an order for which a contract asset is shown, or if the customer pays the relevant order, the contract asset is reduced accordingly and a receivable is recognized; if the company successively meets its performance obligations for an order for which a contract liability is shown, the contract liability is reduced and sales are shown.

REALIZATION OF DIVIDENDS, INTEREST AND PUBLIC GRANTS

Dividends are collected when the claim has been legally accrued. Interest expenses and interest income are reported pro rata temporis. When there are changes in the consolidated group, acquired dividend claims are recorded without effect on income as part of the capital consolidation.

Government grants are not reported in the balance sheet until the necessary claim prerequisites have been fulfilled and it can be anticipated that the grants will actually be paid. Grants relating to assets are always reported as deductions from acquisition or production costs. Performance-based remuneration is reported as other operating income. If performance-based remuneration relates to future financial years, it is accrued appropriately.

IMPAIRMENT OF ASSETS (IMPAIRMENT TEST)

As of every balance sheet date at the latest, the Group reviews the carrying amounts of its intangible assets, property, plant and equipment, investments in companies accounted for using the equity method and investment property to establish whether there are any signs of impairment. If such signs are discernible, the recoverable amount is ascertained and compared with the carrying amount of the asset concerned, taking account of corporate assets. If the recoverable amount for the individual asset cannot be estimated, an impairment test is carried out at the level of the cash generating unit to which the asset belongs. If the carrying amount of an asset or a cash generating unit exceeds the respective recoverable amount, the asset is impaired and will be subjected to unscheduled depreciation at its recoverable amount. If the reason for a previous unscheduled depreciation no longer applies, a reversal is carried out.

FINANCIAL RISK MANAGEMENT

The Group's commercial activities expose it to a variety of financial risks: market risk (currency, interest rate and market price risk), credit risk and liquidity risk. The Group's overarching risk management aims to minimize the potentially negative effects of financial market developments on the Group's financial position.

Risk management is carried out independently by the subsidiaries and associated companies of Salzgitter AG in accordance with guidelines approved by the Executive Board. The Executive Board issues written principles for overall risk management, as well as guidelines for specific areas such as the hedging of currency risks, interest rate and credit risks, the use of financial instruments as well as the investment and borrowing of funds.

CURRENCY RISK

The Group operates internationally and is therefore exposed to currency risks based on fluctuations in the exchange rates between various foreign currency pairs. Currency risks result from expected future transactions and from assets and liabilities reported in the balance sheet. The risks arise when transactions are denominated in a currency that is not the functional currency of the company. At the level of Group companies, forward currency transactions are generally concluded with a central Group organization. Within the framework of the hedging strategy applicable in each case, this organization decides on the use of suitable financial instruments.

In the Group, the hedging relationship between the hedging instrument and the underlying transaction, the objective of the associated risk management and the strategy underlying the hedging transactions are documented when an effective hedging transaction is concluded. The estimation as to whether the derivatives used in the hedging relationship are highly effective in compensating for the changes in the current value or the cash flows of the underlying transaction is examined in the Group at the start of the hedging relationship and continuously thereafter.

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The Group's interest rate risk arises from interest-bearing receivables and liabilities. The variable interest rates expose the Group to a cash flow interest rate risk that influences interest expenses and interest income. The fixed-interest liabilities give rise to a fair value interest rate risk that has an impact on the balance sheet when the financial instruments are reported at fair value.

The Group's risk of interest rate changes is always viewed and analyzed in connection with ongoing or planned financing measures. The use of derivative interest rate hedging instruments is only considered for existing or highly probable underlying transactions. In order to reduce the risks arising from derivative financial instruments, risks of interest rate changes are not decoupled from liquidity risks. As a general rule, market-related risks of interest rate changes are preferred to additional liquidity risks posed by asymmetric interest rate hedging transactions.

MARKET PRICE RISK

The Salzgitter Group counters the risk of fluctuating market prices, especially in the procurement of raw materials and energy, with price and supply contracts. Hedging is also used to a limited extent, primarily for ore and coking coal. The analysis period for hedging is based on the medium-term three-year plan. Starting from a hedging ratio up to the mid-double-digit range, the aim is to reduce this over the following years. A risk committee manages the risk exposure as a function of the market situation and business position and implements suitable measures.

The Salzgitter Group has also concluded Power Purchase Agreements for wind and solar energy in order to hedge against fluctuations in energy prices and secure a long-term, sustainable and more predictable supply of green electricity. Power Purchase Agreements are purchase agreements comprising fixed sales prices for the electricity produced by a specific wind or solar power plant. These long-term contracts have become necessary as commissioning the new SALCOS® production process in 2027 will entail higher electricity requirements for technical reasons which will have to be procured externally.

CREDIT RISK

In respect of potential credit risks, the Group has trading rules and regulations and a consistent receivables management system that ensure that products are sold only to customers with an appropriate payment history. Contracts involving derivative financial instruments and financial transactions are restricted to financial institutions with good credit standing. The Group's business policy is to limit the amount of credit exposure in respect of the individual financial institution. As regards the financial institutions, there were no significant risk clusters in the financial year ended.

LIQUIDITY RISK

The Group's liquidity management includes an adequate reserve of cash and cash equivalents, marketable securities, and the possibility of financing with bilateral credit lines, a medium-term syndicated loan limit and capital market instruments. In the past financial year, the Salzgitter Group was able to maintain its previous financing strategy and was able at all times to show sufficient liquidity through independent measures without any specific government support for the Group. Bilateral annual credit lines with a double-digit number of credit institutions, further fungible assets and an established position as an issuer in the capital market are intended to secure our liquidity requirements.

CAPITAL RISK MANAGEMENT

To reduce its capital costs, the Group pursues the objective of maximizing the earnings from its shareholdings by optimizing the relationship between equity and debt. In the process, it is ensured that all of the Group companies can operate under the going concern premise.

In order to maintain or optimize the capital structure, the Group is obliged to adjust the amount of the dividend payments, make repayments of capital to the shareholders, issue new shares or dispose of assets for purposes of debt reduction.

Preservation of Salzgitter AG's independence is the focus of its corporate policy. One prerequisite is the maintenance of a sound balance sheet and financial structure in order to secure its freedom to act at all times with regard to the operational, financial and strategic growth of the Group. Looking at the way in which a very robust equity ratio of 42.3 % (previous year: 42.5 %) has been preserved, we have once again succeeded in meeting this goal. As before, we consider it essential to keep sufficient cash funds available for the Group's financial management to ensure that, in the event of a deterioration in the environment, we will not be dependent on the capital market.

NOTES TO THE INCOME STATEMENT

(1) SALES

In € million	2025	2024
Breakdown by product group		
Strip steel	3,981.7	4,302.4
Section steel	752.5	796.7
Heavy plate	724.2	903.6
Tubes and pipes	935.0	1,296.7
Filling and packaging machinery	1,656.8	1,577.9
Other	931.1	1,134.4
	8,981.3	10,011.7
Breakdown by region		
Domestic	3,767.8	4,088.6
Other EU	2,641.5	3,021.5
Rest of Europe	357.7	500.5
America	1,018.5	1,074.5
Asia	746.4	877.6
Africa	406.5	396.2
Australia / Oceania	43.0	52.8
	8,981.3	10,011.7

The breakdown of sales represents a breakdown by product category that does not correspond to segment reporting.

Sales revenues comprise time-related revenues amounting to € 8,071.5 million (previous year: € 9,051.2 million) as well as period-related revenues totaling € 909.8 million (previous year: € 960.1 million). Time-related revenues result from the sale of goods. Period-related sales predominantly comprise work in progress for construction contracts for which a contract asset has been recognized. Other services are also classified as period related.

The amount of sales revenues comprised at the start of the period in net contract liabilities stands at € 129.4 million (previous year: € 486.5 million). Sales revenues from contractual obligations already fulfilled or partially fulfilled in earlier periods come in at € 3.2 million (previous year: € 5.0 million).

Fixed contractual obligations not yet completely fulfilled as of the closing date are likely to lead to the realization of the following sales:

In € million	2025	2024
up to 6 months	85.6	130.5
7 months to 12 months	38.2	88.8
over 12 months	82.6	121.7
	206.3	341.0

As a general rule, the transaction prices of the remaining contractual obligations are determined at the level of the volumes and services contractually agreed with customers as of the closing date for which the customer has an obligation to buy and the Group an obligation to supply. Unfulfilled (or partly unfulfilled) contractual obligations as of the end of the financial year with an original term of no more than one year are not disclosed, as is permitted under IFRS 15.121.

(2) OTHER OPERATING INCOME

Other operating income essentially includes income from exchange rate changes in an amount of € 267.1 million (previous year: € 175.6 million) as well as income from refunds from earlier years amounting to € 82.6 million (previous year: € 69.5 million). In addition, it includes income from the measurement of financial derivatives and foreign currency items in an amount of € 55.8 million (previous year: € 78.4 million) as well as income from the release of provisions amounting to € 55.3 million (previous year: 53.6 million). Operating income from sideline operations amounted to € 21.1 million (previous year: € 20.6 million), while insurance refunds contributed € 12.8 million (previous year: 38.1 million). Furthermore, this item also comprises grants amounting to € 13.1 million (previous year: € 6.9 million) as well as lease income of € 6.5 million (previous year: € 8.0 million). For more detailed explanations of capitalized grants, please refer to Note 11 → **Property, plant and equipment.**

(3) COST OF MATERIALS

In € million	2025	2024
Cost of raw materials, consumables, supplies and goods purchased	5,284.1	6,470.5
Cost of services purchased	514.8	504.6
Cost of materials	**5,798.8**	**6,975.1**

(4) PERSONNEL EXPENSES

In € million	2025	2024
Wages and salaries	1,614.9	1,667.3
Social security, pensions and other benefits	342.7	348.6
of which: pension plans and retirement benefits	[148.1]	[145.0]
Personnel expenses	**1,957.6**	**2,015.8**

In the financial year, the sum total of all defined-contribution pension expenses in the Salzgitter Group stood at € 125.4 million (previous year: € 119.4 million). The past service cost for defined-benefit commitments in the financial year amounted to € 22.6 million (previous year: € 25.6 million).

Average number of employees (excl. employees in non-active, age-related part-time employment)	2025	2024
Wage labor	12,116	12,815
Salaried employees	10,201	10,379
Group core workforce	**22,317**	**23,194**

Of the Group employees, 868 (previous year: 874) are involved in our part of the joint activities.

(5) AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The scheduled amortization and depreciation comprise amortization of intangible assets and depreciation of property, plant and equipment, and are shown in the assets analysis. For a breakdown of scheduled amortization and depreciation and impairment losses, please refer to → **Segment reporting.**

The following impairment losses were required in financial year 2025:

In € million	2025	2024
Intangible assets		
Purchased concessions, brand names, industrial property rights plus licenses and emission rights	0.0	5.7
Payments on account	0.0	9.6
Property, plant and equipment		
Land, similar rights and buildings, including buildings on land owned by others	2.1	57.0
Plant equipment and machinery	0.0	149.7
Other equipment, plant and office equipment	0.0	10.2
Payments made on account and equipment under construction	–	52.8
Investment property	–	9.7
Impairment losses	**2.1**	**294.7**

The fair value less selling costs was calculated using the discounted cash flow method based on an interest rate of 8.22 % (previous year: 8.37 %) for the Technology Business Unit and 7.95 % (previous year: 8.55 %) for the other business units. The calculation is based on the current plans prepared by management for the following three years (Level 3 of the valuation hierarchy). The planning assumptions are adjusted to reflect today's knowledge. This is based on general business and economic data supplemented by our own estimates. Basic assumptions are made especially in the areas of sale and procurement prices as well as sales volumes. The recoverable amount in each case equates to the fair value less selling costs.

Impairment losses totaling € 2.1 million were recognized in the Salzgitter Group. These relate essentially to buildings that will no longer be used in the future due to a change in the usage situation.

(6) OTHER OPERATING EXPENSES

This item essentially comprises expenses for external services in an amount of € 373.4 million (previous year: € 391.8 million) and sales expenses of € 313.9 million (previous year: € 344.2 million). Losses from exchange rate changes in an amount of € 258.0 million (previous year: € 184.4 million) as well as expenses from the measurement of financial derivatives and foreign currency items amounting to € 103.2 million (previous year: 34.3 million) were also incurred. Due to the issuance of an exchangeable bond, expenses from fair value measurement on the reporting day amounting to € 29.7 million (previous year: € 0.0 million) were incurred for the first time in the current year.

(7) FINANCIAL RESULT

In € million	2025	2024
Interest income and similar income	43.6	33.1
Interest income from compounding and discounting	0.3	0.3
Interest income	**43.9**	**33.4**

Interest income increased year on year by € 10.5 million. This rise is essentially due to higher trading volumes on the financial markets.

In € million	2025	2024
Interest expenses and similar expenses	66.9	84.9
Interest expenses from compounding and discounting	7.6	8.8
Interest portion of pension provision	55.7	56.8
Interest expenses	**130.3**	**150.6**

Interest expenses overall fell year on year by € 20.3 million. The main drivers of this development were interest expenses and similar expenses which dropped by € 18.0 million in the financial year, primarily due to the fact that borrowing costs were substantially capitalized as part of the first expansion stage of the SALCOS® project.

(8) INCOME TAXES

In € million	2025	2024
Income tax		
current tax expenses / tax income (+/-)	11.0	25.0
deferred tax expenses / tax income (+/-)	31.1	26.7
	42.1	51.7
of which: unrelated to the reporting period	−37.5	−16.8

The income taxes amounting to € 42.1 million relate to earnings before taxes. The income taxes unrelated to the reporting period comprise deferred and actual taxes for previous years, of which actual income taxes comprise € -37.9 million (previous year: € -14.0 million).

The reduction in actual income taxes to € 11.0 million is characterized by the above income taxes unrelated to the reporting period as a result of corporation tax refunds for previous years resulting from fiscal court proceedings at Salzgitter Mannesmann GmbH which have been completed. All in all, the actual income taxes applicable to foreign companies amount to € 43.0 million (previous year: € 33.9 million).

The deferred tax expenses of € 31.1 million are essentially due to the reassessment of deferred tax assets on temporary differences as well as loss carryforwards at the domestic parent company, Salzgitter Klöckner-Werke GmbH, particularly due to new insights from the budgeting process.

Thanks to the use of tax loss carryforwards that had not previously been availed of, the tax expenses were reduced by € 1.7 million (previous year: € 1.6 million).

The following deferred tax assets/liabilities reported in the balance sheet are recognized in respect of the differences between reported book values and attributed tax valuations:

In € million	2025/12/31		2024/12/31	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	5.7	12.5	5.6	11.7
Property, plant and equipment	48.0	70.7	53.7	77.2
Financial assets	0.8	0.9	1.3	1.3
Current assets	43.1	130.6	89.6	153.1
Pension provisions	86.7	0.1	156.9	0.0
Other provisions	73.9	2.1	81.3	3.2
Special item with reserve component	0.0	2.0	0.0	2.9
Liabilities	23.4	13.5	8.5	21.9
Other items	9.2	1.3	8.6	1.2
Total before offsetting	290.9	233.6	405.6	272.3
Offsetting of deferred taxes from temporary differences	-118.1	-118.1	-117.6	-117.6
Total after offsetting	172.7	115.4	288.0	154.8

The deferred tax assets and liabilities shown are recognized in profit or loss or equity depending on the underlying circumstances. Circumstances recognized in equity can be seen in the → Consolidated statement of comprehensive income.

The future change in the rate of corporation tax, especially at domestic companies, leads to a reassessment of deferred taxes recognized in equity. The effect of the resulting tax rate change is € –16.0 million. The reduction in deferred tax assets for pension provisions shown in the table above is also due to the effect of this change in the tax rate as well as the convergence of valuation differences. In addition, the change in the tax rate impacted earnings to the tune of € –7.0 million which can be seen in the reconciliation statement.

Summary of the capitalized tax savings from loss carryforwards that may be realized in the future:

In € million	2025/12/31	2024/12/31
Corporation tax	24.1	41.0
Trade tax	25.9	35.9
Capitalized tax savings, 12/31	50.0	76.9

Development of the capitalized tax savings from loss carryforwards that may be realized in the future:

In € million	2025/12/31	2024/12/31
Capitalized tax savings, 01/01	76.9	134.3
Changes in the consolidated group	–2.1	–
Use of losses carried forward	–0.4	–1.7
Valuation allowances from losses carried forward	–28.4	–56.9
Capitalization of tax savings from losses carried forward	3.9	1.3
Capitalized tax savings, 12/31	50.0	76.9

As a result of the "minimum taxation" that applies in Germany, the tax loss carryforwards are offset against the ongoing tax result in full up to an amount of € 1 million but only at 70 % for corporation tax and 60 % for trade tax thereafter.

In the case of a number of domestic companies, no deferred taxes were activated for trade tax loss carryforwards amounting to € 1,796.0 million (previous year: € 1,444.5 million) or corporation tax loss carryforwards amounting to € 2,271.3 million (previous year: € 1,858.6 million) because, from a current viewpoint, the possibility of their being used can be regarded as unlikely. The tax loss carryforwards can be utilized without time restrictions.

For foreign loss carryforwards without intrinsic value in an amount of € 176.0 million (previous year € 183.5 million) deferred tax assets were likewise not capitalized. Of this amount, € 132.6 million (previous year: € 138.9 million) can be utilized for an unlimited period of time, € 5.2 million (previous year: € 6.8 million) limited to the next five years and € 38.2 million (previous year: € 37.8 million) limited to the next 20 years.

