Executive Summary of the 2024 Financial Statement

DILLINGER

We are Pure Steel+

Contents*

*)This abridged English-language financial statement is an excerpt from the annual report of Dillinger for the 2024 financial year. This publication does not constitute the complete form required by law (for this, please see the 2024 Annual Report of Dillinger in German).

Key figures at a glance

		2023	2024	Change
Hot metal purchase	in kt *)	2,065	**2,017**	–2.3 %
Crude steel production	in kt	2,376	**2,302**	–3.1 %
Total heavy plate production	in kt	1,837	**1,628**	–11.4 %
of which in Dillingen	in kt	1,288	**1,139**	–11.6 %
of which in Dunkirk	in kt	549	**489**	–10.9 %
Total shipped	in kt	1,768	**1,566**	–11.4 %
of which prime grade heavy plate	in kt	1,748	**1,559**	–10.8 %
of which semi-finished products	in kt	20	**7**	–65.0 %
Net sales	€ million	2,615	**2,287**	–12.5 %
Germany	€ million	1,352	**1,044**	
France	€ million	113	**87**	
Other EU countries	€ million	815	**758**	
Other exports	€ million	335	**398**	
Total workforce (excluding trainees) as of 31 Dec.		3,523	**3,600**	
Personnel expenses	€ million	299	**306**	
Balance sheet total	€ million	3,179	**3,284**	
Fixed assets	€ million	1,865	**1,847**	
Investments	€ million	82	**49**	
Shareholders' equity	€ million	1,744	**1,919**	
EBITDA	€ million	377	**326**	
EBIT	€ million	321	**273**	
Net profit (result for the accounting period)	**€ million**	**316**	**272**	
Operating cash flow	**€ million**	**381**	**80**	

*) Total production ROGESA: 3,903 kt (previous year: 3,539 kt)

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Chairman of the Board of Directors and of the
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Michael Becker | Saarwellingen
1st Deputy Chairman of the Works Council
of Aktien-Gesellschaft der Dillinger Hüttenwerke

Carl De Maré | De Panne (BE)
Independent Consultant, Net-Zero Industries,
ArcelorMittal

Lars Desgranges | Beckingen
Primary Authorized Representative of IG Metall, Völklingen

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Chairman of the Group Works Council and
Chairman of the Works Council
of Aktien-Gesellschaft der Dillinger Hüttenwerke

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(as of 17 February 2025)
General Manager, Head of Capex, Group Finance,
ArcelorMittal, Luxembourg S.A.

Nadine Kliebhan | Illingen
Senior Project Manager, INFO-Institut Beratungs-GmbH

Prof. Dr. Wolfgang Leese | Lindberg
Managing Director and Partner
WGL Verwaltung und Beratung GmbH
Member of the Board of Trustees of Montan-Stiftung-Saar

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Member of the Board of Directors and of the Board of Trustees
of Montan-Stiftung-Saar,
President, Stahl-Verband-Saar e.V.
Attorney at Law, GSK STOCKMANN

Antje Otto | St. Ingbert
Managing Director, Stahl-Verband-Saar e. V.

Paul Perdang | Gingelom (BE)
(until 20 November 2024)
General Manager, Head of Capex, Group Finance
ArcelorMittal, Luxembourg S.A.

Prof. Dr. Susan Pulham | Saarbrücken
Professor, HTW Saar

Eugen Roth | Merchweiler
(until 5 July 2024)
Former Deputy Chairman
of DGB Rheinland-Pfalz/Saarland

Rainer Schwickerath | Nalbach
Member of the Works Council
of Aktien-Gesellschaft der Dillinger Hüttenwerke

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(as of 5 July 2024)
DGB District Chairwoman
Rheinland-Pfalz/Saarland

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Stefan Rauber
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Joerg Disteldorf
Member of the Board of Management,
Chief Human Resources Officer

Markus Lauer
Member of the Board of Management,
Chief Finance Officer and Chief Procurement Officer

Dr. Peter Maagh
Member of the Board of Management,
Chief Technology Officer

Daniël Nicolaas van der Hout
Member of the Board of Management,
Chief Commercial Officer

Jonathan Weber
Member of the Board of Management,
Chief Transformation Officer

Report of the Board of Management

(Management Report)

Management Report

The company's fundamentals

The core business of Aktien-Gesellschaft der Dillinger Hüttenwerke, in the following referred to as Dillinger, is the manufacture and sale of heavy plate in the form of normal and pipe plate. This entails the activities of an integrated blast furnace route, including the production of coke and hot metal through the subsidiaries Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisengesellschaft Saar mbH (ROGESA), jointly held with Saarstahl AG (SAG), and the production of liquid steel and semi-finished products. In downstream stages, marketing, flame-cutting and fabricating companies offer additional services and customized solutions in sales, the processing of heavy plate, and other steel products.

Also affiliated with Dillinger are transport and logistics companies that are involved in both transporting raw materials and shipping finished products.

Dillinger holds a participating interest in Saarstahl AG, Völklingen, and EUROPIPE GmbH, Mülheim/Ruhr. Beyond this, these companies are also involved in operating business activities with Dillinger– either through involvement in the hot metal production and buying phase or as a buyer and processor of heavy plate steel. The wholly owned subsidiary Steelwind Nordenham GmbH, which manufactures monopile foundation systems for the offshore wind market in a plant on the Weser river estuary, offers products in a processing depth that extends beyond heavy plate.

The direct or indirect majority shareholder of both Dillinger and Saarstahl AG is SHS – Stahl-Holding-Saar GmbH & Co. KGaA (SHS), a wholly owned subsidiary of Montan-Stiftung-Saar.

Financial report

Overall economic and sector-related conditions

The global economy proved resilient in 2024. Inflation has fallen further in the direction of targets set by the central banks, while growth has remained stable and international trade has picked up again. The OECD therefore expects global GDP growth of 3.2 % in 2024 (2023: + 3.2 %).

The performance of the Chinese economy weakened in the past financial year. The OECD expects a growth rate of + 4.9 % (2023: + 5.2 %).

In the United States, the economy has proved remarkably robust over the past two years in the face of rising interest rates. The OECD forecasts economic growth of 2.8 % (2023: + 2.9 %).

Economic weakness persisted in the eurozone in 2024 due to political uncertainty, inflation, lacking consumer confidence, high energy prices, and the associated problems for goods producers. According to the OECD, annual GDP growth will therefore amount to only + 0.8 % (after + 0.5 % in 2023).

The German economy continued to stagnate in 2024. High interest rates, persistently high inflation and an accompanying decline in private consumption, international conflicts and the continuing weakness of exports – particularly to the important markets of China and the United States – were the main reasons GDP stagnated, according to the OECD (0.0 %, 2023: - 0.1 %).