For domestic and foreign companies, moreover, no deferred tax assets for deductible temporary differences in the amount of € 89.9 million (previous year: € 88.6 million) were formed.

In the case of Group companies that have generated tax losses in the current or previous financial year, deferred tax assets amounting to € 78.2 million (previous year: € 192.6 million) are reported as of December 31, 2025, because of anticipated future taxable income. No deferred tax liabilities were formed for temporary differences between net assets and the tax base of Group companies of SZAG amounting to € 26.6 million (previous year € 29.2 million) as it is not expected that the temporary differences will reverse in the near future.

Reconciliation of the anticipated and income tax expenses shown (+) and / or income (–):

In € million	2025/12/31	2024/12/31
Earnings before taxes	**–27.7**	**–296.2**
Expected income tax expense (+) / income (-) (31.6 %)	-8.8	–93.6
Tax share for:		
differences between tax rates	-6.8	–2.7
effects of changes in statutory tax rates	7.0	0.2
tax credits	–	0.4
tax-free income[1]	-63.7	–69.3
non-deductible tax expenses and other additions[1]	25.1	27.3
Effects of differences and losses		
without capitalization of deferred tax[1]	86.3	138.4
adjustments in the value of capitalization benefits	41.6	69.0
utilization of benefits not previously capitalized	-1.7	-1.6
tax expenses and income unrelated to the reporting period	-37.5	-16.8
other deviations	0.6	0.5
Disclosed income tax expenses (+) / income (–)	**42.1**	**51.7**

[1] The figures take into account a reclassification compared to the published financial statements for the previous year.

The income tax expense reported of € 42.1 million differs from the expected income tax income of € 8.8 million by a total of € 50.9 million. This results essentially from temporary differences and tax losses without the recognition of deferred tax assets as well as the reassessment of deferred tax assets. This is offset, in particular, by tax-free income and income relating to other periods.

The Salzgitter Group falls within the scope of the OECD Pillar Two Model Rules. The Pillar Two legislation was passed in Germany, the country in which the Group is headquartered, and it came into force as from January 1, 2024. Under this legislation, the Group must pay an additional tax for each jurisdiction amounting to the difference between the GloBE effective tax rate and the minimum tax rate of 15 %. The Group applies the exemption from recognizing deferred taxes in connection with Pillar Two legislation.

The Salzgitter Group intends to take advantage of the safe harbor rules. With the exception of one subsidiary headquartered in the United Arab Emirates, the Group is subject to the safe harbor rules or a GloBE effective tax rate of more than 15 % in all jurisdictions.

In 2025, the effective tax rate in the United Arab Emirates (calculated in accordance with IAS 12.86) was 12.0 %. Taking account of the effective tax rate specified, an income tax provision of € 0.2 million (previous year: € 0.1 million) was recognized for the United Arab Emirates as of December 31, 2025, in order to reflect Pillar Two legislation.

The company is currently working with a recognized firm of tax consultants that is providing support in the application of the OECD Pillar Two Model Rules.

(9) EARNINGS PER SHARE

The basic earnings per share are determined in accordance with IAS 33 as the ratio of consolidated net income or loss for the financial year to which the shareholders of SZAG are entitled to the weighted average number of no-par bearer shares in circulation during the financial year. A dilution would occur if earnings per share were reduced by issuing potential shares from option and conversion rights. There were no such rights in the financial year under review.

	Shares issued	Treasury shares	Shares in circulation	Potentially diluting shares
Beginning of financial year	60,097,000	6,009,700	54,087,300	0
Change	–	–	–	0
End of financial year	60,097,000	6,009,700	54,087,300	0
Weighted number of shares	**60,097,000**	**6,009,700**	**54,087,300**	**0**

Earnings per share		2025	2024
Consolidated result	In € million	–69.8	–347.9
Minority interest	In € million	4.4	4.3
Amount due to Salzgitter AG shareholders	In € million	–74.2	–352.2
Earnings per share – basic	**(in €)**	**–1.37**	**–6.51**
Diluted result	In € million	–	–
Earnings per share – diluted	**(in €)**	**–1.37**	**–6.51**

NOTES TO THE BALANCE SHEET

NON-CURRENT ASSETS

(10) INTANGIBLE ASSETS

Total research and development costs in the reporting year amounted to € 87.1 million (previous year: € 82.0 million) including € 9.4 million (previous year: € 8.1 million) for external companies. Expenditure on research and development does not include any expenditure by companies accounted for using the equity method.

Restraints on the right of ownership or disposal amount to € 24.2 million (previous year: € 45.7 million). These are carbon allowances temporarily not required for production and transferred as security for raising funds.

(11) PROPERTY, PLANT AND EQUIPMENT

The restrictions on ownership and disposal of property, plant and equipment are almost unchanged at € 1.1 million (previous year: € 1.3 million) due to borrowing terms and conditions abroad.

Government grants amounting to € 370.5 million (previous year: € 137.7 million) were deducted from the acquisition costs of property, plant and equipment. The conditions to which the public grants were attached were fulfilled as of the balance sheet date. Key constraints included in the assessment are that the steel produced from the SALCOS® project must be made by low-carbon means, that the investment project constitutes replacement investment and that further reviews must be conducted as from financial year 2033. The risk of having to repay the grants due to failure to meet the conditions is regarded as highly unlikely as of the reporting date. Of the government grants totaling € 370.5 million, an amount of € 370.4 million was attributable to the first expansion stage of the SALCOS® project.

"Advance payments and assets under construction" include prepayments amounting to € 66.6 million (previous year: € 11.1 million).

Borrowing costs of € 24.9 million (previous year: € 13.2 million) were recognized on standard market terms as part of the first expansion stage of SALCOS®. The financing cost rates used range between 1.56 % and 4.73 % (previous year: between 3.56 % and 4.87 %).

(12) INVESTMENT PROPERTY

Investment property comprises undeveloped and developed land that is held to generate rental income or for the purpose of long-term value appreciation and not for production or administration purposes.

In the reporting period, rental income amounted to € 4.2 million (previous year: € 6.6 million). Direct operating expenses totaled € 2.1 million (previous year: € 2.3 million) and were basically incurred for properties that generated rental earnings in the reporting year.

As of December 31, 2025, the fair value of the investment properties stood at € 72.0 million (previous year: € 76.4 million). Fair value is calculated within SZAG using the discounted cash flow method and comparisons with current market values of comparable properties. Input factors used to measure the fair values include anticipated rental income, possible vacancy costs and maintenance costs. The valuation is based on an alternative utilization of potential, the highest and best use method, in accordance with IFRS 13, and must be classified in Level 3 of the fair value hierarchy.

(13) FINANCIAL ASSETS

In € million	2025/12/31	2024/12/31
Financial investments	15.2	24.5
Other loans	1.2	1.7
Other financial assets	0.1	0.1
Financial assets	16.5	26.2

(14) INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

	Aurubis AG, Hamburg		EUROPIPE Group		Other		Total	
In € million	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance 01/01	1,550.2	1,385.0	88.0	103.3	16.8	17.2	1,655.0	1,505.5
Result of current financial year	179.6	183.9	2.6	0.3	0.5	0.2	182.7	184.4
Proportionate gain / loss	179.6	183.9	2.6	0.3	0.5	0.2		
Adjustments under the "at-equity method" with effect on income	–	–	–	–	–	–		
Dividends	–20.2	–18.9	–	–15.0	–0.6	–0.6	–20.9	–34.5
Changes in shares	–	–	–	–		–	–	–
Other changes in equity	–13.9	0.2	2.2	–0.6	–	–	–11.7	–0.3
Proportional other income	–13.9	0.2	2.2	–0.6	–	–		
Book value, 12/31	1,695.7	1,550.2	92.8	88.0	16.7	16.8	1,805.2	1,655.0

The fair value of the holding in Aurubis AG is based on the share price as of December 31, 2025, and amounts to € 1,675.1 million (previous year: € 1,034.5 million). An impairment review was carried out on the carrying amount on the basis of the value-in-use of the shares. A pre-tax interest rate of 10.47 % and an after-tax interest rate of 8.13 % were used for discounting. The determination drew both on information from publicly available sources and announcements by Aurubis AG, in particular on the long-term strategic growth of the company in North America. The North American market is to be developed through the construction of multi-metal recycling plants, and significant investments have already been made. Accordingly, the assumptions for sales, EBITDA and earnings development were modeled for a multi-year planning horizon, taking other factors into account, before the steady state and terminal value are determined. The future figures thus determined and their growth were compared with historical figures and the growth rates to be expected. The intrinsic value of the designated equity approach is borne out in particular by the rising demand for copper predicted as a result of advancing electromobility and the ongoing electrification of production and in many walks of life. If the assumptions were to change negatively without compensating effects, there would be a significant need for impairment due to a lower fair value.

With regard to shareholdings, please refer to our explanations on the → Consolidated group.

The investments in companies accounted for using the equity method are as follows (100 % figures):

	Aurubis AG, Hamburg		EUROPIPE Group	
In € million	2025	2024	2025	2024
Non-current assets	3,626.0	3,213.0	86.6	76.1
Current assets	6,191.0	5,208.0	236.7	219.1
Non-current liabilities	1,550.0	1,133.0	84.0	86.0
Current liabilities	2,937.0	2,449.0	53.7	33.2
Sales	19,240.0	17,457.0	406.2	290.7
Profit / loss	605.0	614.4	5.2	0.6
Other comprehensive income	–47.0	–0.3	4.4	–1.1
Total comprehensive income	558.0	615.1	9.5	–0.5
Dividends received	20.2	18.9	–	15.0
Net assets	5,331.0	4,839.0	185.5	176.0
Pro rata net assets	1,646.7	1,494.8	92.8	88.0
Addition from purchase of own shares resp. disposals of investments accounted for using the equity method	–4.4	–4.4	–	–
Impairments / reversal of impairment	–	–	–	–
Consolidation effects	53.3	59.8	–	–
Purchase of own shares of investments accounted for using the equity method	–	–	–	–
Investment book value	1,695.7	1,550.2	92.8	88.0

	Wohnungsbaugesellschaft mbH	
In € million	2025	2024
Non-current assets	129.7	132.1
Current assets	18.0	19.4
Non-current liabilities	66.7	70.8
Current liabilities	15.8	15.4
Sales	33.8	33.6
Profit / loss	2.3	1.9
Dividends received	0.6	0.6
Net assets	65.2	65.3
Pro rata net assets	16.4	16.4
Consolidation effects	–0.6	–0.4
Investment book value	15.8	15.9

Further summarizing financial information for joint ventures:

	EUROPIPE Group	
In € million	2025	2024
Cash and cash equivalents	161.8	106.6
Current financial liabilities	24.3	14.0
Non-current financial liabilities	9.6	8.6
Depreciation and amortization	7.0	6.4
Interest income	2.7	5.8
Interest expenses	3.6	3.8
Income tax expense (-) / - income (+)	–2.7	–4.9

Non-reclassifiable gains and losses from companies accounted for using the equity method are essentially composed of valuations of pensions and currency translations.

(15) DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES

If it is likely that tax benefits will be realized, they must be capitalized. Netting is only possible if the deferred tax assets and liabilities have matching maturities and relate to the same tax authority. After offsetting, the deferred tax assets and liabilities for the financial year 2025 are as follows:

In € million	2025/12/31	2024/12/31
Deferred income tax assets	222.7	364.9
Realization within 12 months	24.8	20.2
Realization after more than 12 months	197.9	344.7
Deferred income tax liabilities	115.4	154.8
Realization within 12 months	113.9	152.0
Realization after more than 12 months	1.6	2.7
Balance of deferred tax assets and deferred tax liabilities	107.3	210.1

The deferred tax assets disclosed above result from recognition and measurement differences and from loss carryforwards.

CURRENT ASSETS

(16) INVENTORIES

In € million	2025/12/31	2024/12/31
Raw materials, consumables and supplies	817.2	863.1
Unfinished products	719.8	850.6
Unfinished goods or services	16.4	17.9
Finished goods	506.1	502.4
Goods	458.1	489.7
Payments on account	14.4	17.3
Inventories	2,532.1	2,740.9

Inventories in the reporting year are marginally below the prior year's level. Although inventory volumes overall showed a modest increase, the fall in production costs in the reporting year led to a decline in the inventory level accounted for.

In this context, inventories measured at their net realizable value also decreased. The carrying amount of the inventories reported at their net realizable value amounted to € 648.5 million (previous year: € 808.2 million). The decline essentially results from lower inventory volumes in this partial stock as well as moderate price levels overall on sales markets. In the reporting period there were write-ups amounting to € 43.0 million (previous year: € 6.5 million) due to a rise in net realizable values for inventories impaired in previous periods. By contrast, impairment losses on inventories amounting to € 87.5 million (previous year: € 177.6 million) fell year on year, which is essentially due to a more stable market environment and the absence of one-off effects from portfolio adjustments. The impairment losses of € 34.8 million recognized in the previous year in connection with measures to adjust the product portfolio were not incurred again in the current financial year.

As of December 31, 2025, the nominal value of the inventories pledged as security for the Group's liabilities amounted to € 50.0 million. The corresponding liabilities totaled € 40.1 million and are included in financial liabilities in the consolidated financial statements. This initial collateralization enables external stocks to be called off on time and contributes towards optimizing liquidity.

(17) TRADE RECEIVABLES

Trade receivables subject to restrictions on ownership or disposal amount to € 3.0 million (previous year: € 3.0 million).

(18) CONTRACT ASSETS

Net contract assets decreased in the reporting period from € 382.1 million to € 374.7 million. The decline relates mainly to technical machinery and equipment in the Technology Business Unit. As of January 1, 2024, the balance of contract assets amounted to € 372.0 million.

(19) OTHER RECEIVABLES AND OTHER ASSETS

The "Other receivables and other assets" item comprises numerous minor transactions on the part of the consolidated companies. Notable major items include other miscellaneous receivables and assets which climbed year on year from € 37.9 million to € 145.7 million. They include subsidies for the SALCOS® project of € 79.2 million (previous year: € 0.0 million) applied for but not yet received. Tax refund claims against the tax office from VAT receivables and other taxes amount to € 78.0 million (previous year: € 125.6 million).

Other receivables subject to restrictions on ownership or disposal amount to € 0.0 million (previous year: € 0.1 million).

Derivative financial instruments with positive market values are reported under the "Other receivables and other assets" item in an amount of € 10.4 million (previous year: € 40.5 million). Further information on the derivatives accounted for in the Salzgitter Group can be found under → **Financial instruments**.

(20) INCOME TAX ASSETS AND INCOME TAX LIABILITIES

The existing income tax assets as of December 31, 2025, amounting to € 38.1 million (previous year: € 54.6 million) largely concern capital gains tax demands from domestic Group companies. These are offset by long-term income tax liabilities of € 18.4 million (previous year: € 19.2 million) and short-term income tax liabilities of € 5.8 million (previous year: € 4.4 million).

Refund claims are set off against tax liabilities if there is an enforceable right to set off the reported amounts against each other and the intention is to settle on a net basis. The prerequisite for this is that the tax refund claim and the tax liability both relate to the same tax authority and that the tax authority allows their offsetting.

(21) CASH AND CASH EQUIVALENTS

In € million	2025/12/31	2024/12/31
Cash at banks	1,060.0	1,001.8
Term deposits	0.3	0.0
Checks, cash in hand	0.2	0.4
Cash and cash equivalents	1,060.5	1,002.2

The short-term securities holdings reported under “Bank balances” rose year on year to € 4.1 million (previous year: € 0.0 million).

EQUITY

(22) SUBSCRIBED CAPITAL

SHARE CAPITAL, TREASURY SHARES, AUTHORIZED AND CONTINGENT CAPITAL

The subscribed capital (share capital) remains unchanged at € 161,615,273.31. After setting off the notional value of treasury shares (€ 16,161,527.33), the subscribed capital amounts to € 145,453,745.98 equating to a total of 54,087,300 no-par value shares. The pro-rata amount of share capital accounted for by each individual bearer share is € 2.69 per share. The shares issued are fully paid in.

As of the reporting date, Salzgitter AG continued to hold 6.009.700 treasury shares. As before, they account for € 16.161.527,33 (= 10.00 %) of the share capital.

All of these shares were acquired on the basis of Section 71 (1) item 8, German Stock Corporation Act (AktG), based on authorization given by the Annual General Meeting of Shareholders (2,487,355 shares from May 26, 2004, 462,970 shares from June 8, 2006, 2,809,312 shares from May 21, 2008, 35,600 shares from May 27, 2009, and 214,463 shares from June 8, 2010), to be able to use them in particular for future acquisitions, to fulfill option or convertible rights from options or convertible bonds or to issue them to employees of the company or an affiliate of the company.

The Executive Board is authorized to increase the share capital with the approval of the Supervisory Board by up to a nominal amount of € 80,807,636.65, in the period up to June 1, 2027, by issuing up to 30,048,499 new no par value bearer shares against payment in cash or kind (Authorized Capital 2022). Under certain conditions, this capital may only be increased by up to a total of € 32,323,054.66, (20 % of the share capital) through the issuance of up to 12,019,400 new no par value bearer shares with shareholders' subscription rights excluded. The 20 % ceiling is reduced by the pro-rata amount of the share capital relating to option or conversion rights, or option or conversion obligations from warrant-linked bonds, convertible bonds, profit-sharing rights and / or participating bonds and / or combinations of these instruments issued since June 2, 2022, to the exclusion of subscription rights. By the reporting date no shares had been issued from the Authorized Capital since June 2, 2022.