Steel market

Demand for steel suffered considerably from global overcapacity, unfair trade and, in particular, high energy costs. The outlook for the European steel market progressively worsened as weak demand, a decline in the steel processing sectors and a consistently high proportion of imports weighed on the situation. Germany, where demand fell sharply, was particularly hard hit. The high electricity prices, which are not competitive compared to other European countries, exacerbated the problems.

According to the current forecast, steel consumption in Europe will not increase in 2024 by 1.4 % as originally expected but is likely to fall again by 1.8 % (2023: - 6 %).
The outlook for production in the steel processing industries has also deteriorated for 2024 (- 2.7 % instead of - 1.6 %). The World Steel Association (worldsteel) forecast a 7 % decline in demand for steel in Germany in October 2024, after a slight increase was expected in the spring. Other drivers of this situation include ongoing geopolitical conflicts and associated economic uncertainties.

Heavy plate market

Within the flat products market segment, imports rose by 9 % in the first seven months of 2024 compared to the same period of the previous year. At 1 %, the increase for the product quarto plate was more moderate compared to the same period of the previous year. Third-country imports accounted for 22 % of the market supply of heavy plate in the first nine months of the year.

Slabs from third countries such as Russia and from Asia are in particular putting European producers under pressure due to low prices. At the same time, geopolitical uncertainties and weak development in steel-intensive sectors such as construction, mechanical engineering and automotive are adding to the difficult conditions. The offshore wind industry, which will continue to be a significant driver of demand in 2024, remains one bright spot. The linepipe market is also showing great promise, particularly with projects for CO_2 and hydrogen transport. Despite delays in project approvals, there are good long-term growth prospects in this area.

Business performance at Dillinger

In addition to structurally unfavorable conditions including overcapacity in the heavy plate market, trade restrictions and high third-country imports into the EU, the consequences of Russia's ongoing war in Ukraine continued to impact the steel and heavy plate market in Europe. The combination of weak investment demand and a continued contraction in the manufacturing sector – particularly in industrial production – as well as a sharp decline in the construction industry exacerbated the weak economic situation in the steel market. With the economic recovery failing to materialize in 2024, demand for steel in Germany remained at a low level for another year. At the same time, high

steel import volumes into the EU from third countries remained unchanged, which in fact led to a continuous increase in the proportion of steel demand being fulfilled over the course of the year. Raw material procurement and energy prices fell for the most part, but energy costs still did not reach an internationally competitive level.

Starting from the stable order backlog, high project-specific incoming orders at the beginning of the financial year and fixed heavy plate deliveries from framework agreements, Dillinger was nevertheless unable to avoid these difficult economic conditions as the year progressed. As expected, demand in Dillinger's main core segments was mixed. As a result, incoming orders fell noticeably, primarily due to lower orders from the alternative energy segment.

Dillinger largely succeeded in the first half of the year in maintaining average revenues for heavy plate at a revenue and margin level in line with the current high cost structure, before these fell noticeably in the second half of the year. This enabled the company to buck the earnings trend in the steel industry for long periods and avoid the increasingly weakening economic conditions in the German and European heavy plate market without any significant, unforeseen losses in net income. In the course of the third quarter, however, there was a noticeable decline in the level of revenue and margins in some areas, with considerable reductions in the operating results.

Taking into account the economic circumstances and challenges in the European steel market, Dillinger was able in 2024 to conclude the current financial year with very successful business performance across the board. The key financial figures used to manage the company essentially confirm or exceed the original projections, falling only slightly short of the previous year's figures.

Contrary to the positive projections with slightly higher sales volumes, Dillinger's heavy plate shipments fell by 10.8 % or 189 kt to 1,559 kt in the 2024 financial year compared to the previous year. The volume-related decline in sales revenue and the slight change in the cost of materials and personnel intensity, combined with improved income from participating interests, meant that EBIT and EBITDA were only slightly below the previous year's figures overall. Even after accounting for improved net interest income, the company's overall earnings were correspondingly lower than in the previous year.

Capacity utilization at the technical production plants was also adjusted to the weakening order situation over the course of the year. Improved flexibility enabled Dillinger to adjust the operating modes of the plants to the modified operating point. Both hot metal purchases, at 2,017 kt (2023: 2,065 kt), and crude steel production, with 2,302 kt (2023: 2,376 kt), changed slightly from the previous year's levels. In addition to supplying slabs for the rolling mill in Dillingen, steel production also mostly covered the slab requirements of Dillinger France in Dunkirk. Production of heavy plate in the two rolling mills (1,628 kt) changed noticeably by - 11.4 % compared to the previous year (1,837 kt), with 1,139 kt of heavy plate (2023: 1,288 kt) being produced in Dillingen and 489 kt (2023: 549 kt) in Dunkirk.

Earnings position

Net sales fell in the current financial year by around 12.5 % to € 2,287 million, primarily due to lower sales of heavy plate but also as a result of the revenue trend. Contrary to projections for 2024, which still assumed a slight increase in sales, shipped heavy plate (prime grade) decreased by 189 kt (- 10.8 %) to 1,559 kt (2023: 1,748 kt), particularly in the normal plate segment. Revenue fell in the current financial year by an average of around 4.4 %. Average heavy plate sales remained at the previous year's level in the first half of the year, while a significant decline set in from the third quarter until the end of the year. In the geographical markets, the following changes occurred in sales volumes and net sales revenues compared to the previous year: A decline in Germany, France and the other EU countries was accompanied by growth in non-EU countries as a result of project business.

The increase in the value of finished products and work in process in the current financial year was primarily due to the volume-related change in semi-finished products and heavy plate. Total operating revenue in the 2024 financial year amounted to € 2,379 million (2023: € 2,625 million). Higher out-of-period income, primarily from the reversal of provisions, led to a € 21 million increase in other operating income.

The cost of materials fell in the financial year by € 143 million, or 8 %. In addition to the decline in production, the main reason for the lower cost of materials was the development of procurement prices for input materials, which remained at a high level, although the average prices for the majority of them were, as expected, below the respective previous year's figures. This also applied to hot metal, which the company obtains exclusively from ROGESA. Increased production capacity utilization at ROGESA, lower prices for coke and injection coal, and lower prices for ores and pellets caused hot metal costs to fall by around 10 % on average over the year. Persistently high energy costs, particularly for electricity, gas and oxygen, led as expected to considerable expenses for the company. With the decline in production, energy costs at Dillinger fell by around € 32 million, or 14 %. Maintenance and repair expenses increased by around 8 %. The margin between total operating revenue and cost of materials declined commensurately from the previous year by around € 100 million. Material intensity increased by 1.2 percentage points compared to the previous year and amounted to 71.1 % (2023: 69.9 %).

Overall, personnel expenses rose by 2.3 % to € 306 million (2023: € 299 million), while the personnel intensity increased from 11.4 % in 2023 to 12.9 % in the past year. Expenses for wages and salaries as well as social security contributions increased by € 12 million. In addition to the increase in the average number of employees by 65 people, this was mainly due to the effects of collectively agreed as well as individual wage and salary adjustments, and to a profit-sharing bonus relating to the previous year.

This was offset by a positive earnings effect from the change in pension obligations in the amount of € 5 million. The decrease in pension obligations from the change in the number of prospective employees, pensioners and surviving dependents, as well

as the increase in the contribution assessment ceiling for statutory pension insurance on 1 January 2025, exceeded the collectively agreed adjustments in the valuation of pension provisions.

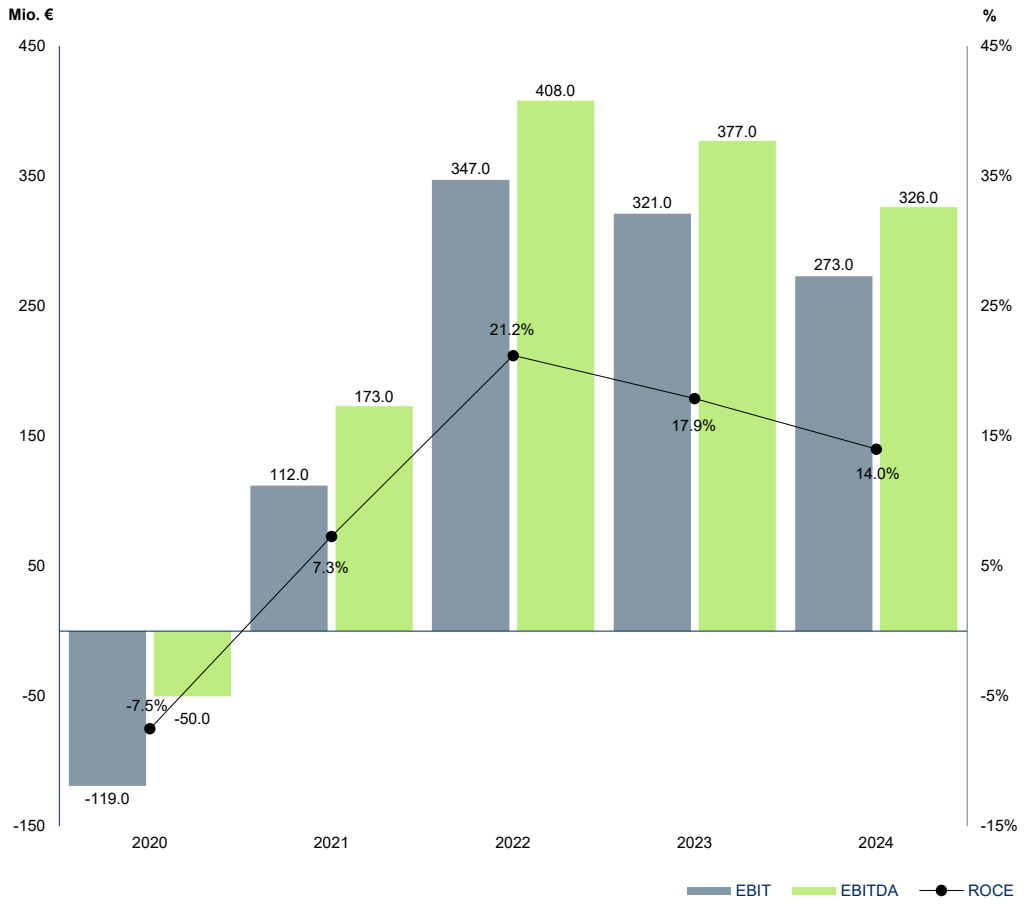
Amortization and depreciation of intangible and tangible fixed assets decreased by € 3 million as a result of scheduled depreciation. Other operating expenses were € 34 million lower than in the previous year. This was mainly due to lower selling, administrative, rental and leasing expenses, and the discontinuation of compensation payments.

The financial result increased almost equally by € 7 million due to improved net investment and net interest income.

Significant declines in margins and earnings were projected in the past financial year for 2024 due to the increase in pressure on revenue and margins in the heavy plate market as well as high energy and material costs, which were expected to lead to a significant decline in key earnings figures and a slight decrease in net sales. Earnings figures were expected to be somewhat lower than those in 2023. Continued economic weakness in the eurozone and the German economy in 2024, due in particular to political uncertainty, inflation and high energy prices, had a negative impact on Dillinger's business performance.

Under these challenging market conditions and factoring in lower production, Dillinger managed to achieve a significantly lower margin decline (- 8.1 %) than was anticipated in the projections for the 2024 financial year. This exceeds the earnings effect from the decline in sales
(- 10.8 %). As a result, projected earnings were significantly exceeded. Dillinger concluded the 2024 financial year with a positive EBIT of € 273 million (2023: € 321 million) and EBITDA of € 326 million (2023: € 377 million).

Change in EBIT, EBITDA and ROCE



Financial and asset position

Cash and cash equivalents increased in the financial year by a total of € 43 million to € 344 million (previous year: € + 118 million).

Operating cash flow amounted to € 80 million (2023: € 381 million). A positive cash inflow of € 259 million (2023: € 312 million) from the result for the accounting period, adjusted for non-cash expenses and income, is offset by cash outflows from the increase in working capital of -€ 178 million (2023: cash inflow of € 69 million). The change in working capital in 2024 is mainly the result of cash outflows from the change in inventories, the utilization of provisions and the change in trade accounts payable on the reporting date, which exceeded the cash inflows of trade accounts receivable.

Dillinger received € 81 million in public funding in 2024 as part of the “Power4Steel” transformation program, which was offset by payments for investments in property, plant and equipment of € 130 million, resulting in cash outflows of € 49 million.

The investment volume of € 130 million (2023: € 82 million) was used primarily to rapidly advance planning and work for the upcoming transformation of steel production. In addition to the associated prepayments on tangible assets and assets under construction, exemplary individual investments were made at Dillinger in the past financial year. These included complete replacement of converter 1 in the steel plant area (€ 9 million), construction of a flame straightening line in the steel plate processing area of the rolling mill (€ 4 million) and installation of a new slab grinding system in the slab finishing area (€ 5 million). In addition, electrical renovation for the roughing stand roller conveyor was commissioned for around € 12 million.

Cash inflows from affiliated companies, proceeds from the disposal of assets, and interest received totaling € 175 million were mainly made up of proceeds from investments in financial assets by Group companies (€ 109 million) and dividend payments (€ 39 million). This resulted in positive cash flow from investment activities of € 126 million and free cash flow of € 206 million.