Moreover, upon approval by the Supervisory Board, the Executive Board may issue bonds in a total nominal amount of up to € 1 billion on or before June 1, 2027, and grant the holders of the respective bonds conversion rights to shares of the company in a total amount of up to 30,048,499 units (Contingent Capital 2022). Shareholders' subscription rights to bonds linked to option or conversion rights to shares may be excluded under certain conditions. Such bonds excluding shareholder subscription rights may only be issued if shares making up a proportion of 20 % of the capital stock, excluding subscription rights, from the Authorized Capital have not been issued since June 2, 2022. By the reporting date no shares had been issued from the Authorized Capital since June 2, 2022.

(23) CAPITAL RESERVE

Of the capital reserve of € 257.0 million (previous year: € 257.0 million), a sum of € 115.2 million is accounted for by a premium contributed at the time of the capital increase on October 1, 1970, and a further € 7.9 million by two premiums contributed from the exercise of bonds with warrants from 2004 and 2005.

As part of the divestiture agreement, certain assets were sold to Salzgitter AG by Preussag AG for € 0.51 each. These assets were reported at the time of acquisition at their fair values (€ 49.2 million) and the differences posted to the capital reserve.

The value of the equity component of the convertible bond issued on October 6, 2009, and in the meantime replaced, in a total nominal amount of € 296,450,000 stands at € 54.4 million.

The value of the equity component of the convertible bond issued on June 5, 2015, and in the meantime replaced, in a total nominal amount of € 167,900,000 stands at € 18.3 million. The transaction costs reported as a deduction from equity amount to € 0.2 million.

Other contributions paid by shareholders from 1995 amount to € 12.0 million.

(24) UNAPPROPRIATED RETAINED EARNINGS

Under the German Commercial Code (HGB), dividend payments to shareholders in Salzgitter AG depend on the year-end result reported by Salzgitter AG. The unappropriated retained earnings are shown at the same level in both the consolidated financial statements of the Salzgitter Group and in the financial statements of Salzgitter AG. The reconciliation of the consolidated net profit for the year to Salzgitter AG's unappropriated retained earnings is shown in the income statement.

Salzgitter AG (SZAG) is reporting unappropriated retained earnings of € 12.1 million for the 2025 financial year. The Executive Board and Supervisory Board will put forward a proposal to the Annual General Meeting of Shareholders to use the unappropriated retained earnings (€ 12.1 million) to distribute a dividend of € 0.20 per share (in relation to the share capital of € 161.6 million divided into 60,097,000 shares) and to carry the remaining amount forward to new account. If the company holds treasury shares on the day of the Annual General Meeting of Shareholders, the proposed appropriation of profit will be adjusted accordingly since treasury shares are not eligible for dividend. Based on the Salzgitter share's closing XETRA price of € 40.14 on December 31, 2025, the dividend yield amounts to 0.5 % (previous year: 1.3 %).

Dividend of € 0.20 per share was paid in the financial year resulting in a total amount of € 10.8 million.

(25) FURTHER DETAILS OF SHAREHOLDERS' EQUITY

DETAILS OF THE EXISTENCE OF A PARTICIPATING INTEREST / VOTING RIGHTS DISCLOSURES IN ACCORDANCE WITH SECTION 160 (1) ITEM 8 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

As of the 2025 reporting date, there are participating interests in Salzgitter AG that have been reported in accordance with Section 33 (1) of the German Securities Trading Act (WpHG; Section 21 (1) of the old version) and published in accordance with Section 40 (1) of the German Securities Trading Act (WpHG; Section 26 (1) of the old version).

Hannoversche Beteiligungsgesellschaft mbH, Hanover, Germany, informed us on April 2, 2002 that on April 1, 2002 it held 25.5 % of the voting rights in Salzgitter AG.

In addition, the **State of Lower Saxony**, represented by the Ministry of Finance for Lower Saxony, Hanover, has informed us that it is entitled to this 25.5 % of the voting rights in Salzgitter AG. According to the Ministry, these entire voting rights are to be attributed to the State of Lower Saxony in accordance with Section 22 (1) sentence 1 item 1 of the old version of the German Securities Trading Act.

It is noted here that, due to the changes in the total number of shares in Salzgitter AG that have now been completed, the aforementioned number of voting rights currently corresponds to a voting share of 26.48 %.

Salzgitter AG, Salzgitter, Germany announced on July 8, 2010, with respect to its treasury shares in accordance with Section 26 (1) sentence 2 of the old version of the Germany Securities Trading Act (WpHG) in conjunction with Section 21 (1) sentence 1 of the old version of the German Securities Trading Act (WpHG) that its holding of treasury shares had reached the 10 % threshold on July 6, 2010. Its share of voting rights with respect to treasury shares is 10.000 %. Salzgitter AG currently holds 6,009,700 treasury shares. This equates to a share of voting rights of 10.000 %.

Günter Papenburg, Hanover, informed us on November 26, 2025, in accordance with Section 33 (1) of the German Securities Trading Act (WpHG), that his share of voting rights in Salzgitter AG, Salzgitter, Germany, had fallen below the 20 % threshold of voting rights on November 24, 2025, and stood at 16.02 % on that day (equating to 9,627,347 voting rights). Of these 16.02 % of the voting rights (equating to 9,627,347 voting rights) are attributable to GP Günter Papenburg AG, Hanover, in accordance with Section 34 of the German Securities Trading Act.

Goldman Sachs Group, Inc., Wilmington, DE, USA, informed us on December 30, 2025, in accordance with Section 33 (1) of the German Securities Trading Act (WpHG), that its share of voting rights in Salzgitter AG, Salzgitter, Germany, exceeded the threshold of 5 % of the voting rights on December 23, 2025 and stood at 7.35 % on that day (equating to 4,418,031 voting rights). Of these, 1.22 % of the voting rights (equating to 730,484 voting rights pursuant to Section 34 of the German Securities Trading Act (WpHG)) are attributable. A portion of 2.36 % of the voting rights (equating to 1,419,289 voting rights) were attributable to the Goldman Sachs Group, Inc. as instruments as defined by Section 38 (1) Item 1 of the German Securities Trading Act (WpHG). A further portion of 3.77 % of the voting rights (equating to 2,268,258 voting rights) were attributable to the Goldman Sachs Group, Inc. as instruments as defined by Section 38 (1) Item 2 of the German Securities Trading Act (WpHG).

Bank of America Corporation, Wilmington, DE, USA, informed us on December 29, 2025, in accordance with Section 33 (1) of the German Securities Trading Act (WpHG), that its share of voting rights in Salzgitter AG, Salzgitter, Germany, exceeded the threshold of 5 % of the voting rights on December 22, 2025 and stood at 6.13 % on that day (equating to 3,684,049 voting rights). Of these, 3.49 % of the voting rights (equating to 2,095,817 voting rights) are attributable pursuant to Section 34 of the German Securities Trading Act (WpHG). A portion of 1.58 % of the voting rights (equating to 949,239 voting rights) were attributable to the Bank of America Corporation as instruments as defined by Section 38 (1) Item 1 of the German Securities Trading Act (WpHG). A further portion of 1.06 % of the voting rights (equating to 638,993 voting rights) were attributable to the Bank of America Corporation as instruments as defined by Section 38 (1) Item 2 of the German Securities Trading Act (WpHG).

NON-CURRENT LIABILITIES

(26) PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In Germany there are collective and individual commitments in the form of direct commitments made by the employer. The great majority of the employees in the Salzgitter Group's German-based companies receive retirement pensions that are essentially based on a collective Group agreement concluded in December 2006 ("Salzgitter pension"). Within the scope of the pension commitment guaranteed in this agreement, the employer pays an annual fixed percentage contribution into the employee's individual pension account. The amount of the resultant pension component depends on the age of the employee entitled to pension payments in the respective contribution year. When payment becomes due, the employee or their surviving dependents is / are entitled to a monthly pension – with no lump-sum option. The pension commitments granted before the collective Group agreement came into effect generally provided for pension payments dependent on the income situation upon the employee's departure from the company and / or initial receipt of pension payments (final-salary pension commitments). These entitlements were replaced within the scope of the collective Group agreement and transferred to the Salzgitter pension by means of transition arrangements. Furthermore, employees can convert part of their gross salary into pension benefits (deferred compensation). The amounts accumulated as part of the deferred compensation commitment will be invested in fund units. When payment becomes due, the employee will receive the income generated by the fund shares, but no less than their deferred contributions and – for entitlements acquired until 2021 – in addition, guaranteed minimum interest (so-called securities-based commitment).

In the case of the majority of managing directors and selected executives of the Salzgitter Group companies, there are individual pension commitments based on the pension tables drawn up by the Essener Verband. In accordance with these pension arrangements, employees with expectant rights are allocated to a particular benefits category in line with their position in the company. The respective benefits category's maximum entitlement has generally been reached after 25 years and is earned in stages. When payment becomes due, the employee or their surviving dependents is / are entitled to a monthly pension with no lump-sum option.

As a general rule, managing directors and senior executives who were not given any pension commitment under the Essener Verband pension tables, have pension entitlements in accordance with the SZplus commitment introduced in 2023. According to this commitment, the employer will make a contractually agreed base pension contribution which at the maximum will be doubled by the employer if the beneficiary converts a corresponding amount of their own gross salary (matching model). The pension contributions will be invested in fund units and when payment becomes due, paid out in a one-time lump sum – plus any positive fund income generated – (securities-based commitment).

Members of the Executive Board enjoy defined contribution pension commitments. These pension commitments provide for fixed annual pension contributions which are invested in fund units. When payment becomes due, the Board member will receive the fund income but no less than the contributions plus guaranteed minimum interest (so-called securities-based commitment). This makes the commitment a defined benefit plan under IFRS. Payment will be made as a one-off capital payment or, if applicable, in 10-year installments.

The pension payments made to the recipients on the basis of the collective agreements are revised every three years in accordance with Section 16, German Occupational Pensions Act (BetrAVG) and, in the event of an adjustment being necessary, adjusted to the trend in consumer prices. In the individual commitments area, the pension commitment is determined annually by the Essener Verband and accepted by the company in unchanged form. An asset-liability matching procedure has been waived due to the insignificance of the plan assets. The likely cash outflows are measured within the scope of the rolling corporate plans and included in the Group's cash flow planning.

Pension commitments exist only to an immaterial extent in the Salzgitter Group's foreign companies, and where they do exist, they are covered to a minor extent by plan assets (mainly insurance policies).

In addition, one company in the Salzgitter Group has a reimbursement claim against the public authorities in connection with its pension obligations. The present value of this claim is recognized under "Other receivables and other assets".

Overview of the treatment of pensions and similar obligations in the consolidated financial statements:

Balance sheet

In € million	2025/12/31	2024/12/31
Provisions for pensions and similar obligations		
Net pension provision	1,408.2	1,638.4
Other receivables and other assets		
Reimbursement right	5.4	6.2

Profit & Loss		
In € million	**2025**	**2024**
Personnel expenses		
Service cost	22.6	25.6
Finance expenses		
Net interest	55.7	56.8

Other comprehensive income		
In € million	**2025**	**2024**
Remeasurement of pensions		
Remeasurements from pension provision	201.8	6.2
Remeasurements from reimbursement right	-0.1	–
	201.7	6.2

With respect to past service costs and net interest expenses, figures for the previous year include the Salzgitter Mannesmann Stainless Tubes Group which was deconsolidated in the previous year.

The net pension commitment as of December 31, 2025 is calculated as follows:

In € million	Defined benefit obligation	Plan assets	Net pension provision
As of 2025/01/01	1,741.7	103.3	1,638.4
Service cost			
Current service cost	25.6	2.8	22.8
Past service cost	-0.1	–	-0.1
	25.5	2.8	22.6
(Net) Interest expense / income	57.2	1.4	55.7
Remeasurements			
Experience gains (-) / losses (+)	-38.7	–	-38.7
Gain (-) / loss (+) from change in demographic assumptions	-0.0	–	-0.0
Gain (-) / loss (+) from change in financial assumptions	-159.3	–	-159.3
Return on plan assets excluding amounts included in interest income	–	3.7	-3.7
	-198.0	3.7	-201.8
Benefits paid	-103.8	-6.4	-97.4
Contributions			
Employers	–	3.1	-3.1
Employees	–	–	–
	–	3.1	-3.1
Currency translation differences	-0.7	-0.6	-0.1
Transfers to other accounts	-0.2	–	-0.2
Deconsolidation	-6.2	-0.2	-5.9
As of 2025/12/31	1,515.5	107.2	1,408.2

As of December 31, 2025, plan assets are essentially made up of investment funds (€ 77.3 million) and other equity instruments (€ 1.9 million), whose present values were determined on an active market on the closing date. Plan assets also consist of insurance contracts (€ 28.0 million), the present values of which were not determined on an active market.

The net pension commitment as of December 31, 2024 was calculated as follows:

In € million	Defined benefit obligation	Plan assets	Net pension provision
As of 2024/01/01	1,764.5	96.7	1,667.8
Service cost			
Current service cost	25.8	3.0	22.8
Past service cost	–	–	–
	25.8	3.0	22.8
(Net) Interest expense / income	58.2	2.0	56.2
Remeasurements			
Experience gains (–) / losses (+)	–5.9	–	–5.9
Gain (–) / loss (+) from change in demographic assumptions	0.0	–	0.0
Gain (–) / loss (+) from change in financial assumptions	6.7	–	6.7
Return on plan assets excluding amounts included in interest income	–	7.0	–7.0
	0.8	7.0	–6.2
Benefits paid	–106.7	–6.3	–100.4
Contributions			
Employers	–	1.0	–1.0
Employees	–	–	–
	–	1.0	–1.0
Currency translation differences	–0.7	–0.2	–0.5
Transfers to other accounts	–0.3	0.1	–0.4
As of 2024/12/31	1,741.7	103.3	1,638.4

The net present value of the obligation can be allocated as follows:

In € million	2025/12/31	2024/12/31
Actual net present value of the defined benefit obligation (Germany)	1,502.8	1,728.6
of which: aspirant	555.3	660.0
of which: recipient	947.5	1,068.5
Actual net present value of the defined benefit obligation (abroad)	12.7	13.2
	1,515.5	1,741.7

The sensitivity of the defined benefit obligation is as follows:

In € million	2025/12/31			
	Reference	Degree of sensitivity	+ Unit	- Unit
Discount rate	4.20 %	0.25 % points	–41.4	+43.7
Salary trend	2.75 %	0.5 % points	+1.4	-1.3
Pension trend	2.00 %	0.25 % points	+30.6	–29.6
Mortality	Heubeck 2018G	1 year	+68.6	–69.5

In € million	2024/12/31			
	Reference	Degree of sensitivity	+ Unit	- Unit
Discount rate	3.50 %	0.25 % points	-52.0	+55.1
Salary trend	2.75 %	0.5 % points	+1.9	–1.8
Pension trend	2.25 %	0.25 % points	+39.4	-39.9
Mortality	Heubeck 2018G	1 year	+84.3	–84.8

The sensitivity of this value is ascertained analogously to the calculation of the present value of the obligation shown in the balance sheet. In each of these process steps, one assumption is changed while the other assumptions remain the same. Possible dependencies between the assumptions are not taken into account.

The following pension payments will probably have to be made over the next 20 years:

In € million	
2026	98.6
2027	95.8
2028	93.2
2029	93.8
2030	91.3
2031-2035	435.0
2036-2045	761.8

The duration of the obligation's net present value according to Macaulay as of December 31, 2025 is 12.40 years.

(27) OTHER PROVISIONS

The development of other short-term and other long-term provisions is shown in the following table:

In € million	2025/01/01	Currency differences	Addition / disposal from changes in cons. group	Transfer	Transfer	Used	Reversal	Allocation	Compound interest	2025/12/31	Of which: long term
Other taxes	5.7	0.0	0.0	0.0	0.0	0.0	-0.1	0.7	0.0	6.2	4.7
Personnel	184.8	-0.1	-0.8	0.0	-2.1	-71.8	-15.2	52.9	4.2	151.9	81.6
of which: anniversary provisions	[47.8]	[-]	[-0.5]	[-0.0]	[-]	[-4.6]	[-0.4]	[1.5]	[1.4]	[45.2]	[39.9]
of which: for social compensation / age-related part-time employment / demographics fund	[90.5]	[0.0]	[-0.1]	[-]	[0.4]	[-52.3]	[-8.9]	[39.4]	[2.6]	[71.6]	[32.8]
Typical operating risks	99.6	-0.2	0.0	0.0	0.0	-1.8	-0.8	24.6	2.3	123.7	111.5
Other risks	203.8	-1.9	-1.2	0.1	0.0	-53.7	-46.1	132.0	0.4	233.5	16.6
of which: risks from invoiced orders	[91.7]	[-1.3]	[-0.7]	[-]	[-0.1]	[-16.5]	[-20.0]	[60.1]	[0.0]	[113.2]	[0.2]
of which: risks from pending transactions	[19.2]	[-0.0]	[-0.4]	[-]	[-]	[-10.5]	[-3.1]	[36.5]	[0.0]	[41.7]	[-]
Total	493.9	-2.2	-2.0	0.0	-2.1	-127.3	-62.2	210.3	6.8	515.3	214.4

The anniversary provisions shown under personnel provisions have a duration of ten years.

With regard to explanations of the share-based remuneration under IFRS 2, reference is made to the explanations provided in Note 42 → **Disclosures on the Remuneration of the Executive Board, Supervisory Board and other Members of the Key Management Personnel**.

Provisions for typical operating risks are formed in particular for landfill obligations and have a duration of ten years. The provisions for other risks comprise provisions for risks from invoiced orders, litigation risks, warranties and risks from pending transactions.

On account of volatile underlying conditions in the previous year which took an unexpected turn in the current year, provisions were released in an amount of € 62.2 million.

An amount of € 3.6 million was added to restructuring provisions. The release of restructuring provisions in amount of € 9.3 million relates to obligations to be released on the reporting date for which there was no longer any likelihood that they would be required.

(28) NON-CURRENT FINANCIAL LIABILITIES

In € million	2025/12/31	2024/12/31
Other financial liabilities	804.0	3.0
Bonds	542.6	–
Liabilities to banks	462.7	314.2
Lease liabilities	128.4	148.2
Financial liabilities	1,937.8	465.4

On October 22, 2025, Salzgitter AG issued an exchangeable bond with a volume of € 500.0 million, exchangeable for existing no-par value ordinary bearer shares in Aurubis AG. The exchangeable bond is recognized entirely as a financial liability at fair value through profit or loss (FVTPL) due to the exercise of the fair value option. The right of exchange contained in the bond represents an embedded derivative, the separation of which is prevented by applying the fair value option. As of 2025/12/31, the fair value of the bond amounted to € 542.6 million with changes in yields in the 2025 financial year resulting from market value fluctuations in an amount of € 29.7 million recognized in the income statement and changes in the company's own credit risk recognized in OCI in an amount of € 12.9 million with no effect on income.

The bond has a term of seven years and a fixed interest rate of 3.375 % p.a. The reference price of approximately € 108.00 per share in Aurubis AG established on issue leads to a conversion price of approximately € 145.80 per share with a 35 % premium. The bond liability will be repaid at its nominal amount plus accrued interest on its maturity date unless it has already been repaid, exchanged or repurchased and canceled. Every creditor can demand repayment of the bond liability plus accrued interest on October 22, 2030.

The bond is subject to market price, interest and liquidity risks which are continuously monitored as part of the Group's risk management.

The increase in liabilities to banks mainly results from taking out loans to further fund the first phase of the SALCOS® project. A further amount of € 211.8 million was drawn in the financial year from the ECA-backed senior unsecured finance package realized in the previous year and comprising € 500 million, thus making a total of € 353.8 million.

Non-current liabilities to banks include the following variable interest rate portions:

Currency	Book value	Interest	End of term
Euro	4.5	3-month Euribor	2026/09/30
Euro	5.5	6-month Euribor	2026/05/31
Euro	1.0	6-month Euribor	2029/05/31

Liabilities to banks in an amount of € 2.4 million (previous year: € 7.5 million) are secured through mortgages.

The increase in "Other financial liabilities" results essentially from taking out loans as part of financing transactions with banks and listed international industrial companies from the energy sector. Carbon allowances, temporarily not required for production, were transferred here as security with the corresponding amounts in the previous year being predominantly short-term in nature.

CURRENT LIABILITIES

(29) FINANCIAL LIABILITIES

In € million	2025/12/31	2024/12/31
Liabilities to banks	173.7	281.3
Liabilities from factoring	80.4	79.0
Lease liabilities	28.8	28.7
Other borrowings	0.4	901.1
Current financial liabilities	283.3	1,290.1

Liabilities to banks fell essentially due to the repayment of the syndicated loan.

The decline in "Other financial liabilities" is mainly due to the repayment of funds as part of financial transactions with banks and listed international industrial companies from the energy sector in favor of taking out longer-term loans.

There are no covenants in the Group for key contracts such as the ECA-backed Green Loan finance or the syndicated loan.

The Salzgitter Group continues to participate in a factoring program that provides for the derecognition of the receivables sold. As in the previous year, both the default risk and the late payment risk were transferred to the factor on assignment. There were no significant changes to the structure or accounting treatment. Liabilities from factoring represent customer payments to be passed on.

(30) CONTRACT LIABILITIES

Net contract liabilities increased in the reporting period from € 409.6 million to € 439.0 million. The increase relates primarily to advance payments received from project business in the Trading Business Unit. As of January 1, 2024, the balance of contract liabilities amounted to € 447.3 million.

(31) OTHER LIABILITIES

In € million	2025/12/31	2024/12/31
Liabilities to employees	102.7	92.2
Tax liabilities	58.9	47.8
Liabilities from derivatives	11.0	10.8
Liabilities from social security contributions	11.9	11.5
Customer credit balances	17.6	16.4
Other liabilities	60.1	66.9
Other liabilities (current)	262.2	245.5

Other liabilities include liabilities from derivatives resulting from hedging instruments in connection with the procurement of raw materials and the associated currency risks, as well as liabilities from customer credit balances from advance payments from customers from countries with dysfunctional currencies in order to hedge future deliveries. Both items represent other financial liabilities. Both items are to be classified as other financial liabilities.

The "Other liabilities" item comprises numerous minor transactions on the part of the consolidated companies. The total other liabilities of € 262.2 million include other financial liabilities in an amount of € 61.2 million (previous year: € 63.9 million), see Note 34 → Financial instruments

(32) CONTINGENCIES

Contingent liabilities are existing collateral commitments for third-party liabilities that are not expected to be utilized, however. Valued on the closing date, these commitments amount to € 1.5 million (previous year: € 6.9 million).

Taking account of individual risk assessments as well as the actual contractual obligations as of the balance sheet date, the contingencies comprise sureties and guarantees in an amount of € 0.7 million (previous year: € 0.1 million). Based on past experience, the probability of their being utilized can be regarded as low.

Contingent liabilities also comprise the Group's own liabilities where the probability of occurrence involving a possible outflow of resources is less than 50 % but not entirely unlikely.

In connection with the sanctions imposed by the Federal Competition Authority in earlier years due to the suspicion of antitrust collusion on premiums and surcharges in the heavy plate segment, individual customers approached us with claims for compensation. We regard these out-of-court demands as largely unjustified or unenforceable, and we are confident that we will be able to successfully reject them or in individual cases (for example due to the cost of litigation or to secure a customer relationship), settle them at a relatively low level. Our experience to date with out-of-court settlements has confirmed this opinion. In connection with the lawsuit against several heavy plate suppliers filed in 2024 for compensation due to anti-trust violations, the parties involved are at the stage of exchanging written statements at the time of the reporting. No date has been set as yet for an oral hearing. The outcome of this lawsuit is currently uncertain, and it cannot be wholly ruled out that claims may be upheld. We are exercising our legal rights in refraining from further comments as they might have serious adverse consequences for the Group in the current proceedings.

Neither Salzgitter AG nor any of its Group companies is involved in any further ongoing or imminent court or arbitration proceedings that might have a substantial effect on its financial position.

(33) OTHER FINANCIAL OBLIGATIONS

In € million		2025/12/31	
	up to 1 year	1 to 5 years	over 5 years
Purchase commitments for investments (essentially property, plant and equipment)	587.1	206.5	–
Obligations from rental and leasing agreements	62.7	80.7	0.1
Other financial obligations	1,343.9	2,262.5	1,348.0
Total	**1,993.8**	**2,549.8**	**1,348.1**

In € million		2024/12/31	
	up to 1 year	1 to 5 years	over 5 years
Purchase commitments for investments (essentially property, plant and equipment)	725.6	444.4	–
Obligations from rental and leasing agreements	50.0	94.6	2.4
Other financial obligations	1,053.6	1,921.7	1,321.4
Total	**1,829.2**	**2,460.7**	**1,323.8**

The obligations arising from rental, tenancy and lease agreements include those non-capitalized lease agreements that continue to be recognized in profit and loss as part of the application relief. In addition, this item also reflects future leases which the Salzgitter Group has already entered into whose date of provision falls after the closing date, however. The obligations total € 8.2 million (previous year: € 12.2 million).

Other financial obligations relate to obligations arising from long-term Power Purchase Agreements. They also cover purchasing commitments for the procurement of input materials.

Order commitments for investments largely result from measures in connection with the SALCOS® project.

For future SALCOS® steel production from 2027, the Salzgitter Group has concluded long-term Power Purchase Agreements (PPAs) with different energy producers in order to guarantee the long-term supply of electricity from renewable sources such as wind and solar energy.

The energy producers will supply us with electricity from wind and solar farms defined in individual contracts. These contracts have a term of between 7 and 15 years and they include fixed prices for the various durations of the contracts. These fixed prices are reflected in our rolling three-year earnings plan, currently running up to and including 2028, as well as in our long-term SALCOS® profitability scenarios. Taking account of the wind and solar output to be expected, the volume to be produced by these systems as from March 2028 is to be 1.7 TWh/a of which around 66 % is accounted for by wind energy and 34 % by solar energy. The volume to be procured from these PPAs has been agreed taking account of an annual electricity requirement forecast. The purchase contracts cover most of the likely maximum electricity demand in each case. The market is kept under continuous observation and the extent to which it makes financial sense to conclude further PPAs is the subject of further examination.

(34) FINANCIAL INSTRUMENTS

In the case of highly likely procurement transactions and for foreign currency transactions, definable risk components forming part of cash flow hedges can be designated as underlying transactions for treatment as hedge accounting. The Salzgitter Group avails itself of this option. Hedging transactions, underlying transactions and the management of risks are described in the course of this section.

Investments for the generation of dividend income are held in a separate portfolio within financial assets. These equity investments represent investments that the Group is holding for the long term. The Salzgitter Group has designated these investments in equity instruments as "at fair value in equity". The accumulated reserve from changes in fair value in connection with these investments is never reclassified to profit and loss.

Hedging transactions not forming part of hedge accounting are classified as "at fair value through profit and loss" as the payment flows from these transactions do not consist exclusively of interest payments and principal repayments.

Salzgitter AG uses the fair value option to account for a bond liability in connection with an exchangeable bond issued in October 2025.

CATEGORIES AND FAIR VALUES OF FINANCIAL INSTRUMENTS

As of the balance sheet date of December 31, 2025, the reconciliation of the balance sheet items to the various categories of financial instruments was as follows:

2025 in € million				Valuation according to IFRS 9			Valuation according to IFRS 15 and IFRS 16	
	Book value as of 2025/12/31	Out of scope of IFRS 7	In scope of IFRS 7	At amortized costs	At fair value (OCI)	At fair value (P&L)	At amortized costs	Fair value
Assets								
Financial assets	16.5	–	16.5	1.3	15.3	–	–	16.5
Other non-current receivables and assets	45.7	21.8	23.9	21.7	1.6	–	0.6	23.9
Long-term and short-term trade receivables	1,039.1	–	1,039.1	1,039.1	–	–	–	1,039.1
Contract assets	374.7	–	374.7	–	–	–	374.7	374.7
Other current receivables and assets	263.3	107.1	156.3	145.8	8.4	2.0	0.1	156.3
Securities	4.1	–	4.1	–	–	4.1	–	4.1
Cash and cash equivalents	1,060.5	–	1,060.5	1,060.5	–	–	–	1,060.5
Assets - financial instruments			2,675.2	2,268.5	25.2	6.1	375.4	
Equity and liabilities								
Non-current financial liabilities	1,937.8	-0.0	1,937.8	1,266.7	–	542.6	128.4	1,936.1
Other non-current liabilities	12.9	3.3	9.7	0.0	–	9.7	–	9.7
Current financial liabilities	283.3	–	283.3	254.5	–	–	28.7	285.4
Trade payables	1,049.8	–	1,049.8	1,049.8	–	–	–	1,049.8
Other current liabilities	262.2	200.9	61.2	50.2	-0.1	11.1	–	61.2
Equity and liabilities - financial instruments			3,341.7	2,621.3	-0.1	563.4	157.2	

As of the balance sheet date of December 31, 2024, the reconciliation of the balance sheet items to the various categories of financial instruments was as follows:

2024 in € million				Valuation according to IFRS 9			Valuation according to IFRS 15 and IFRS 16	
	Book value as of 2024/12/31	Out of scope of IFRS 7	In scope of IFRS 7	At amortized costs	At fair value (OCI)	At fair value (P&L)	At amortized costs	Fair value
Assets								
Financial assets	26.2	–	26.2	1.7	24.5	–	–	26.2
Other non-current receivables and assets	19.6	12.7	6.9	5.3	1.6	–	–	6.9
Long-term and short-term trade receivables	1,060.3	–	1,060.3	1,060.3	–	–	–	1,060.3
Contract assets	382.1	–	382.1	–	–	–	382.1	382.1
Other current receivables and assets	245.4	161.7	83.7	42.6	10.8	29.6	0.7	83.7
Cash and cash equivalents	1,002.2	–	1,002.2	1,002.2	–	–	–	1,002.2
Assets - financial instruments			**2,561.5**	**2,112.1**	**36.9**	**29.6**	**382.8**	
Equity and liabilities								
Non-current financial liabilities	465.4	–	465.4	317.2	–	–	148.2	460.4
Other non-current liabilities	4.6	4.4	0.3	0.0	0.3	–	–	0.3
Current financial liabilities	1,290.1	–	1,290.1	1,261.4	–	–	28.7	1,292.6
Trade payables	1,290.6	–	1,290.6	1,290.6	–	–	–	1,290.6
Other current liabilities	245.5	181.6	63.9	53.1	8.6	2.1	–	63.9
Equity and liabilities - financial instruments			**3,110.2**	**2,922.3**	**8.9**	**2.1**	**176.9**	

DETERMINATION OF FAIR VALUES OF FINANCIAL INSTRUMENTS

Trade receivables and cash and cash equivalents have short residual terms for the most part, and as a result, their book values correspond to their fair values as of the reporting date. With regard to the fair value of derivatives, reference is made to "Financial assets – recognition and measurement" in the section on → **Accounting and valuation principles**. The book value of the derivative financial instruments corresponds to their market value.

Trade payables and other liabilities regularly have short residual terms, and as a result, their reported values correspond to their fair values.

The calculation of the fair value disclosures for financial assets and debts not measured at fair value within the scope of IFRS 7 is generally carried out by discounting future cash flows. This is performed by using a term-dependent interest rate that reflects the risk-free rate and the counterparty risk or Salzgitter Group's counterparty default risk deduced on the basis of a peer group. The calculation parameters are based on data from directly and indirectly observable input factors. The fair value disclosures in the Fair Value column in the prior table are therefore to be assigned overall to Level 2. Further information on the fair value hierarchy and the categorization of financial instruments in hedge accounting can be found in the explanations of the fair value hierarchy below.

When calculating the fair value of an asset or a liability, the Group uses observable market data as far as possible. Based on the input factors used in the calculation techniques, the fair values are assigned to different levels in the fair value hierarchy.

Level 1: Listed prices on active markets for identical assets and liabilities.

Level 2: Valuation parameters that are not concerned with the listed prices taken into account in Level 1, but can be observed either directly or indirectly (from the derivation of prices) for the asset or liability in question.

Level 3: Valuation parameters for assets or liabilities not based on observable market data.

If the input factors used for calculating the fair value cannot be assigned to one single level, they are assigned collectively to the level of the input factor of decisive significance for the measurement process.

Market values were determined on the basis of conditions that prevailed on the reporting date; they correspond to the values at which the relevant financial instruments were traded or listed. The current value of the derivatives to be reported derives from the valuation of the hedged foreign currency amount or commodity price, with the difference between the rate applying when the forward contract was entered into and the forward rate on the reporting date; this amount is discounted to the balance sheet date in accordance with the residual term.

Fair value calculation:

2025 in € million	Fair value						
	At fair value financial investments (OCI)	At fair value hedge accounting (OCI)	At fair value (P&L)	Total	of which: Level 1	of which: Level 2	of which: Level 3
Assets							
Financial assets	15.3	–	–	15.3	–	–	15.3
Other non-current receivables and assets	–	1.6	–	1.6	–	1.6	–
Other current receivables and assets	–	8.4	2.0	10.4	–	10.4	–
Securities	–	–	4.1	4.1	4.1	–	–
Assets fair value	15.3	10.0	6.1				
Equity and liabilities							
Bond liabilities	–	–	542.6	542.6	542.6	–	–
Other non-current liabilities	–	–	9.7	9.7	–	9.7	–
Other current liabilities	–	-0.1	11.1	11.0	–	11.0	–
Liabilities fair value	–	-0.1	563.4				

Financial investments measured at their fair value with no effect on income represent exclusively long-term holdings in companies over which the Salzgitter Group is unable to exert any significant influence. The measurement chosen through other comprehensive income with no subsequent reclassification to the income statement is regarded as appropriate as there is no intention to achieve short-term profits with these investments.

The subsequent measurement of the equity instruments held with no effect on income decreased their carrying amounts by € 11.3 million (previous year: decrease of € 2.2 million). The carrying amounts of all financial investments as of the closing date of December 31, 2025, as well as the carrying amounts of the previous year are disclosed in the notes to items in the balance sheet.

No financial investments in equity instruments were sold in the 2025 financial year. No cumulative gains or losses were transferred within equity in this context.

The market value of these equity instruments was determined on the basis of parameters for which there are no observable market data. The equity instruments assigned to Level 3 and measured at fair value with no effect on profit or loss with a carrying amount of € 15.3 million (previous year: € 24.5 million) constitute investments measured on the basis of the best information available on the closing date.