Cash outflow from financing activities amounted to € 164 million in the current financial year. Components included payments to

banks for scheduled loan repayments including interest payments in the amount of € 47 million and implementation of the profit and loss transfer agreement 2023 in the amount of € 117 million to DHS as the majority shareholder.

As a result, cash and cash equivalents increased by € 43 million compared to 31 December 2023 and amounted to € 344 million on 31 December 2024. Cash and cash equivalents on 31 December 2024 comprise cash and bank balances (€ 227 million) and the investment in the transformation fund reported under marketable securities (€ 200 million) minus current liabilities from public subsidies as part of the “Power4Steel” transformation program (€ 83 million).

Non-current assets decreased in 2024 by a total of € 18 million to € 1,847 million. This primarily resulted from scheduled amortization and depreciation of intangible and tangible fixed assets (€ 53 million) and disposal of assets (€ 2 million) exceeding the amount of investments and additions to fixed assets (€ 49 million). In addition, financial assets decreased (€ 12 million), largely due to repayments of loans.

At the same time, current assets grew by a total of € 123 million to € 1,437 million. The increase in inventories (€ 100 million) and marketable securities (€ 150 million) was offset in particular by the decline in trade accounts receivable (-€ 92 million), primarily as a result of the introduction of factoring as well as short-term loans to subsidiary companies (-€ 68 million). The change in inventories was partly due to a planned reduction in hot metal availability in the following year as a result of the interim relining of ROGESA’s blast furnace 4 and thus of a deliberate build-up of inventories of semi-finished products. Trade accounts receivable from third parties, affiliated companies and companies in which the company has a participating interest developed very heterogeneously but fell by a total of € 92 million.

The balance sheet total increased by around € 104 million compared to the previous year to conclude at € 3,284 million. The increase in assets was offset by an increase in shareholders’ equity through allocations to earnings reserves in the amount of € 175 million, so that the equity ratio rose from 54.9 % in the previous year to 58.4 % in the reporting year.

The company's borrowed capital decreased by a total of € 71 million in the current financial year. Of this amount, € 50 million was attributable to accruals and provisions and € 21 million to liabilities. The debt ratio thus improved on the reporting date, falling from 7.8 % in 2023 to 5.6 % in 2024.

In addition to utilizations, adjustments in the actuarial assumptions and changes in the number of prospective employees, pensioners and surviving dependents led to the € 27 million reduction in pension provisions.
Other accruals and provisions decreased by € 23 million, mainly due to the utilization and reversal of provisions for outstanding obligations for payment in kind, repayment and warranty risks, and legal matters.

Bank loans and overdrafts decreased as a result of scheduled loan repayments in the amount of € 29 million; no new loans were taken out in the reporting year.

While trade accounts payable fell by € 86 million at the reporting date, liabilities related to Group financing increased by € 42 million and other liabilities by € 52 million. This was due in particular to government funding received for which the conditions for offsetting against acquisition and production costs in fixed assets had not yet been met on the reporting date.

Key figures

in %	2020	2021	2022	2023	2024
Liquidation ratio for fixed assets	66.9	73.2	83.3	93.5	**103.9**
Internal financing capability	–7.7	NA	>100	>100	**>100**
Equity intensity	50.5	49.6	51.2	54.9	**58.4**
Return on capital employed (ROCE)	–7.5	7.3	21.2	17.9	**14.0**
Debt ratio	16.3	12.5	10.4	7.8	**5.6**
EBIT margin	–11.5	6.5	13.6	13.5	**12.8**
EBITDA margin	–4.8	10.0	16.0	15.9	**15.3**
Material intensity	73.3	72.3	69.1	69.9	**71.1**
Personnel intensity	21.8	14.3	11.8	11.4	**12.9**

Notes:

Liquidation ratio for fixed assets: Equity in relation to fixed assets

Internal financing capability: Operating cash flow in relation to net investments in fixed assets

Equity intensity: Equity in relation to the balance sheet total

ROCE: EBIT in relation to capital employed (average long-term capital employed)

Debt ratio: Bank loans and overdrafts in relation to shareholders' equity

EBITDA and EBIT margin: EBITDA or EBIT in relation to total operating revenue. In addition to net sales revenues, the changes in inventories of finished products and work in process are also taken into account in determining total operating revenue. Net sales includes only revenue for heavy plate products.

Material and personnel intensity: Cost of materials and personnel expenses in relation to total operating revenue

Changes in important non-financial performance factors

Sustainability

Sustainable and responsible operation is firmly embedded in the SHS Group with its two companies Saarstahl and Dillinger and is a traditional, key element of corporate policy. In their comprehensive approach to sustainability, the companies acknowledge their responsibility for current and future generations of employees as well as stakeholders and aim to manufacture premium steel products in a sustainable way.

The SHS Group is committed to the goals of the Paris Climate Agreement and wants to help achieve low-carbon steel production. In its transformation process for the production of green steel, the focus is on the responsibility to people and the environment – today and in the future. Based on what has been achieved so far and with a view to a livable future for all, the companies are continuously identifying further potential for improvement and redefining ambitious targets.

The companies of the SHS Group document their achievements in the areas of economy, ecology and society with a joint sustainability report. The report is based on the standards of the Global Reporting Initiative (GRI). An update of the relevant key metrics is implemented through annual fact sheets. The Sustainability Report thus contributes to improving the international transparency and comparability of activities in the field of sustainability and environmental protection.

Steel fulfills the principle of sustainability more explicitly than virtually any other material. Steel is the most widely used basic industrial material and it contributes significantly to environmental and climate protection through a wide range of applications. At the end of their service life, steel products can be recycled completely and as often as required, with virtually no loss of quality, and completely returned to the industrial cycle. In addition, crude steel produced in Germany sets high standards in terms of environmental and climate protection, not least in a global comparison. This has also been confirmed by an economic study commissioned by the German Steel Federation (WV Stahl).

The SHS Group is also committed to Germany's stricter climate targets. The companies want to make a decisive contribution to the political and social goal of cutting carbon emissions. The aim of Saarland's steel industry is to reduce future process-related carbon emissions to a technically necessary minimum by gradually installing and integrating climate-friendly steelmaking technologies.

By transforming the existing blast furnace/converter route to direct reduction plants and electric arc furnaces, and by using hydrogen and carbon-free electricity in production, the goal of carbon-neutral steelmaking can be achieved by 2045 at the latest.

Massive investments in the aforementioned technical facilities are required to achieve the ambitious carbon reduction targets. The SHS Group has defined a way to achieve the carbon reduction targets and passed the corresponding Supervisory Board resolutions for the Power4Steel project in December 2022. In December 2023, the European Commission officially approved the German government aid measure worth €2.6 billion to support SHS – Stahl-Holding-Saar, with its subsidiaries Dillinger, Saarstahl and ROGESA, in decarbonizing its steel production through the use of hydrogen. The funding commitments from the German government were received in January 2024. The next major milestone for Power4Steel followed in October with the order for the direct reduced iron (DRI) plant and electric arc furnaces (EAF).