The main unobservable input factors for measuring the fair value of financial investments assigned to Level 3 of the measurement hierarchy consist of dividend payments and the imputed cost of capital.

The fair value is determined on the basis of these input factors using a discounted cash flow method. If the cost of capital changes by +/- 1%, the fair value would decline by € 0.7 million (previous year: € 1.6 million) or increase by € 0.9 million (previous year: € 2.0 million). Financial instruments measured at fair value and recognized in profit or loss essentially contain derivatives for currency hedging outside the scope of hedge accounting.

The assessment as to whether in the case of financial assets and liabilities recognized at fair value, there has been a transfer between fair value hierarchy levels is made at the end of each reporting period. No reclassifications were made in the past reporting period.

2024 in € million	Fair value						
	At fair value financial investments (OCI)	At fair value hedge accounting (OCI)	At fair value (P&L)	Total	of which: Level 1	of which: Level 2	of which: Level 3
Assets							
Financial assets	24.5	–	–	24.5	–	–	24.5
Other non-current receivables and assets	–	1.6	–	1.6	–	1.6	–
Other current receivables and assets	–	10.8	29.6	40.4	–	40.5	–
Securities	–	–	0.0	0.0	0.0	–	–
Assets fair value	**24.5**	**12.4**	**29.6**				
Equity and liabilities							
Other non-current liabilities	–	0.3	–	0.3	–	0.3	–
Other current liabilities	–	8.6	2.1	10.8	–	10.8	–
Liabilities fair value	**–**	**8.9**	**2.1**				

NET RESULTS OF CATEGORIES OF FINANCIAL INSTRUMENTS

The net results of the categories are as follows:

In € million	2025	2024
Financial instruments measured with no effect on income	-77.2	44.1
Financial assets at amortized cost	47.7	23.8
Equity instruments measured at fair value with no effect on income	2.1	1.3
Financial liabilities measured at amortized cost	-73.7	-77.8
Total	-101.1	-8.6

The net result of the category "Financial assets and liabilities measured at fair value with effect on income" includes essentially the effects of measuring forward currency transactions as of the closing date as well as the measurement effects voluntarily disclosed in this category of the exchangeable bond issued in the 2025 financial year in an amount of € -29.7 million (application of fair value option)

Besides impairments and the effects of changes in exchange rates, the category "Financial assets measured at amortized cost" also includes interest income amounting to € 43.6 million (previous year: € 33.1 million). The category "Equity instruments measured at fair value with no effect on income" includes primarily investment income. The dividends from these financial investments recognized in the financial year result exclusively from equity instruments still held by the Salzgitter Group on the closing date. The dividend income is recognized in the Group's income from shareholdings.

Interest expenses amounting to € 66.9 million (previous year: € 84.9 million) are allocated to the "Financial liabilities measured at amortized cost" category. This category also includes effects from currency translation.

For financial instruments not measured at fair value through profit and loss, the expenses incurred in financial and monetary transactions amounted to € 20.2 million (previous year: € 11.2 million); these were immediately recognized with effect on income.

FINANCIAL RISK MANAGEMENT OF FINANCIAL INSTRUMENTS – DEFAULT RISK

The concentration of risk with regard to trade receivables is assessed as low as the customers are based in different countries, belong to different sectors of industry and operate in largely independent markets. There are no customers from whom there are trade receivables amounting to more than 10 % of the total trade receivables. The individual companies in the Group have loan insurance to cover most of the risk of bad debt.

The Salzgitter Group has three types of assets subject to the model of expected losses. Besides trade receivables, these are contract assets and debt instruments measured at amortized cost. Cash and cash equivalents are also subject to impairment rules under IFRS 9 but the impairment expense identified was inconsequential.

The Salzgitter Group assigns receivables, trade receivables and contract assets to three categories that reflect the risk of default as well as the way in which any impairment loss is determined for each category. These credit ratings are aligned with the ratings of external agencies such as Standard and Poor's, Moody's and Fitch.

The Salzgitter Group applies the simplified approach for all trade receivables and contract assets in accordance with IFRS 9 in order to measure the expected credit losses.

To calculate the expected credit losses, trade receivables and contract assets are aggregated on the basis of common credit risk characteristics. Contract assets relate to as yet uninvoiced, ongoing work and essentially exhibit the same credit risk characteristics as trade receivables for the same types of contract. The Salzgitter Group therefore applies the same loss ratios as for trade receivables when measuring the expected losses from contract assets.

The Salzgitter Group takes account of the probability of default at the time of assets' initial recognition as well as of any significant increase in the default risk during the reporting period. To judge whether the default risk has increased significantly, the default risk with respect to the closing date is compared with the default risk at the time of initial recognition. Besides external credit ratings, weight is given to internal credit ratings and significant changes to the expected profitability and payment behavior of the debtor.

Financial assets are written off if, after due consideration, they are deemed irrecoverable, for instance if a debtor refuses to agree a repayment plan. If loans or receivables have been written off, the company will continue to enforce its claim in order to recover the amounts due. A financial instrument is derecognized if, after due consideration, a financial asset can no longer be assumed to be partially or wholly recoverable, for example, upon the conclusion of insolvency proceedings or following judicial rulings. For these reasons, trade receivables in an amount of € 5.6 million (previous year: € 4.0 million) were derecognized in the financial year.

As of the reporting date, the default risk compared with the previous year was as follows:

In € million	2025/12/31		2024/12/31	
	Maximum default risk	Hedged default risk	Maximum default risk	Hedged default risk
Long-term and short-term trade receivables	1,039.1	399.1	1060.3	590.2
Other receivables	167.5	0.0	47.9	0.9
Financial assets	1.3	–	1.7	0.8
Total	1,208.0	399.1	1,110.0	591.9

There are also default risks for derivatives amounting to the market values recognized for which the default risk is not hedged.

For all other financial instruments not listed in the overview, the default risk essentially corresponds to the carrying amount.

Trade receivables in an amount of € 350.8 million (previous year: € 553.3 million) are secured against default by means of credit insurance.

The rating system for assets accounted for in accordance with the general approach is as follows:

In € million			2025/12/31
General approach	Level 1	Level 2	Level 3
High credit rating	168.8	–	–
Fair credit rating	–	–	–
Increased risk	–	–	–
Total	168.8	–	–

In € million			2024/12/31
General approach	Level 1	Level 2	Level 3
High credit rating	49.6	–	–
Fair credit rating	–	–	–
Increased risk	–	–	–
Total	49.6	–	–

FY 2025 in € million	Impairment general approach level 1		
	Gross book value	Credit risk	Net book value
Opening balance 01/01	56.2	-6.6	49.6
Addition	125.9	–	125.9
Allocation	–	-4.0	-4.0
Reversal	–	1.0	1.0
Currency differences	-3.7	0.5	-3.3
Deconsolidation	-0.4	–	-0.4
As per 12/31	**178.0**	**-9.1**	**168.8**

FY 2024 in € million	Impairment general approach level 1		
	Gross book value	Credit risk	Net book value
Opening balance 01/01	63.9	-4.9	59.0
Disposal	-6.0	–	-6.0
Allocation	–	-1.5	-1.5
Reversal	–	0.1	0.1
Currency differences	-0.2	-0.2	-0.4
Deconsolidation	-1.5	-0.0	-1.5
As per 12/31	**56.2**	**-6.6**	**49.6**

The rating system for assets accounted for in accordance with the simplified approach, is as follows:

2025/12/31 in € million		
Simplified approach	Trade receivables gross	Contract assets gross
High credit rating	712.0	369.4
Fair credit rating	255.3	5.8
Increased risk	142.2	–
Total	**1,109.5**	**375.3**

2024/12/31 in € million		
Simplified approach	Trade receivables gross	Contract assets gross
High credit rating	732.7	376.7
Fair credit rating	300.0	6.2
Increased risk	95.0	–
Total	**1,127.7**	**382.9**

The figures shown for the various rating categories are gross carrying amounts before taking account of the credit default risk. The gross carrying amount for all trade receivables as of December 31, 2025, amounts to € 1,109.5 million (previous year: € 1,127.7 million). Of the entire risk provision for trade receivables amounting to € 70.4 million (previous year: € 71.3 million), € 67.2 million (previous year: € 67.6 million) was accounted for by the "Increased risk" category. The remaining sum for the risk provision for trade receivables amounting to € 3.2 million (previous year: € 3.7 million) results primarily from the risk provision for trade receivables in the "Fair credit rating" category.

As of December 31, 2025, the gross carrying amount of all contract assets amounted to € 375.3 million (previous year: € 382.9 million). Overall, there is a risk provision for contract assets amounting to € 0.5 million (previous year: € 0.8 million) resulting essentially from the risk provision for contract assets in the "High credit rating" category.

FY 2025 in € million

	Impairment trade receivables	Impairment contract assets
As of 01/01	-71.3	-0.8
Addition	-62.1	-1.2
Utilization	4.7	–
Reversal	55.9	1.3
Transfer to other accounts	-0.1	0.1
Currency differences	1.4	–
Deconsolidation	1.1	–
As per 12/31	-70.4	-0.5

FY 2024 in € million

	Impairment trade receivables	Impairment contract assets
As of 01/01	-74.7	-1.1
Addition	-55.0	-1.2
Utilization	4.1	–
Reversal	54.7	1.3
Transfer to other accounts	-0.2	0.2
Currency differences	-0.6	–
Deconsolidation	0.3	–
As per 12/31	-71.3	-0.8

FINANCIAL RISK MANAGEMENT OF FINANCIAL INSTRUMENTS – LIQUIDITY RISK

Salzgitter AG, as the management holding, monitors the liquidity situation within the Group by operating a central cash and interest management system for all the companies that are financially integrated into the Group. This system defines internal credit lines for the subsidiaries. If subsidiaries have their own credit lines, they are responsible for minimizing the associated risk themselves and for reporting on potential risks in the context of the Group management and controlling structures. Risks may also arise from the necessary capital and liquidity measures taken on behalf of the subsidiaries and holdings if their business should develop unsatisfactorily in the longer term. We do not, however, anticipate any burdens from this area of risk that could constitute a going concern risk. The risk concentration is countered by a rolling liquidity plan. In view of the cash and credit lines available, we do not perceive any danger to our Group as a going concern at this time.

The liquidity structure of all the financial liabilities is as follows:

2025/12/31 in € million	up to 1 year	1 to 5 years	over 5 years
Trade payables	1,049.8	–	–
Financial liabilities (without lease liabilities)	275.6	1,852.7	94.0
Lease liabilities	34.1	82.9	70.2
Other liabilities (without derivatives)	50.2	0.0	–

2024/12/31 in € million	up to 1 year	1 to 5 years	over 5 years
Trade payables	1,290.6	–	–
Financial liabilities (without lease liabilities)	1,266.2	315.0	10.0
Lease liabilities	34.8	94.2	82.9
Other liabilities (without derivatives)	84.8	0.0	–

As a general rule, all amounts constitute contractually undiscounted cash flows.

As of December 31, 2025, derivative financial liabilities with a term of under one year lead to disbursements of € 799.9 million (previous year: € 464.9 million), while those with a term of between one and five years lead to payouts totaling € 181.6 million (previous year: € 0.3 million). The disbursements from derivative financial liabilities for which payments on a gross basis were agreed are counterbalanced by incoming payments. If these incoming payments are taken into account, the payouts are substantially lower.

Companies in the KHS Group whose business operations comprise the construction of filling and packaging systems conclude reverse factoring agreements with financial institutions. Besides other factors, the payment terms represent a key component of agreements with suppliers. The long-term systems engineering business requires payment terms of up to 180 days. In reverse factoring, suppliers are offered the chance to refinance regardless of the payment terms agreed. As of December 31, 2025, a sum of € 63.5 million (previous year: € 51.4 million) is reported in trade accounts payable which relates to reverse factoring agreements. Of this figure, € 0.8 million (previous year: € 0.6 million) is due within 90 days and a further € 62.7 million (previous year: € 50.8 million) within up to 180 days. As of December 31, 2025, the financial institutions had paid € 52.7 million (previous year: € 42.7 million) to suppliers. The credit rating of the relevant factor is continually aligned with the ratings of external agencies such as Standard and Poor's, Moody's and Fitch.

FINANCIAL RISK MANAGEMENT OF FINANCIAL INSTRUMENTS – MARKET PRICE RISK

The business model for areas of the Salzgitter Group's business that are heavily focused on steel is exposed to volatility in the price of raw materials and in sales prices. Selected raw material hedging transactions entered into to manage raw material price risks and margin risks are accounted for using hedge accounting. Starting with the variability of raw material purchase prices in procurement contracts, the relationship between the price of raw materials and the price of steel, the time lapse between when raw material prices are set and the price of steel in the market as well as the anomalies of the business model (throughput times, minimum stocks, batch sizes within production, etc.) are all factors that form part of the process of identifying risks. As a result of the circumstances outlined, there is a risk that the actual margin obtained may differ from the margin originally budgeted. Key management indicators including associated limits are used to manage these raw material price risks and associated margin risks in the Salzgitter Group. Taking account of these key performance indicators, a risk committee is responsible throughout the Group for initiating and selecting appropriate measures to manage risk positions and defines a hedging ratio.

To control the margin risks, the Salzgitter Group also deploys derivative financial instruments to a limited extent to hedge the sales prices of hot-rolled strip products.

The various measurement parameters pertaining to the underlying transaction and the hedging transaction are compared in order to determine the economic hedging relationships. As the measurement parameters of the underlying transaction and the hedging transaction are the same (nominal volume, price index and maturity), an economic hedge can be assumed. The following reasons may lead to the hedge becoming ineffective: a change in the payment schedule, an increase or decrease in the nominal volume or the price or a significant change in the credit risk of one or both of the two contractual partners. The ineffectiveness of a hedging transaction is measured on the basis of the cumulative dollar offset method for each quarter, in other words, the cumulative cash flow changes of the underlying transaction are compared with the cumulative cash flow changes of the hedging transaction. Both the underlying transaction (hypothetical derivative) and the hedging transaction are measured using forward market rates and by applying the forward-to-forward method.

In the case of highly likely procurement transactions, definable risk components forming part of cash flow hedges can be designated as underlying transactions under IFRS 9. This facility is used in the Salzgitter Group to reduce the ineffectiveness of hedging relationships through commodity procurement transactions for iron ore and coking coal. For example, this eliminates the risk component of ship diesel in the effectiveness calculation.

Iron ore is hedged on the basis of the IODEX. Coking coal is hedged on the basis of the Platts / TSI Index. The sales price for hot rolled wide strip is hedged on the basis of the North European HRC index, EXW Ruhr. The underlying risk of commodity futures transactions is almost identical to that of the hedged risk components. The Salzgitter Group has therefore defined a hedging ratio of one to one for the hedging relationships.

The Salzgitter Group applied financial year hedge accounting in accordance with IFRS 9 for commodity futures (hot rolled wide strip, iron ore and coking coal swaps) and, to a minor extent, forward exchange contracts. In the process, it hedged the risks of changes in prices or exchange rates using cash flow hedges. The respective market values were as follows:

Positive market value in € m	2025/12/31	2024/12/31
Forward exchange contracts – cash flow hedges	0.2	4.4
Commodity futures – cash flow hedges	9.8	8.0
Total	10.0	12.4

Negative market values in € m	2025/12/31	2024/12/31
Forward exchange contracts – cash flow hedges	–0.1	0.0
Commodity futures – cash flow hedges	–	8.8
Total	–0.1	8.8

The commodity future transactions will affect income in the financial years 2026, 2027 and 2028. Thanks to high effectiveness, the changes in value of the forward currency transactions are matched by almost identical underlying transactions. By comparison with the previous year, positive commodity future transactions decreased by € 4.2 million (previous year: increase of € 4.3 million) and negative ones decreased by € 0.1 million (previous year: decrease of € 4.3 million). Thanks to high effectiveness, the changes in value of commodity future transactions are matched by almost identical underlying transactions. By comparison with the previous year, positive commodity future transactions increased by € 1.8 million (previous year: decrease of € 30.7 million) and negative ones decreased by € 8.8 million (previous year: increase of € 8.8 million).

For materiality reasons, movements in the cash flow hedge reserve for forward currency transactions are not shown separately, and the figures in the following table therefore include forward currency transactions to a limited extent as well as commodity futures. The cash flow hedge reserve that was posted to equity with no effect on income (after taxes) developed as follows:

In € million	2025	2024
As of 01/01	3.9	23.1
Write-up with no effect on income	35.5	50.3
Write-down with no effect on income	–37.4	–88.3
Basis adjustment	9.0	6.0
Deferred taxes basis adjustment	–2.8	–1.9
Realization	–1.7	0.8
Other deferred taxes	2.8	13.8
As of 12/31	9.3	3.9

The volume of hedging transactions accounted for in hedge accounting as of the relevant closing date was as follows:

2025	up to 1 year	over 1 year	Nominal volume	Average hedging rate
Hedging currency exchange risk in million USD - purchase	56.5	–	56.5	1.16
Hedging currency exchange risk in million GBP - sale	27.4	–	27.4	0.88
Hedging currency exchange risk in million USD - sale	108.2	–	108.2	1.17
Hedging price change risk of iron ore in m t	0.5	0.2	0.7	89.42
Hedging price change risk of coking coal in m t	0.3	–	0.3	204.72

2024	up to 1 year	over 1 year	Total nominal volume	Average hedging rate
Hedging currency exchange risk in million USD - sale	142.6	–	142.6	1.08
Hedging currency exchange risk in million GBP	30.1	–	30.1	0.83
Hedging currency exchange risk in million CAD	4.7	–	4.7	1.49
Hedging price change risk of iron ore in m t	0.9	0.4	1.2	91.52
Hedging price change risk of coking coal in m t	0.3	–	0.3	234.92
Hedging price change risk hot-rolled coils in m t	0.0	–	0.0	750

The effectiveness of all hedging arrangements is examined as of every reporting date. In the process, the cumulative changes in the value of the underlying transaction are compared with the cumulative changes in the value of the hedging transaction. In the financial year, ineffectivities totaling € 0.1 million (previous year: € 0.1 million) arose from cash flow hedges. The ineffectivities were recognized in other operating income and other operating expenses.

In the financial year under review, an amount of € –9.0 million (previous year: € –6.0 million) from expired forward transactions was set off against the acquisition costs of non-financial assets (base adjustment). In addition, reserves for price hedging for sales transactions amounting to € 0.5 million (previous year: € 2.8 million) were reclassified from OCI to sales revenues for underlying transactions now recognized in profit or loss. No reserves for currency hedging (previous year: € –3.6 million) were reclassified from OCI to other operating expenses for underlying transactions now recognized in profit or loss.

In the case of foreign currency receivables, rate hedging cover is provided by entering into forward exchange contracts with various banks. The claims reported in hedge accounting are recognized at the agreed rate. Hedging relationships were established both for firm obligations and for anticipated future transactions.

The Salzgitter Group is exposed to further price risks from the measurement of equity instruments held for the long term. Movements in the reserve for changes in the value of financial instruments in the category "Equity instruments measured at fair value with no effect on income" are as follows after tax:

In € million	2025	2024
As of 01/01	13.0	14.8
Write-up with no effect on income	0.3	0.4
Write-down with no effect on income	–11.5	–2.6
Deferred taxes	–0.3	0.5
As of 12/31	1.5	13.0

The carrying amount of equity instruments measured at fair value with no effect on the income statement in the amount of € 15.2 million (previous year: € 24.5 million) is shown in the reconciliation matrix for financial instruments in financial assets.

The equity instruments in the Salzgitter Group measured at fair value in other comprehensive income essentially comprise the following unlisted companies:

In € million	2025/12/31	2024/12/31	2025	2024
		Fair value		Dividends
Arsol Aromatics GmbH & Co. KG	–	11.3	–	1.0
Ferrum Packaging AG	4.1	4.4	0.2	–
PEAG Holding GmbH	2.2	2.4	–	–
Niedersächsische Gesellschaft zur Endlagerung von Sonderabfall mbH	1.8	1.5	0.3	0.3
Other	7.1	4.8	0.0	0.0
Total	15.2	24.5	0.5	1.3

SENSITIVITY ANALYSIS FOR FOREIGN EXCHANGE, INTEREST RATE AND MARKET PRICE RISKS

The Salzgitter Group is exposed to a variety of financial risks. These, as defined by the sensitivity analysis prescribed under IFRS 7, are interest rate risks, currency risks and other price risks. For the interest rate risks, the sensitivity analysis assumes a change of 100 basis points in the market interest rate. With regard to the currency risks, a fluctuation of 10 % in the Group companies' respective functional currencies against the foreign currencies is assumed. The other price risks arise for the Salzgitter Group from changes in commodity prices or stock market indices as well as the exchangeable bond issued. In this case, the impact of a 20 % change in the respective quoted prices is taken into account. The sensitivities are ascertained by banks or by means of internal calculations using acknowledged methods (for example, Black-Scholes, Heath-Jarrow-Morton). The portfolio of financial instruments as of the balance sheet date is representative of the financial year as a whole.

2025/12/31	Recognized in profit and loss	Affecting equity	Total	Recognized in profit and loss	Affecting equity	Total
Degree of sensitivity	+10 %	+10 %	+10 %	-10 %	-10 %	-10 %
USD	-32.8	-24.1	-56.9	27.7	29.8	57.5
GBP	1.1	2.9	4.0	-1.3	-3.6	-4.9
Other currencies	1.9	-1.4	0.5	-2.2	1.7	-0.5
Currency sensitivities	**-29.8**	**-22.6**	**-52.4**	**24.2**	**27.9**	**52.1**
Degree of sensitivity	+100 bp	+100 bp	+100 bp	-100 bp	-100 bp	-100 bp
Interest rate sensitivities	**–**	**–**	**–**	**–**	**–**	**–**
Degree of sensitivity	+20 %	+20 %	+20 %	-20 %	-20 %	-20 %
Coking coal	–	8.1	8.1	–	-8.1	-8.1
Iron ore	–	12.9	12.9	–	-12.9	-12.9
Other	-118.1	9.8	-108.3	118.1	-9.8	108.3
Other price sensitivities	**-118.1**	**30.8**	**-87.3**	**118.1**	**-30.8**	**87.3**

2024/12/31	Recognized in profit and loss	Affecting equity	Total	Recognized in profit and loss	Affecting equity	Total
Degree of sensitivity	+10 %	+10 %	+10 %	-10 %	-10 %	-10 %
USD	-24.5	-30.0	-54.5	20.1	37.9	58.0
GBP	1.2	3.3	4.5	-1.5	-4.0	-5.5
Other currencies	6.0	-0.7	5.3	-7.0	0.9	-6.1
Currency sensitivities	**-17.3**	**-27.4**	**-44.7**	**11.6**	**34.8**	**46.4**
Degree of sensitivity	+100 bp	+100 bp	+100 bp	-100 bp	-100 bp	-100 bp
Interest rate sensitivities	**–**	**–**	**–**	**–**	**–**	**–**
Degree of sensitivity	+20 %	+20 %	+20 %	-20 %	-20 %	-20 %
Coking coal	–	10.3	10.3	–	-10.3	-10.3
Iron ore	–	33.7	33.7	–	-33.7	-33.7
Other	–	1.9	1.9	–	-1.9	-1.9
Other price sensitivities	**–**	**45.9**	**45.9**	**–**	**-45.9**	**-45.9**

OFFSETTING FINANCIAL INSTRUMENTS

Salzgitter AG generally only concludes financial futures transactions with banks with which it already has a business relationship. Financial futures transactions are only concluded on the basis of a standardized contract for financial futures transactions. This agreement contains a conditional netting agreement according to which – in the event of insolvency – the party that owes the higher amount pays the difference.

Derivatives with respectively positive or negative market values are not netted with each other in the balance sheet. The "not offset amount" column contains the amounts of the derivatives accounted for which do not satisfy the criteria for netting under IAS 32.42.

2025/12/31 in € million	Gross book value	Offsetting amount	Net book value	Not offset amount	Total net book value
Positive market values derivates	11.9	–	11.9	1.8	10.1
Negative market values derivates	20.7	–	20.7	1.0	19.6

2024/12/31 in € million	Gross book value	Offsetting amount	Net book value	Not offset amount	Total net book value
Positive market values derivates	42.0	–	42.0	9.9	32.2
Negative market values derivates	11.0	–	11.0	10.1	0.9

(35) NOTES TO THE CASH FLOW STATEMENT

In accordance with IAS 7, the cash flow statement depicts the development in cash flows, broken down into inflows and outflows of funds from current operating, investment and financing activities. Cash flows from reverse factoring are assigned to operating cash flows. The cash flow statement is derived from the consolidated financial statements of Salzgitter AG using the indirect method.

The cash and cash equivalents used consist of cash in hand, checks and cash at banks and term deposits (term of under three months).

In the cash inflow from operating activities, the income and expenses from fixed asset disposals have been eliminated. Interest income amounts to € 37.0 million (previous year: € 27.7 million). Dividend income received during the 2025 financial year amounted to € 22.9 million (previous year: € 35.8 million).

Government grants for the SALCOS® project are reported in the cash flow from investing activities corresponding to the subsidized investment payments for property, plant and equipment which are also reported here.

Changes in financial liabilities were as follows:

In € million	As of 2025/01/01	Cash inflow total	of which: cash inflow from financing cash flow	Cash outflow total	of which: cash outflow from financing cash flow	Additions / disposals due to changes in the scope of consolidation	Currency differences	Other changes	As of 2025/12/31	of which: non-current
Bonds	–	542.6	500.0	–	–	–	–	–	542.6	542.6
Loan payables and other financial liabilities	1,755.5	1,307.9	1,188.2	−1,359.9	−1,314.0	−10.6	−0.7	−13.9	1,678.4	1,395.1
Liabilities to banks	595.5	306.2	252.5	−264.8	−245.5	–	−0.3	−0.1	636.5	462.7
Other financial liabilities	903.9	935.7	935.7	−1,035.3	−1,035.3	–	0.0	−0.2	804.1	804.0
Liabilities from factoring	79.0	64.5	–	−26.5	–	–	–	−36.5	80.4	–
Liabilities from financing	0.2	1.5	–	−0.0	–	−1.4	−0.0	0.0	0.3	–
Lease liabilities	176.9	–	–	−33.2	−33.2	−9.2	−0.4	23.0	157.2	128.4
	1,755.5	1,850.6	1,688.2	−1,359.9	−1,314.0	−10.6	−0.7	−13.9	2,221.1	1,937.8

In € million	As of 2024/01/01	Cash inflow total	of which: cash inflow from financing cash flow	Cash outflow total	of which: cash outflow from financing cash flow	Currency differences	Other changes	As of 2024/12/31	of which: non-current
Bonds	–	–	–	–	–	–	–	–	–
Loan payables and other financial liabilities	1,300.8	1,603.0	1,475.5	−1,215.8	−1,019.6	0.3	67.2	1,755.5	465.4
Liabilities to banks	510.5	336.2	323.0	−252.9	−237.6	0.2	1.8	595.5	314.2
Other financial liabilities	504.0	1,152.4	1,152.4	−752.5	−752.5	–	0.1	903.9	3.0
Liabilities from factoring	145.4	114.3	–	-180.8	–	–	–	79.0	–
Liabilities from financing	0.3	0.0	–	−0.1	–	–	−0.0	0.2	–
Lease liabilities	140.7	–	–	−29.5	−29.5	0.1	65.3	176.9	148.2
	1,300.8	1,603.0	1,475.5	−1,215.8	−1,019.6	0.3	67.2	1,755.5	465.4

(36) NOTES TO THE SEGMENT REPORTING

The segmentation of the Salzgitter Group into four business units accords with the Group's internal controlling and reporting functions. The main decision-maker is the Executive Board.

In the segment report, the business activities of the Salzgitter Group are assigned to the Steel Production, Steel Processing, Trading, and Technology business units in accordance with the Group structure segregated by different products or services.

The Steel Production Business Unit manufactures high-quality branded steel and special steels. The main products are hot-rolled wide strip and steel sheet, sections, tailored blanks as well as scrap trading.

Companies in the Steel Processing Business Unit produce a broad spectrum of high-grade plate products. The main products are also line pipes, HFI-welded tubes and precision tubes.

The Trading Business Unit operates a tightly knit European sales network, as well as trading companies and agencies worldwide that ensure that the Salzgitter Group's products and services are marketed efficiently.

The Technology Business Unit operates mainly in the filling and packing technology segment, as well as in special machinery engineering for elastomer production.

Companies in the Industrial Participations category mainly comprise service providers working for the Group and comply with the summary in accordance with IFRS 8.16. Some of the companies among the service units also offer their services to third-party customers. On this basis, the companies conceive and implement a broad spectrum of attractive service offerings. These encompass raw materials supplies, IT services, facility management, logistics, automotive engineering and research and development. Included in the consolidations are Salzgitter AG as the management holding company, the intermediate holding companies Salzgitter Mannesmann GmbH, Salzgitter-Klöckner- Werke GmbH, and Salzgitter Finance B.V. as well as Aurubis AG.

The accounting principles are the same as described for the Group in its accounting and valuation principles. The segment reporting does not take account of intragroup leases in accordance with IAS 16 or intragroup provisions pursuant to IAS 37. The same applies to open derivatives within the Group pursuant to IFRS 9.

The effects of eliminating intercompany results for overarching group relationships are included in the supplier's segment. The profit and loss statements for individual business units therefore include the effects of eliminating intercompany results across all business units.

There are no relationships with individual customers whose sales represent a significant proportion of the Group's total sales. For an overview of sales by region, please see our presentation in the section "Notes to the Income Statement", Note 1 → **Sales**. Non-current assets are allocated to countries by their respective location, and country allocations are disclosed for intangible assets, tangible assets and property investments.

In € million	2025	2024
Domestic	2,979.3	2,813.0
Other EU	51.7	47.0
Rest of Europe	1.3	1.7
America	25.3	28.7
Asia	15.7	19.0
Africa	3.9	3.7
Australia / Oceania	1.5	1.5
	3,078.7	2,914.7

The reconciliation of total segment sales and segment results to, respectively, consolidated sales and the consolidated earnings before tax is disclosed in the following overviews:

In € million	2025	2024
Total sales of the segments	10,805.8	11,966.5
Industrial Participations	503.5	492.7
Consolidation	–2,328.0	–2,447.6
Sales	**8,981.3**	**10,011.7**

In € million	2025	2024
Total results of the segments for the period	–38.3	–440.0
Industrial Participations	0.9	–1.8
Consolidation	9.6	145.6
Earnings before taxes	**–27.7**	**–296.2**

(37) NOTES TO LEASES

LESSEE ACCOUNTING

The following tables show the separately displayed rights of use in assets at historical cost as well as the cumulative amortization accounted for in fixed assets as part of a lease agreement:

In € million	2025/12/31	2024/12/31
Land, similar rights and buildings, including buildings on land owned by others	149.9	158.1
Plant equipment and machinery	92.1	82.1
Other equipment, plant and office equipment	41.1	39.7
Acquisition costs of rights of use	**283.0**	**279.9**

In € million	2025/12/31	2024/12/31
Land, similar rights and buildings, including buildings on land owned by others	75.3	74.8
Plant equipment and machinery	52.6	42.8
Other equipment, plant and office equipment	24.9	19.9
Amortization of rights of use	**152.8**	**137.5**

Additions from recognized rights of use are divided between the following asset classes:

In € million	2025/12/31	2024/12/31
Buildings	–	–
Land, similar rights and buildings, including buildings on land owned by others	5.4	24.2
Plant equipment and machinery	13.5	28.6
Other equipment, plant and office equipment	6.4	16.8
Additions of rights of use	**25.3**	**69.6**

Scheduled amortization of rights of use is shown as follows:

In € million	2025	2024
Land, similar rights and buildings, including buildings on land owned by others	13.1	38.9
Plant equipment and machinery	11.5	10.4
Other equipment, plant and office equipment	9.1	9.7
Amortization of rights of use	**33.8**	**59.1**

The Salzgitter Group rents assets, in particular, in the form of factories and production space as well as office space which are recognized in the asset class “land, similar rights and buildings, including buildings on land owned by others”. Plant equipment and machinery essentially pertains to rented locomotives and goods wagons while “other equipment, plant and office equipment” is made up mainly of the vehicle fleet. The vehicle fleet mainly comprises hired forklift trucks and vehicles.

The following tables show the allocation of lease liabilities in the balance sheet and give an overview of their contractual maturities. The liabilities from lease agreements reported under non-current financial liabilities are shown in the following tables:

In € million	Residual term 1 to 5 years	Residual term > 5 years	2025/12/31
Lease liabilities (undiscounted)	82.9	70.2	153.0
Finance costs	13.3	11.3	24.6
Liabilities from lease agreements	69.6	58.8	128.4

In € million	Residual term 1 to 5 years	Residual term > 5 years	2024/12/31
Lease liabilities (undiscounted)	94.2	82.9	177.1
Finance costs	15.9	13.0	28.9
Liabilities from lease agreements	78.3	69.9	148.2

The liabilities from lease agreements reported under current financial liabilities are shown in the following table:

In € million	2025/12/31	2024/12/31
Lease liabilities (undiscounted)	34.1	34.8
Finance costs	5.4	6.1
Liabilities from lease agreements	28.7	28.7

This is reflected in profit and loss as follows:

In € million	2025	2024
Cost of materials / other operating expenses		
Expenses for leases in which the underlying asset is of low value	4.3	3.8
Expenses for short-term leases	7.0	9.0
Expenses for variable lease payments	0.2	0.2
Financial result		
Interest from lease liabilities	5.7	5.7

Total cash outflows for leases amount to € 39.0 million in the financial year (previous year € 35.6 million). The interest expenses from lease liabilities are included. The Group has lease agreements particularly in the area of real estate and land which entail options to extend and terminate, and it is forecasting potential future lease payments of € 1.4 million (previous year € 1.7 million) after the date on which such options can be exercised which are not included in the term of the lease.

LESSOR ACCOUNTING

For one operating lease, the Salzgitter Group, as the lessor, reports the leased object as an asset at amortized cost in property, plant and equipment. The historical costs of acquisition and production as well as the cumulative depreciation can be taken from the following overviews:

In € million	2025/12/31	2024/12/31
Land, similar rights and buildings, including buildings on land owned by others	4.9	8.3
Plant equipment and machinery	0.9	0.8
Other equipment, plant and office equipment	–	0.1
Acquisition and production costs	**5.8**	**9.2**

In € million	2025/12/31	2024/12/31
Land, similar rights and buildings, including buildings on land owned by others	3.4	5.6
Plant equipment and machinery	0.8	0.8
Other equipment, plant and office equipment	–	0.0
Depreciation / amortization	**4.2**	**6.4**

Under operating leases, the Group as the lessor essentially leases out real estate that is used commercially. The future minimum rental earnings from these contracts are:

Future lease income in € million	2025/12/31	2024/12/31
up to 1 year	5.0	5.7
1 to 5 years	9.9	9.2
over 5 years	10.4	11.2
Total	**25.4**	**26.1**

The income statement reports lease income from the current year amounting to € 2.4 million (previous year: € 3,0 million).