This is expected to reduce CO_2 emissions by around 55 % by the early 2030s. The ramp-up of EAF capacity will be accompanied by a corresponding reduction in blast furnace capacity. In addition to the planned measures at the German sites, the French subsidiary Saarstahl Ascoval is already able to provide initial crude steel volumes through its existing EAF production capacities.

The roadmap for implementing all the measures is a challenge for the companies, especially because construction of the new facilities and the conversion of numerous production steps is being implemented during ongoing operations. The SHS Group aims to start supplying "green" steel from 2028/2029. The capacity of the new plants will then enable a maximum of 3.5 million tons of crude steel to be produced annually from sponge iron (direct reduced iron – DRI) and scrap.

Branding has also been developed to visually illustrate the transformation project: Pure Steel+. The message of "Pure Steel+" is that Saarland's steel industry will retain its long-established global product quality, ability to innovate, and culture – even in the transformation. The + symbolizes the CO_2-reduced production process for our products.

To establish the sustainable and integrated cross-border energy system that will be required to produce green steel in the region, the companies of the SHS Group have joined forces with other well-known companies to form the "Grande Region Hydrogen" European Economic Interest Grouping (EEIG). The aim of the initiative is
to link cross-sector projects for hydrogen production, use and transport.

EcoVadis, an international provider of business sustainability ratings, again awarded Dillinger a Gold Medal in 2024 for its Corporate Social Responsibility (CSR) activities. The EcoVadis rating confirms the high quality of sustainability management at Dillinger.

The EcoVadis rating is based on a defined scorecard. This includes criteria of the Global Reporting Initiative, the United Nations Global Compact, and the International Organization for Standardization for the areas of environment, labor and human rights, ethics, and sustainable procurement. Specification of defined evaluation criteria enables companies certified by EcoVadis to be compared internationally.

In the rating by the environmental protection organization Carbon Disclosure Project (CDP), SHS was awarded the top "A" rating for the first time in 2024, making it a member of the CDP "A List". This rating highlights the company's exceptionally high

sustainability standards and its pioneering role in the steel sector. The Carbon Disclosure Project is based on an international non-profit organization. Once a year, it records and evaluates companies and organizations according to their voluntarily reported greenhouse gas emissions, strategies with respect to climate change, and handling of risks and opportunities arising from climate change.

Following the official commitment in December 2022 and the subsequent development of Group targets according to sector-specific specifications, Saarstahl and Dillinger received official confirmation of their Group-wide CO_2 reduction targets from the Science Based Target Initiative in December 2024. In particular, the net-zero target for the entire Group in 2050 was validated, as were the short-term targets for 2030. This corresponds to a 37 % reduction in CO_2 emissions within the steel sector reporting limit and a 25 % reduction in all other Scope 3 emissions by 2030.

SHS has also been a member of ResponsibleSteel, a global multi-stakeholder initiative for sustainability standards and certification involving various interest groups in the steel industry, since 2023. The aim of the initiative is to be a driving force worldwide in the socially and environmentally compatible production of climate-neutral steel.

Following successful participation in the development of the Low Emission Steel Standard (LESS), an intensive stakeholder process and the public presentation by Federal Minister of Economics Robert Habeck in April 2024, Saarstahl and Dillinger joined LESS aisbl as founding members. Both companies are aiming to have their products certified to the LESS standard in the near future.

Support for the ten principles of the UN Global Compact in the areas of human rights and labor standards, environmental and climate protection, and anti-corruption is an integral part of the long-term sustainability concept of the SHS Group. Membership in the UN Global Compact since 2020 demonstrates that the companies are firmly integrating the principles of the UN Global Compact into their corporate strategy and culture as well as into their daily business practices, thereby applying and fostering the general goals of the United Nations – particularly the sustainable development goals – in all areas of the company.

Employees

A qualified workforce with a high level of commitment and flexibility forms the foundation of Dillinger and is essential both for achieving production targets and for continuing development of the company. Social, responsible and far-sighted HR work is therefore a fundamental corporate philosophy for Dillinger. Continuous development and optimization efforts are aimed at promoting occupational health and safety, targeting recruitment of young talent and fostering the next generation of skilled employees.

The production plants were utilized to varying degrees in 2024. For example, increasing volumes in the thin plate segment in the rolling mills led to internal employee transfers. Thanks to the use of flexibility instruments, the planned volumes could be realized throughout the year.

Dillinger had 3,600 employees (2023: 3,523) at the end of the reporting year. These employees worked at Dillinger itself as well as – in the context of plant management – at ZKS and ROGESA.

The increase in personnel at Dillinger is due, among other things, to the integration of employees from the subsidiary Dillinger Hütte Vertrieb and additional requirements in the rolling mill area as well as initial transformation-related increases in connection with Power4Steel.

Safety and health

A safe and healthy work environment is given top priority at Dillinger. This was also reflected in numerous programs and measures in 2024, including Steel Safety Days with a focus on noise protection, continuation of the Group-wide “Workplace Safety Hour”, implementation of Management Board visits, and training courses for safety officers carried out with the German Employers’ Liability Insurance Association for Wood and Metal (Berufsgenossenschaft Holz und Metall, BGHM).

As part of the Power4Steel transformation project, the Safety and Health department is involved in the planning and construction phase as well as in preparing for the operating phase of the new plants.

Dillinger concluded 2024 with 11 lost-time accidents requiring at least one day of leave due to injury (2023: 14) and a lost time injury frequency rate (LTIFR) of 2.0 (2023: 2.5; number of accidents requiring at least one day of leave due to injury per 1 million hours worked).

Fostering young talent

Dillinger continues to invest in training and fostering young talent and provides vocational training at a consistently high level in order to counter a possible shortage of skilled employees resulting from demographic change. In 2024, 81 young people started their careers in the company (2023: 111). As a result, the company trained a total of 278 young workers (2023: 261), when all training class years are included. For many years now, the company has also maintained partnerships with universities in order to help support young university graduates. Currently, a total of 14 students are completing cooperative studies at the company with Saarland University of Applied Sciences (HTW saar) and Saarland University (UdS). 9 of the 14 students attend a technical program and 5 attend a commercial program.

Gender Diversity

The overall percentage of women in the total workforce at Dillinger at the end of 2024 averaged 7.6 %. When considering this ratio, sector-specific and sociocultural circumstances must be taken into account. Dillinger takes measures at various levels to continuously increase the proportion of women, such as by continuously increasing the proportion of female trainees, offering a wide range of part-time employment, the option of mobile

working and the possibility of childcare through the company-supported daycare center. Dillinger has once again been certified as a family-friendly company. Women primarily hold management positions in the administrative area, but some management positions in the technical area were also filled by women last year. In the context of the assumption of operating tasks by the majority holding company SHS – Stahl-Holding-Saar, such as in the area of central staff functions, a considerable percentage of female employees and managers are represented in the holding company. Consequently, the percentage of female employees in the total workforce here, at 30.1 %, is significantly higher than at Dillinger.

Within the framework of Section 111 (5) of the German Stock Corporation Act (AktG), the target quota of 30 % for the percentage of women on the supervisory boards was set for all companies in Saarland's steel industry (SHS - Stahl-Holding-Saar, Dillinger and Saarstahl). The Supervisory Board of Dillinger will deal with the issue in the case of new appointments at the Board of Management level in accordance with Germany's law regarding equal participation of women and men in executive positions (FüPoG II).

Within the framework of Section 76 (4) of the German Stock Corporation Act (AktG), the Dillinger Board of Management has set a target quota of 15 % for the percentage of women in management positions. The analysis relates to senior executives and includes the first and second levels of the hierarchy as well as the positions equivalent to the two top levels of management in terms of their importance for the company.

Research and development

The projects of the research and development departments contribute decisively to maintaining a leading position in the global competition among heavy plate manufacturers. Research activities along the value chain – from coke and hot metal production to steel production and heavy plate production – focused again in 2024 on process and product improvements, quality optimization and, in particular, preparations for production via the future electric furnace route.

Production of coke and hot metal

As part of the transformation project, hydrogen-based direct reduction was a focus of hot metal production technology. With regard to the blast furnace process, the focus was on predicting and extending the service life of the refractory lining of the blast furnaces.

Steel production

The transformation project continues to raise issues that are being addressed by Steel Plant Technology and Research. In addition to quality and process technology, the focus here is primarily on material flows. Transformation-related research is also being carried out as part of the European TransZeroWaste project to develop methods for processing ferrous residues such as oily mill scale so that it can be recycled in direct reduction processes and/or electrical steel production. Another European research project (RFCS "SUNSHINE" project) was launched to optimize the continuous casting process.

Heavy plate production

Product-focused Research & Development continued its microstructure-based materials development in the current financial year, supported at times by the targeted involvement of external institutes and research facilities. Furthermore, the focus on material-related issues established in 2023 in connection with the "green" transformation was systematically intensified and advanced by the M2i, Mari Steel and MOWSES projects launched in 2024. Customer needs have been translated into product developments that could be used on an industrial scale. Notable in this context is the successful conclusion of the project funded by the German Federal Ministry of Economics and Climate Protection (BMWK) to develop steels for high-performance welding of monopile foundations.

Raw material procurement and transport

Over the course of 2024, global market prices for premium coal fell from over USD 300/t to USD 200/t. The average price for the year was USD 240/t, which is back at the historical annual average. Prices are currently even at pre-crisis levels (COVID, Russia/Ukraine) of around USD 200/t, which is partly due to the weaker global economy; a renewed exceeding of the historical annual averages is currently not foreseeable, but the downside potential is limited due to the cost structures of the mines.

The iron ore market was again very volatile, ranging between USD 144/t and USD 90/t. The annual average was USD 110/t, which was below the prices in 2023.

The sea freight market recovered again in 2024 compared to the previous year, which was partly due to increased freight rates because of uncertainties in the Suez Canal (Houthi attacks). To counteract this momentum, the mix of freight rates agreed for the medium to longer term, while at the same time taking advantage of opportunities on the spot market, has proven to be a dependably successful method for ROGESA and ZKS.

The companies in the SHS Group transport at least 80 % of their incoming and outgoing goods with environmentally friendly means of transport such as rail and ship. Transportation costs tended to fall slightly over the course of the year, which was almost exclusively due to lower oil prices and, consequently, lower diesel prices. Transport costs in the road sector, on the other hand, have risen due to the renewed increase in tolls. Rising costs were already recorded in the Rail Logistics division over the course of the year. Appropriate measures were taken to counteract the cost increases in some areas.

External risks have increased significantly over the course of 2024 and pose many challenges for logistics. Of particular note here are the floods in Saarland and the surrounding regions over the Whitsun holiday, which led to the suspension of inland navigation for more than 14 days, and damage to the lock gate at the Müden lock on 8 December 2024, which led to the suspension of shipping traffic. Impacts from the latter event lasted well into the new year. Both events required a very intensive rerouting of goods flows to rail and truck transport.

The conversion of almost the entire process chain to "green" steel also has a massive impact on the raw material mix to be

procured. In addition to shifts in quantities, new raw material qualities also must be procured: for the DRI plant, for example, this concerns significantly higher quality DR pellets, and for the electric furnaces, other forms of carbon carriers and aggregates as well as electrodes and scrap must be purchased.

Environmental protection

In keeping with its corporate vision and environmental guidelines, Dillinger consistently strives for sustainable and ecologically sound resource management and production throughout the company. Extensive investment in state-of-the-art technologies helps reduce environmental impacts and continuously improves energy efficiency, not least because innovative product solutions made from steel contribute in important ways to environmental protection (see the section on “Sustainability”).

Transformation

One of the biggest tasks in the Environmental Protection department in 2024 was its responsibility for guiding the management of Federal Emission Control Act (BImSchG) applications at the Dillingen sites. The permit application for the new electric furnace and the DRI plant was submitted in 2024. Since additional areas within the steel plants will be used for the planned new buildings, the work on nature conservation reports and planning of resettlement and replacement measures was supervised. In addition, two development plans at the Dillingen site (Dillingen and Saarlouis) were successfully completed with the adoption of the resolutions by the city councils.

Environmental management

Dillinger, ROGESA and ZKS underwent the 2nd surveillance audit of the environmental management system in accordance with DIN EN ISO 14001:2015 in spring 2024. The audit team attested to the maintenance and improvement of the system and the extension of the certificate was confirmed by the certification company.

IED inspections and emission control

In the context of European Industrial Emissions Directive (IED) environmental inspections, official inspections were conducted during 2024 of ZKS, ROGESA including the D1 and D2 steam boiler plants, the blast furnace, and heavy plate rolling mill 2 including heat treatment furnaces. There was a deviation in the Basic Oxygen Furnace (BOF) plant, which is currently being processed.

Incident inspection at ZKS and at ROGESA

The annual incident inspection at ZKS and at ROGESA was carried out in 2024 by the State Office for Environmental Protection and Occupational Safety (LUA). There were no deviations. The safety report and the associated ZKS documents were finalized in 2024 in coordination with LUA and handed over in person to LUA and the Saarlouis Lower Disaster Control Authority.