As the lessor, the Salzgitter Group leased out a building as well as a crane installed in it which were recognized for the first time in the financial year under review.

In € million	Residual term 1 to 5 years	Residual term > 5 years	2025/12/31
Lease receivables (undiscounted)	0.5	0.2	**0.8**
Unrealized finance income	0.1	0.0	**0.1**
Lease receivables	**0.4**	**0.2**	**0.6**

(38) RELATED PARTY DISCLOSURES

In addition to business relationships with companies that are consolidated fully in the consolidated financial statements, relationships also exist with associated companies and shareholdings that must be designated as related companies in accordance with IAS 24. The category for other related companies essentially comprises the majority shareholdings of the State of Lower Saxony and GP Papenburg AG, Hanover.

The following delivery and service relationships exist between companies in the consolidated group and companies related to the Salzgitter Group:

In € million	Sale of goods and services		Purchase of goods and services	
	2025	2024	2025	2024
Non-consolidated group companies	12.1	27.1	11.9	14.4
Joint ventures	149.0	90.7	31.4	83.8
Companies accounted for using the equity method	1.0	0.2	7.9	10.9
Other related parties	8.6	5.1	114.4	117.3

The sale of goods and services largely consists of the delivery of input materials for manufacturing large-diameter pipes.

Outstanding balances from deliveries and services arising from the purchase or sale of goods and services between companies in the consolidated group and companies related to the Salzgitter Group were as follows:

In € million	Receivables		Liabilities	
	2025/12/31	2024/12/31	2025/12/31	2024/12/31
Non-consolidated group companies	3.1	3.2	2.4	2.0
Joint ventures	11.8	3.3	1.3	1.7
Companies accounted for using the equity method	0.0	0.0	0.4	0.3
Other related parties	5.6	6.6	28.5	12.3

There are no contingent liabilities towards non-consolidated, affiliated companies.

The joint ventures produce large-diameter pipes for third parties as part of project business. Group companies' receivables from these joint ventures include receivables from the sale of input material.

Besides the liabilities toward other related parties, there are payment obligations from outstanding orders amounting to € 33.3 million (previous year: € 56.3 million).

(39) FEES FOR THE AUDITOR OF THE CONSOLIDATED FINANCIAL STATEMENTS THAT WERE REPORTED AS EXPENSES IN THE FINANCIAL YEAR IN ACCORDANCE WITH SECTION 314 (9) OF THE GERMAN COMMERCIAL CODE (HGB)

In € million	2025	2024
Audit services	3.9	3.9
Other certification or assessment services	0.5	0.5
Other services	–	0.0

Expenses relating to other auditors were incurred in an amount of € 0.1 million (previous year: below € 0.1 million) for the auditing of the annual financial statements of consolidated German-based companies.

Payments for the audit of financial statements comprise above all fees for the audit of the consolidated financial statements as well as the legally required audits of Salzgitter AG and the subsidiaries included in the consolidated financial statements. Other assurance and audit-related activities for the non-financial report, EMIR audits, remuneration report as well as for inspections in connection with Section 16 of the German General Railway Act were provided on behalf of Salzgitter AG and the companies it controls.

(40) SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

PLANNED CONTINUATION OF HÜTTENWERKE KRUPP MANNESMANN GMBH (HKM)

As from June 1, 2026, Salzgitter AG is planning to continue operating Hüttenwerke Krupp Mannesmann GmbH, Duisburg (HKM) without the other two shareholders. To this end, a position paper was agreed between Salzgitter AG and Thyssenkrupp Steel Europe AG, Duisburg (TKSE) on February 6, 2026. Besides the takeover of shares and continuation of steel deliveries to TKSE until the end of 2028, this as yet non-binding agreement provides for the continuation of HKM's production operations in the future albeit on a smaller scale. The two existing blast furnaces (total annual capacity up to 5 million tons) are to be successively replaced by an electric arc furnace with an annual capacity of between 1.1 and 2.5 million tons of steel per year. A new building will be subsidized by the State of North Rhine Westfalia to the tune of € 200 million. At the same time, the workforce is to be reduced by almost 2,000 to around 1,000 employees. Slab supplies to TKSE are to continue until the end of 2028. Implementation of a contractual agreement is subject to the approval of the relevant bodies, merger control and, if necessary, further approvals, as well as a positive assessment of a continuation report. A further prerequisite is that the third shareholder, Vallourec S. A., Meudon, agrees to sell their shares to Salzgitter AG. On the assumption that the substance of the position paper will be contractually agreed, HKM would in future be included in full in the Salzgitter Group's consolidated financial statements as from June 2026 – and not on a 30 % pro rata basis as was previously the case. At the initial time of 100 % consolidation, total assets would probably increase by an amount in the mid to high three-digit euro millions, with financial liabilities reported with no significant changes subject to external funding of HKM. External sales could increase by somewhat up to € 1 billion from the time of initial consolidation. The medium-term effect on earnings will be characterized by the fact that, from 2028 onward, HKM will probably need to sell some of its products directly to other customers outside the Group—in addition to TKSE.

INCREASE IN FUNDING FOR THE SALCOS® TRANSFORMATION PROGRAM

Furthermore, the federal government and the State of Lower Saxony announced in writing on February 23, 2026, that the previous subsidies of € 1 billion for the first expansion phase of Salzgitter AG's SALCOS® transformation program would be increased by € 322 million. The European Commission had previously issued its approval of the supplementary funds under state aid regulations on February 6, 2026. The further funds allocated lie within the funding gap already identified in 2022, and they represent a significant share of the entire investment expenditure of € 2.7 billion for the first expansion stage.

GEOPOLITICAL DEVELOPMENTS IN THE MIDDLE EAST

Geopolitical tensions and ongoing conflicts in the Middle East can have a noticeable impact on the international economic environment. Regional military conflicts – such as the recent developments between the US, Israel and Iran – carry the risk of disrupting key energy and trade routes and can lead to greater price volatility on the global commodity and energy markets. Depending on the intensity and duration of such events, this could have an impact on the economic development of important customer industries, which could also indirectly affect demand for Salzgitter AG products. Geopolitical developments in this region therefore remain a relevant factor influencing the international market environment and the conditions for business activities. At present, no significant effects on business activities are apparent; at the same time, Salzgitter AG is well prepared for the possible consequences of ongoing tensions through forward-looking observation, opportunities for adjustment in business processes, and hedging and procurement strategies in the energy sector.

(41) WAIVER OF DISCLOSURE AND PREPARATION OF A MANAGEMENT REPORT PURSUANT TO SECTION 264 (3) OF THE GERMAN COMMERCIAL CODE (HGB) OR SECTION 264B HGB

The following fully consolidated domestic subsidiaries have fulfilled the conditions required under Section 264 (3) or Section 264b of the German Commercial Code (HGB) and are therefore exempted from disclosure of their financial statements and from the obligation to prepare a management report.

- Salzgitter Mannesmann GmbH, Salzgitter[1,2]
- Salzgitter Klöckner-Werke GmbH, Salzgitter[1,2]
- Salzgitter Flachstahl GmbH, Salzgitter
- Salzgitter Europlatinen GmbH, Salzgitter[1]
- Hövelmann & Lueg Vermögensverwaltung GmbH, Schwerte
- Salzgitter Mannesmann Stahlservice GmbH, Karlsruhe[1]
- Peiner Träger GmbH, Peine
- DEUMU Deutsche Erz- und Metall-Union GmbH, Peine[1,2]
- BSH Braunschweiger Schrotthandel GmbH, Braunschweig[1]
- Ilsenburger Grobblech GmbH, Ilsenburg
- Salzgitter Mannesmann Grobblech GmbH, Mülheim
- Mannesmann Precision Tubes GmbH, Mülheim[1,2]
- Mannesmannröhren-Werk GmbH, Zeithain[1]
- Mannesmann Line Pipe GmbH, Siegen[1]
- Mannesmann Grossrohr GmbH, Salzgitter[1]
- Salzgitter Mannesmann Handel GmbH, Düsseldorf[1,2]
- Salzgitter Mannesmann International GmbH, Düsseldorf[1,2]
- Salzgitter Mannesmann Stahlhandel GmbH, Düsseldorf[1,2]
- Stahl-Center Baunatal GmbH, Baunatal[1]
- Universal Eisen und Stahl GmbH, Neuss[1,2]
- KHS GmbH, Dortmund[2]
- LFP Logistics for Filling and Packaging GmbH, Dortmund[1]
- Klöckner DESMA Elastomertechnik GmbH, Fridingen[1,2]
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- Salzgitter Digital Solutions GmbH, Salzgitter[1]
- TELCAT MULTICOM GmbH, Salzgitter[1,2]
- Glückauf Immobilien GmbH, Peine[1]
- Salzgitter Mannesmann Forschung GmbH, Salzgitter[1]
- Salzgitter Business Service GmbH, Salzgitter1
- Salzgitter Hydroforming GmbH & Co. KG, Crimmitschau[1,2]
- Salzgitter Hydroforming Verwaltungs GmbH, Crimmitschau[1]
- Salzgitter Automotive Engineering Beteiligungsgesellschaft mbH, Osnabrück[1,2]
- Salzgitter Automotive Engineering GmbH & Co. KG, Osnabrück[1]
- Verkehrsbetriebe Peine-Salzgitter GmbH, Salzgitter[1,2]

[1] Use was made of the option under Section 264 (3) and 264b to waive the preparation of Notes.
[2] Use was made of the option under Section 291 to waive the preparation of consolidated financial statements and a group management report.

Furthermore, VPS Infrastruktur Salzgitter GmbH, Salzgitter, has, in accordance with Section 264 (3) HGB, made use of its right to waive the preparation of a management report.

(42) DISCLOSURES ON THE REMUNERATION OF THE EXECUTIVE BOARD, THE SUPERVISORY BOARD AND OTHER MEMBERS OF THE KEY MANAGEMENT PERSONNEL

Key management personnel pursuant to IAS 24 comprises the members of Group's Executive Board and the members of the Supervisory Board. In addition to the active members of the Executive Board, the Group Management Board comprises the heads of the Salzgitter Group's four business units. In the tables below, they are referred to as "other members of key management personnel".

Remuneration from the Salzgitter Group:

In € million	Short-term employee benefits (salary and other compensation)		Post employment benefits (pension obligations)		Share-based payments		Other long-term employee benefits	
	2025	2024	2025	2024	2025	2024	2025	2024
Current members of the Executive Board	3.3	4.1	0.5	0.9	1.0	0.1	0.2	-0.1
Members of the Supervisory Board	1.7	1.7	–	–	–	–	–	–
Other members of key management personnel	2.7	2.4	0.1	0.2	–	–	–	–

Presentation of the remuneration packages is based on the expenses recognized in the consolidated financial statements.

In addition to the amounts disclosed, the employee representatives on the Supervisory Board who are employees of the Salzgitter Group received their salaries within the scope of their employment contracts. Their amount constituted remuneration that is appropriate for their functions and tasks in the Group.

Obligations of the Salzgitter Group:

In € million	Short-term employee benefits (salary and other compensation)		Post employment benefits (pension obligation)		Share-based payments		Other long-term employee benefits	
	2025/12/31	2024/12/31	2025/12/31	2024/12/31	2025/12/31	2024/12/31	2025/12/31	2024/12/31
Former members of the Executive Board	0.3	0.5	63.9	57.0	1.5	0.2	0.3	–
Current members of the Executive Board	0.7	1.9	1.8	17.8	1.4	1.9	0.3	0.8
Members of the Supervisory Board	–	–	–	–	–	–	–	–
Other members of key management personnel	1.1	0.9	1.6	4.3	–	–	–	–

The obligations arising from short-term benefits include both likely one-year and multi-year variable annual remuneration due for payment in the following year.

Former members of the Executive Board and their surviving dependents received pensions totaling € 4.8 million (previous year: € 3.6 million) in the financial year under review.

All entitlements in existence as of December 31, 2025, resulting from share-based remuneration programs are reported as remuneration with cash settlement.

As of the closing date, a long-term incentive program has been put in place for members of the Executive Board based on virtual shares. Each member of the Board is assigned an individual target for each financial year which is converted into a number of virtual shares at the end of the financial year depending on whether the target has been met (deferred shares).

The degree to which the target has been met is determined at the end of the first financial year and converted into virtual shares. 70 % of the degree of attainment is given by the EBT figure generated by the Salzgitter Group. The payment factor is determined by comparing the figure with the EBT figure from the previous year. If EBT has remained the same, the payment amount is 100 %. If an increase of 50 % is achieved, the payment factor is 150 % (maximum value). If EBT falls by 50 %, the payment factor is 50 % (minimum value). Linear interpolation is applied between the minimum and maximum figures. If the minimum payment factor is not reached, the payment factor is 0 %. If EBT is negative for a second successive year or if EBT in the previous year and in the current financial year is less than € 1 million in each case, the Supervisory Board can use its discretion in defining target attainment.

The remaining 30 % of the total degree of target attainment is determined on the basis of the Board member's individual performance in the financial year. In setting the criteria for individual performance, the Supervisory Board can take a series of aspects into account, e.g., the strategic development of the company, special projects, occupational safety or employee growth. The Supervisory Board will use its discretion in assessing individual performance at the end of the financial year on the basis of the criteria previously defined. The Supervisory Board can set a linear degree of achievement between 0 % and 150 %.

The share deferral scheme is subject to a three-year lockup. The lockup begins at the end of the financial year for which the annual bonus is granted. The number of shares at the start of the lockup is calculated by dividing the starting figure by the initial share price. The initial share price is deemed to be the arithmetical average of the Xetra closing price for the Salzgitter stock at the Frankfurt Stock Exchange over the last 30 days of trading before the lockup begins.

The entitlement to cash settlement of the virtual shares determined arises after the three-year lockup has ended. At this time, the virtual shares will be multiplied by an average share price at the end of the lockup plus notional dividend payments accruing to the virtual shares during the lockup. The average share price is determined on the basis of the arithmetical average of the Xetra closing price for the Salzgitter stock at the Frankfurt Stock Exchange over the last 30 days of trading before the lockup ends. The resulting payment is limited to 150 % of the starting value.

If a Board member's employment relationship is terminated in the course of a financial year by way of summary dismissal by the company for good cause as defined by Section 626 (1) of the German Civil Code (BGB) or terminated prematurely at the instigation of the Board member without the company having given any good cause for such premature termination as defined by Section 626 (1) BGB and without there being any change of control as defined by the Executive Board member's contract of employment, all entitlements from running share deferral schemes for which the lockup period has not yet expired at the time when notice is served, will lapse without replacement or compensation.

In the event that a member of the Board leaves the company in compliance with their contract, running tranches of virtual shares whose lockup period has not yet expired will be settled and paid at the end of the lockup period.

The valuation made on December 31, 2025, was based on the following parameters, using an appropriate option price model:

	Tranche 2025	Tranche 2024	Tranche 2023
Number of virtual shares	12,741,170	33,996,045	9,152,046
Interest rate	2.21 %	2.11 %	2.02 %
Volatility	48.86 %	54.54 %	55.07 %
Term (end of the lockup period)	2028/12/31	2027/12/31	2026/12/31
Share price as of balance sheet date	€ 40.14	€ 40.14	€ 40.14

The fair value on the reporting date for Tranche 2025 is € 0.1 million, for Tranche 2024 € 0.5 million, for Tranche 2023 € 0.3 million and for Tranche 2022 € 2.1 million.

The lockup period for Tranche 2022 ended at the end of the 2025 financial year. The number of virtual shares is 55,700,904. The payment amount is carried as a liability at its settlement amount.

In the 2025 financial year, personnel expenses of € 1.7 million (previous year: € 0.0 million) were recognized in income due to share-based remuneration with cash settlement. As of December 31, 2025, the carrying amount of the Salzgitter Group's obligations from share-based remuneration amounted to € 2.9 million (previous year: € 2.1 million). Of this amount, € 2.1 million was carried as a liability.

Detailed, supplementary information about the remuneration of the individual members of the Executive Board and the Supervisory Board is disclosed in Salzgitter AG's ↗ Remuneration report.

Salzgitter, March 16, 2026

The Executive Board

Groebler Dietze Potrafki

ASSURANCE FROM THE LEGAL REPRESENTATIVES

We give our assurance that, to the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the course of business, including the business result and the position of the Group, is portrayed in such a way in the Group Management Report that a true and accurate picture is conveyed and that the significant opportunities and risks of the Group's future development are fairly described.