REACH, self-generated hazardous substances[1]

Tasks related to REACH included checking the REACH relevance of substances imported by Dillinger, checking the obligations relating to placing substances on the market, and collecting and preparing information for registration. In addition, evaluations of analyses were coordinated internally and registration dossiers were created. Tasks also included reviewing European developments regarding REACH and CLP, recording the initial and updated framework conditions, and providing internal implementation support. Ongoing cooperation with the European Confederation of Iron and Steel Industries (EUROFER) also continued.

Minerals

The quality assurance system for the plant’s own production control for by-products from granulated blast furnace slag, blast furnace lump slag and LD slag again successfully passed the external audits by “l'Université Gustave Eiffel” and “Güteschutz Beton” in the financial year. The certificates in accordance with the EN 13242+A1 standard have been extended.

Calculation of product carbon footprints (PCF)

As part of the sustainability strategy, a CO_2-equivalent value was calculated as a sustainability indicator specifically for the heavy plate product in accordance with the DIN ISO 14067/IPCC AR6 GWP100 standard (based on data for the year 2021).

Corporate Carbon Footprint (CCF) for the SHS Group as a whole

In addition to emissions for specific products, the consolidated balance sheet for the Group as a whole is an important basis for strategic projects as well as for communication with stakeholders and sustainability indexes such as SBTi, CDP and EcoVadis (see “Sustainability”). As part of the climate protection objectives, the upstream chain, represented by Scope 3 emissions, was examined in greater detail and a screening of upstream chain emissions was carried out. In the CCF report, all 15 categories of the upstream and downstream value chain are considered for the first time and all relevant categories are reported accordingly.

Most significant shareholdings

Zentralkokerei Saar GmbH, Dillingen

Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl AG each hold an indirect 50 % interest in Zentralkokerei Saar GmbH (ZKS). The ZKS produces coke exclusively for use in the blast furnaces of ROGESA Roheisengesellschaft Saar mbH. Total coke production in 2024, at 1,290 kt, was at a comparable level to the previous year’s production (2023: 1,285 kt). ZKS is a company without employees. Personnel required for operation of the coke plant are provided by Dillinger. Investments at ZKS in 2024 amounted to € 2.5 million (2023: € 4.2 million).

ROGESA Roheisengesellschaft Saar mbH, Dillingen

ROGESA Roheisengesellschaft Saar mbH (ROGESA), in which Dillinger holds a 50 % interest (indirect and direct), produces hot metal exclusively for its shareholders, Aktien-Gesellschaft der

[1] REACH: Registration, Evaluation, Authorization and Restriction of Chemicals

Dillinger Hüttenwerke and Saarstahl AG. Operational management of ROGESA, as a company without employees, lies in the hands of Dillinger.

At 3,903 kt, hot metal production by blast furnaces 4 and 5 in 2024 was 10.3 % higher than the previous year's output (3,539 kt). In the reporting year, 2,017 kt (2023: 2,065 kt) were delivered to Dillinger and 1,886 kt (2023: 1,474 kt) to Saarstahl. Investments at ROGESA in 2024 amounted to € 31.4 million (2023: € 7.1 million).

Along with STEAG New Energies GmbH (49.9 %) and VSE AG (25.2 %), on 31 December 2024, ROGESA held a 24.9 % stake in Gichtgaskraftwerk Dillingen GmbH & Co. KG, which leases a 90 MW power plant at the Dillingen site to the operators of the combined heat and power plant, Dillinger, ROGESA, and ZKS, for electricity generation. With effect from 1 January 2025, ROGESA acquired the remaining 75.1 % of the shares in Gichtgaskraftwerk Dillingen GmbH & Co. KG, Dillingen/Saar.

Dillinger France S.A., Dunkirk

Dillinger France S.A. is a wholly owned subsidiary of Dillinger and operates a rolling mill in Dunkirk, where heavy plate is produced for Dillinger. Dillinger supplies semi-finished products for processing.

Total production of plate fell from 549 kt in 2023 to 495 kt in 2024. The reasons for this decline in production were orders that led to lower productivity due to their technical requirements as well as a longer annual shutdown for maintenance work in the rolling mill, with the aim of increasing reliability and availability. Participatory and innovative concepts are being pursued to improve performance.

The investment volume amounted to around € 17 million (2023: € 11 million). In addition to investments in the rolling mill, this primarily related to new crane systems and the project for a new office and administration building.

Net sales for the 2024 financial year amounts to €147.3 million (2023: €146.4 million). Following the sale of the shares in a subsidiary in 2023, the result and earnings figures fell below the previous year’s figures. Dillinger France concluded the 2024 financial year with net profit of € 2.1 million (2023: € 7.6 million), EBIT of € 2.3 million (2023: € 7.9 million) and EBITDA of € 17.1 million (2023: € 24.0 million).

The number of employees on 31 December 2024 had risen slightly to 548 compared to 535 in the previous year.

Steelwind Nordenham GmbH, Nordenham

Steelwind Nordenham GmbH is a wholly owned subsidiary of Dillinger that operates a plant in Nordenham for the production of foundation elements for offshore wind farms (monopiles, Mega monopiles and Beyond XXL monopiles). Heavy plate steel in the required grades and dimensions is delivered by Dillinger and its subsidiary Dillinger France in Dunkirk. Monopiles are cost-effective foundation systems whose supporting structure is assembled using heavy plates in thicknesses up to 150 mm. The structural elements have diameters of up to 11 meters, unit weights of up to 2,400 tons and lengths of up to 120 meters.

For Steelwind, the first quarter of 2024 was dominated by the final assembly and delivery of the monopiles for the He Dreiht wind farm. At the same time, prefabrication of the follow-up project Baltic Power began with a total of 78 monopiles. This Polish project will ensure capacity utilization at Steelwind until the end of the third quarter of 2025. Preparations for the American Sunrise project began in the fourth quarter of 2024.

The total operating revenue of Steelwind Nordenham amounted to € 461.5 million in 2024 (2023: € 377.0 million). EBITDA for the 2024 financial year increased to € 81.8 million (2023: € 33.4 million), while EBIT amounted to € 58.0 million (2023: € 17.5 million).

EUROPIPE GmbH, Mülheim an der Ruhr

EUROPIPE GmbH manufactures and sells welded large-diameter pipe made of steel. The diameters of the large-diameter pipes range from 24 inches (610 mm) to 60 inches (1,524 mm). EUROPIPE GmbH is one of the world's leading companies in this market segment. Dillinger holds a 50 % share of EUROPIPE.

The large-diameter pipes are manufactured in Mülheim an der Ruhr and coated by the EUROPIPE subsidiary MÜLHEIM PIPECOATINGS GmbH, Mülheim an der Ruhr.

At € 263 million, EUROPIPE GmbH’s sales revenues in the financial year were significantly lower than in the previous year (2023: € 1,058 million). In line with this, shipments decreased significantly year-on-year with a volume of 153 kt (2023: 553 kt).