Salzgitter, March 16, 2026

The Executive Board

Groebler Dietze Potrafki

FURTHER INFORMATION

AUDIT OPINIONS

INDEPENDENT AUDITOR'S REPORT

To Salzgitter Aktiengesellschaft

Report on the audit of the consolidated financial statements and of the combined management report

Opinions

We have audited the consolidated financial statements of Salzgitter Aktiengesellschaft, Salzgitter, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January to 31 December 2025, and the consolidated balance sheet as at 31 December 2025, consolidated statement of cash flows, consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2025 and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report, which was combined with the Company's management report, for the fiscal year from 1 January to 31 December 2025. In accordance with the German legal requirements, we have not audited the content of the parts of the combined management report specified in the appendix and the company information stated therein that is provided within and outside of the annual report and is referenced in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2025 and of its financial performance for the fiscal year from 1 January to 31 December 2025, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the parts of the combined management report listed in the appendix.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other German professional responsibilities in accordance with these requirements and the ISEBA Code. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1) Fair valuation of intangible assets and property, plant and equipment

Reasons why the matter was determined to be a key audit matter

Significant intangible assets and property, plant and equipment are tested for impairment by the executive directors in order to identify any need to recognize impairment losses. The result of this valuation is highly dependent on the executive directors' estimate of future cash flows of the cash-generating units to which the assets are allocated and the respective discount rates used.

The derivation of future cash inflows and outflows is based on the Group's three-year plan prepared by the executive directors, which is adjusted at the level of the cash-generating units based on assumptions about long-term growth rates, in order to reflect a steady state ("perpetual annuity"). For the Salzgitter Flachstahl cash-generating unit, the executive directors model a further planning period until 2040 that follows on from the three-year plan in order to reflect the effects of the transformation to low-carbon steel production and then transition to the steady state after the transformation has taken place. The occurrence of significant assumptions in connection with the realization of low-carbon steel production is subject to elevated uncertainties.

In view of the challenges assessed by the executive directors with regard to a structural change in the production processes aimed at reducing CO_2 emissions and in view of the judgment exercised in valuation and the underlying complexity of the methodological requirements, the fair valuation of intangible assets and property, plant and equipment was a key audit matter.

Auditor's response

During our audit procedures, among other things, we assessed the methods used to carry out the impairment tests including an examination of the suitability of the procedure for performing an impairment test in accordance with IAS 36 and for providing objective indications of impairment. As part of our audit procedures, we particularly assessed the methods and calculations of the valuation model used to determine the recoverable amount.

We reconciled the future cash inflows and outflows used for valuation with the current plans of the cash-generating units based on the Group's three-year plan prepared by the executive directors. In doing so, we also analyzed the design of the planning process used for deriving the three-year plan.

With the assistance of our internal valuation specialists, we also analyzed the plans by comparing them with the results and cash inflows and outflows actually achieved in the past. Furthermore, we compared the executive directors' assumptions about the need to change the production processes for the purpose of reducing CO_2 emissions in connection with the increasing demands of society and the impact of emissions trading on the individual cash-generating units affected by the EU emissions trading system with industry-specific market expectations, especially with regard to the expected price development of emission certificates. We obtained an understanding of and assessed the significant assumptions underlying the plans for business development and growth by discussing them with those responsible for planning at the individual cash-generating units and the executive directors of Salzgitter Aktiengesellschaft and including the resulting insights and general and industry-specific market expectations, along with changes in the political framework, in the analysis of the plans. In so doing, we also evaluated the sensitivity analyses prepared by the Group with a view to significant inputs such as commodity and energy prices.

Based on our understanding that even small changes in the discount rate used can at times have significant effects on value, we assessed the derivation of the respective discount rates used, with the assistance of our internal valuation specialists, by scrutinizing the peer companies selected to determine the beta factors and comparing the market data used with external evidence.

With the aid of our own sensitivity analyses, we estimated impairment risks arising when significant valuation assumptions change, such as changes in the discount rate and EBITDA margin (particularly in the perpetual annuity).

Our procedures did not lead to any reservations relating to the assessment of the fair valuation of intangible assets and property, plant and equipment.

Reference to related disclosures

The Company's disclosures on intangible assets and property, plant and equipment are presented in the "Accounting and Valuation Principles" section, particularly in the "Impairment of intangible assets, property, plant and equipment, shares in equity-accounted companies and investment property" subsection, which presents, among other things, the significant assumptions related to the realization of low-carbon steel production. Further information is included in notes 5, 10, and 11 of the notes to the consolidated financial statements.

We also refer to the executive directors' presentation in the Opportunities and Risk Report of the short and long-term monitoring of significant factors and the associated opportunities and risks in the "Opportunities and Risk Report, Guidance" section, subsection "Strategic Risks" of the "Specific Risks" section of the combined management report.

2) Fair valuation of shares in the affiliate Aurubis AG, Hamburg

Reasons why the matter was determined to be a key audit matter

In light of the fact that the market price of the shares in Aurubis AG, Hamburg, presented under "Investments in companies accounted for using the equity method", was lower than the carrying amount per share as of the reporting date, the executive directors tested the shares for impairment as of the reporting date by determining their value in use.

The result of this valuation is highly dependent on the Salzgitter Aktiengesellschaft executive directors' estimate of future cash flows and the respective discount rates used. The derivation of future cash inflows and outflows is based on the estimates of Salzgitter AG's executive directors regarding future sales revenue and margin developments, which are adjusted based on assumptions about, for example, long-term growth rates, in order to reflect a steady state ("perpetual annuity")

In light of the judgment exercised in valuation and the underlying complexity of the methodological requirements, the fair valuation of the shares in the associate Aurubis AG, Hamburg, was a key audit matter.

Auditor's response

During our audit procedures, among other things, we assessed the methods used to carry out the impairment tests including an examination of the suitability of the procedure for performing an impairment test in accordance with IAS 36 and for providing objective indications of impairment. As part of our audit procedures, we particularly assessed the methods and calculations of the valuation model used to determine the value in use. In doing so, with the assistance of our internal valuation specialists, we assessed the proper implementation of the valuation method, reperformed the Company's valuation using our own calculations and analyzed deviations.

Additionally, with the assistance of our internal valuation specialists, we analyzed the estimates of the executive directors relating to margins in the modeled period and in the perpetual annuity by comparing them with the results actually achieved in the past and the current development of business figures. We obtained an understanding of and assessed the significant assumptions on business development and growth by comparing them, among other things, with publicly available information including existing analyst assessments and market studies, discussing them with the executive directors and including general and industry-specific market expectations in the analysis of the plans.

Based on our understanding that even small changes in the discount rate used can at times have significant effects on value, we assessed the derivation of the discount rate used, with the assistance of our internal valuation specialists, by scrutinizing the peer companies selected to determine the beta factors and comparing the market data used with external evidence.

With the aid of our own sensitivity analyses, we estimated impairment risks arising when significant valuation assumptions change, such as changes in the discount rate and EBITDA margin in the perpetual annuity

Our procedures did not lead to any reservations relating to the assessment of the fair valuation of the shares in Aurubis AG, Hamburg, presented under "Investments accounted for using the equity method."

Reference to related disclosures

The Company's disclosures on investments accounted for using the equity method are presented in the "Accounting and Valuation Principles" section and in note 14 of the notes to the consolidated financial statements.

3) Accounting effects of investments in non-current assets and from the arrangement of long-term power purchase agreements as part of the SALCOS project

Reasons why the matter was determined to be a key audit matter

In the current fiscal year, Salzgitter Flachstahl GmbH, Salzgitter, as a wholly owned subsidiary of Salzgitter Aktiengesellschaft, Salzgitter, invested significant amounts in non-current assets (advance payments and assets under construction) as part of the multi-year SALCOS investment project. Borrowing costs are capitalized from the start of construction.

The new investments are also intended to be used to replace old plants. In this context, the executive directors must also continuously assess the effects on the existing old plants, including the remaining useful lives.

These investments are to be financed by borrowing, customer financing (partnering agreements) and, to a large extent, grants from the Federal Ministry for Economic Affairs and Climate Action. In fiscal year 2023, Salzgitter Flachstahl GmbH received a grant notification for which, among other things, the accounting effects of the terms and conditions had to be assessed by the executive directors.

Furthermore, long-term power purchase agreements were concluded in connection with the investment project to ensure the future supply of electricity generated from renewable sources. The executive directors had to assess whether the agreements were extensions to the consolidated group or leasing contracts. They also had to judge whether there were embedded derivatives and, if so, whether they should be recognized separately. It was also necessary to assess whether potential losses due to fixed contracted prices should be recognized in the balance sheet.

Due to the executive directors' judgmental estimates in relation to the power purchase agreements and the potential material effects in terms of amount, we consider the accounting effects of investments in non-current assets and from the arrangement of long-term power purchase agreements as part of the SALCOS project to be a key audit matter.

Auditor's response

We obtained an understanding of the non-current asset accounting process implemented by Salzgitter Flachstahl GmbH, Salzgitter, and tested the operating effectiveness of the controls implemented in this process. We also performed substantive audit procedures on the capitalized advance payments and assets under construction on a sample basis. We used invoices, contracts and payment receipts to check the presentation and amount of assets under construction. Based on our understanding of the investment project, we assessed the executive directors' estimates of the remaining useful lives of the property, plant and equipment currently in use with regard to the timing of the replacement investments.

In order to assess the borrowing costs to be capitalized, we analyzed whether the assets acquired meet the criteria for a qualifying asset within the meaning of IAS 23 and whether a considerable period of time is required to get the assets ready for their intended use. We checked the calculation of the amount to be capitalized and reconciled the underlying financing agreements to the calculation of the borrowing rate used.

With the assistance of specialists, we gained an understanding of the accounting effects based on the executive directors' assessment of the grant notification and its terms and conditions. We assessed whether the government grants meet the relevant criteria of IAS 20. In this context, we checked in particular the deduction of government grants from the acquisition and production costs recognized for assets under construction. As part of our substantive audit procedures, we examined the accounting treatment of the grants received on a sample basis. In doing so, we also reconciled incoming payments of the grants received with bank statements. The contracts for the partnering agreements were analyzed to determine whether a contract exists in accordance with IFRS 15 and, in particular, whether there are separate performance obligations. We compared the income from partnering agreements received with the contracts and reconciled the incoming payments to bank statements on a sample basis.

With the involvement of internal specialists, we evaluated the executive directors' estimates regarding the accounting treatment of the concluded power purchase agreements with regard to the provisions of IFRS 9, IFRS 10, IFRS 11, IFRS 16 and IAS 37. In doing so, we also analyzed whether the electricity purchase volumes for own consumption over the term of the contract were included in the Company's planning calculations.

We checked whether the disclosures on the above accounting and valuation topics in the notes to the consolidated financial statements are complete.

We also assessed the related reporting in the combined management report.

Our procedures did not lead to any reservations relating to the assessment of the accounting effects of the investments in non-current assets and from the arrangement of long-term power purchase agreements as part of the SALCOS project.

Reference to related disclosures

We refer to the disclosures in the notes to the consolidated financial statements in the "Accounting and Valuation Principles" section under the "Estimates and assumptions," "Provisions for operational and other risks," "Impact of climate change" and "Property, plant and equipment" subsections for information on the accounting policies applied to investments in non-current assets and from the arrangement of long-term power purchase agreements as part of the SALCOS project. Please also refer to the disclosures in the "Notes to the balance sheet" section under "(11) Property, plant and equipment" and "(33) Other financial obligations."

We also refer to the presentation of the investment project in the combined management report in the "Business activities and Group structure" section under the "Steel production business unit" subsection and the "Strategy" section under the "Strategic direction" and "Circular economy" subsections. Please also refer to the disclosures in the "Opportunities and Risk Report, Guidance" section under the "Specific Risks" and "Overall Statement on the Risk Position of the Group" subsections.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the Declaration of Corporate Governance. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report listed in the appendix.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the combined management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

/ Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

/ Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control and of such arrangements and measures.

/ Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the combined management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in Salzgitter_Aktiengesellschaft_KA-ZLB_ESEF-2025-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from 1 January to 31 December 2025 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328/1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

/ Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

/ Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

/ Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.

/ Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.

/ Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 22 May 2025. We were engaged by the Supervisory Board on 29 October 2025. We have been the group auditor of Salzgitter Aktiengesellschaft without interruption since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format – including the versions to be published in the *Unternehmensregister* [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christian Hantke.

APPENDIX TO THE AUDITOR'S REPORT:

1 Parts of the combined management report whose content is unaudited

We have not audited the content of the following parts of the combined management report:

/ The statement on corporate governance included in the "Declaration of Corporate Governance" section of the combined management report.

/ The "Sustainability Statement" section of the combined management report.

Furthermore, we have not audited the content of the following disclosures extraneous to management reports. Disclosures extraneous to management reports are such disclosures that are not required pursuant to Secs. 315, 315a HGB or Secs. 315b to 315d HGB or German Accounting Standard (GAS) 20.

/ The "Key Features of the Internal Control System" section.

2. Further other information

The other information also comprises the following parts to be included in the annual report, of which we obtained a copy prior to issuing this auditor's report, in particular the sections:

/ Report of the Supervisory Board

/ The Salzgitter Group in Figures

/ The Salzgitter Share

/ Letter of the Executive Board and

/ Assurance from the Legal Representatives

but not the consolidated financial statements, not the combined management report disclosures whose content is audited and not our auditor's report thereon.

3 Company information outside the annual report referenced in the combined management report

The combined management report, which was combined with the Company's management report, contains cross-references to websites of the Group. We have not audited the content of the information accessible through the cross-references.

Hanover, 17 March 2026

EY GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft

Hantke	Engelovski
[German Public Auditor]	[German Public Auditor]

Assurance report of the independent German public auditor on a limited assurance engagement in relation to the sustainability statement

To Salzgitter Aktiengesellschaft, Salzgitter

Assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement, included in the combined management report, of Salzgitter Aktiengesellschaft, Salzgitter, for the fiscal year from 1st January to 31st December 2025. The group sustainability statement was prepared to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Art. 8 of Regulation (EU) 2020/852 as well as Secs. 315b and 315c HGB ["Handelsgesetzbuch": German Commercial Code] for a group non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying group sustainability statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Art. 8 of Regulation (EU) 2020/852, Secs. 315b and 315c HGB for a group non-financial statement and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- The accompanying group sustainability statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify information to be included in the group sustainability statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section „ESRS 2 GENERAL DISCLOSURES" of the group sustainability statement, or

- The disclosures in the group sustainability statement marked with „ INFORMATION IN ACCORDANCE WITH THE TAXONOMY REGULATION" do not comply, in all material respects, with Art. 8 of Regulation (EU) 2020/852.

Basis for the conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained 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 group sustainability statement."

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the executive directors and the supervisory board for the group sustainability statement

The executive directors are responsible for the preparation of the group sustainability statement in accordance with the requirements of the CSRD and 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 group sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the group sustainability statement) 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 group sustainability statement, 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 group sustainability statement.

Inherent limitations in preparing the group sustainability statement

The CSRD and 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 in "INFORMATION IN ACCORDANCE WITH THE TAXONOMY REGULATION" section of the sustainability statement. 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.

These inherent limitations also affect the assurance engagement on the group sustainability statement.

German public auditor's responsibilities for the assurance engagement on the group sustainability statement

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 group sustainability statement has not been prepared, in all material respects, in accordance with the CSRD, 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 group sustainability statement.

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 group sustainability statement, including the materiality assessment process carried out by the Company to identify the disclosures to be reported in the group sustainability statement.

- 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 Company's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the Company's control, as both the Company'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.

Summary of the work performed by the German public auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- Obtained an understanding of the structure of the sustainability organization and the involvement of stakeholders;
- Obtained an understanding of the process applied for preparing the group non-financial reporting, including the materiality assessment process carried out by the company to identify the information to be reported, as well as the internal controls related to this process;
- Assessed the overall suitability of the criteria presented by the executive directors in the group non-financial reporting;
- Inquired executive directors and relevant employees involved in the data collection and consolidation process, as well as the preparation of the group non-financial reporting, to assess the reporting system, data collection and preparation methods, and internal controls relevant to the audit of the information in the group non-financial reporting;
- Evaluated the reasonableness of the estimates made by the executive directors and related explanations;
- Performed analytical review procedures for selected information in the group non-financial reporting;
- Conducted on-site visits at a selected location of the Salzgitter Group;
- Matched selected information with the corresponding information in the consolidated financial statements and group management report;
- Assessed the process for identifying taxonomy-eligible and taxonomy-compliant economic activities and the corresponding information in the group non-financial reporting;
- Assessed the presentation of the information in the group non-financial reporting.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the assurance report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2024, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement (ey-idw-aab-en-2024.pdf).

In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the assurance report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Nuremberg, 17 March 2026

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Süppel	Borchard
Wirtschaftsprüferin	Wirtschaftsprüferin
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On the cover: Employees from the blast furnace plant and from finance at Salzgitter Flachstahl GmbH's Visitor Center

all images by Salzgitter AG

This annual report was prepared with the support of the firesys editorial system.

Some of the statements made in this report have the character of forecasts or can be interpreted as such. They have been made to the best of our knowledge and belief, and by the nature of things, they apply on the condition that no unforeseeable deterioration in the economy or the specific market situation for companies in the business segments occurs, and that the basis for planning and forecasting proves, as expected, to be accurate in terms of its scope and timeframe. Notwithstanding existing statutory requirements, particularly in terms of the regulations governing capital markets, the company accepts no obligation to continually update forward-looking statements which are based solely on the circumstances on the day of publication.

For computational reasons, rounding differences amounting to ± one unit (€, %, etc.) may occur in the tables.

In the interest of better readability, the form chosen in this Annual Report applies equally to all genders (male / female / non-specific). All formulations apply equally to all genders

The annual report of Salzgitter AG is also available in an English translation. In the event of discrepancies, the German version takes precedence over the English version.

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