The reason for this is the low incoming orders in 2024 of only 210 kt. Only small and medium-sized onshore projects in Europe were booked in the 2024 financial year, as no major projects relevant to EUROPIPE were awarded. Even though the bid pipeline has been increasingly full since summer 2024, there are sometimes considerable delays in the final project awards. EUROPIPE GmbH’s order backlog on 31 December 2024 was at an improved level of 172 kt (2023: 113 kt), as several European projects were booked in December of the year, as well as the first smaller projects in the USA after some time.

Despite the significantly lower turnover, the company managed to achieve a positive annual result of € 0.8 million (2023: € 211 million). This was mainly due to the adjustments to the fixed cost structure implemented in previous years and the use of existing flexibilization instruments such as employment security accounts. EUROPIPE GmbH employed a total of 394 people at the end of 2024 (2023: 394).

EUROPIPE GmbH invested € 6.8 million (2023: € 3.5 million) in tangible and intangible assets in the financial year. Expenditures for further development of its products and the continuous improvement of production and quality assurance methods amounted to € 1.7 million (2023: € 1.4 million).

In Europe, the pace of energy transformation has recently slowed somewhat. An important milestone was therefore the approval of the German hydrogen core network with a length of over 9,000 km in the fall of the year. Even if there are minor delays, this also marks the start of construction of more than 3,500 km of new pipelines in Germany alone. The first projects are

due to be awarded as early as January 2025. At the same time, the activities of the other parties involved in the development of the European core network, with over 27,000 km, have also intensified considerably. Efforts to establish a European network for transporting CO_2 to corresponding storage sites are also intensifying.

The reorganization of EUROPIPE's sales organization is showing initial successes and, compared to previous years, the bid pipeline is very well filled with projects not only in Europe but also in North America and Asia.

Saarstahl AG, Völklingen

With the failure of economic recovery to materialize in 2024, demand for steel in Germany remained at a low level for another year. At the same time, high steel import volumes into the EU from third countries remained unchanged, which in fact led to a continuous increase in the proportion of steel demand being fulfilled over the course of the year. Raw material procurement and energy prices fell for the most part, but energy costs still did not reach an internationally competitive level. Despite these difficult economic conditions, Saarstahl increased its incoming orders compared to the previous year, primarily due to massive reductions in revenue and margin quality.

The increase in customer orders enabled the targeted higher production capacity utilization to be achieved in key operating areas. Plant capacity utilization increased commensurately in the current financial year. As a consequence of uncertain expectations, the expectations in the 2024 forecast were not fully achieved, but production and sales figures increased significantly compared to the previous year; both hot metal procurement (1,886 kt, 2023: 1,474 kt) and crude steel production (2,183 kt, 2023: 1,703 kt) rose by around 28 % for the year as a whole, while shipped quantities increased by 19 % from 1,632 kt to 1,942 kt.

Net sales increased slightly to € 1,858 million in the financial year (previous year: € 1,846 million). With EBIT of -€ 60 million (2023: -€ 75 million) and EBITDA of -€ 18 million (2023: -€ 35 million), Saarstahl closed the year with slightly improved key earnings figures compared to the previous year.

The investment volume for Saarstahl in the 2024 financial year rose to € 55 million (2023: € 40 million). In particular, plans for the upcoming transformation of steel production continued to be advanced at a dramatic pace.

Saarstahl employed 3,347 people (2023: 3,434) at the end of the reporting year. A total of 2,268 people were employed at subsidiaries and affiliated companies of Saarstahl (2023: 1,520).

Risks and opportunities report

Dillinger has implemented a Group-wide risk management system (including a risk-bearing capacity analysis). The methods and tools are continuously developed and are based on recognized standards.

Organization of risk management

The risk management system at Dillinger consists in part of the risk coordinators and officers in the departments and subsidiaries. In addition, the corporate risk management department of SHS handles the coordinating, supporting and consolidating tasks for Dillinger.

The risk management system of Dillinger includes all measures aimed at ensuring systematic handling of risk and is focused on risk transparency, risk controllability and risk communication.

- Risk transparency: The aim of corporate risk management is to identify and highlight the main risks associated with business activities at the earliest possible stage. A systematic and consistent method of analysis and evaluation is used for this purpose.
- Risk manageability: We define this as avoiding, minimizing or transferring identified risks through new or existing risk control instruments. Transfer of risk is handled through the corporate service provider SHS Versicherungskontor GmbH, which is responsible for arranging adequate insurance coverage.
- Risk communication: The Board of Management is informed about the current risk situation at regular intervals and with regard to specific events. Moreover, key risk management issues are discussed with the Supervisory Board.

A network of risk coordinators has been established worldwide to carry out the operational risk management process. Ad-hoc risk reporting has been implemented to supplement the semi-annual risk inventory. This makes it possible to generate a current overview of the risk situation at all times.

The time horizon considered in the risk inventories is not limited. The assessments are generally based on individual assessments by the departments and are not subject to any mathematical/statistical specifications.

The risk topics are analyzed, processed and regularly coordinated with the company management by the corporate risk management department of SHS in coordination with the specialist departments.

As part of the integrated governance, risk and compliance concept, the risk coordinators collect additional information for early identification of compliance risks (preventive risk analysis). Deriving measures is part of the compliance program.

As part of the overall approach to corporate governance, Corporate Auditing is part of the risk management system as stipulated in the German Law on Control and Transparency in Business (KonTraG) and is responsible for setting up an internal management and monitoring system. In this capacity, it is also responsible for the systematic and effective internal auditing of the risk management system.

For external reporting, the information from internal reporting is supplemented and updated. The aim is to transparently reflect the current risk situation. The risk assessment includes quantitative and non-financial qualitative criteria. Based on this information, the risk is classified as low, medium, high or very high.

These categories then reflect the current assessment of the relative extent of risk and are to be understood as a guide to the current significance of the risks for the company.

Organization of opportunity management

Opportunity management at Dillinger involves the systematic handling of opportunities and potentials. It is directly embedded into the work of the Board of Management of Dillinger. The transformation program is contributing in important ways. The key opportunities for Dillinger are discussed in more detail in the following sections.

Strategic opportunities

Steel is indispensable for the sustainable production of renewable energies and for the development of new and climate-neutral mobility solutions. Dillinger is already producing the steels required for the energy and climate transition, among other things.

The conversion to CO_2-reduced or climate-neutral steel production is now entering the next phase. In the next few years leading up to 2028/29, in addition to the established blast furnace route, the new production line with an electric arc furnace (EAF) will be built at the Völklingen site and an EAF and for the production of sponge iron will be built at the Dillinger plant site. Following the funding commitments from the federal and state governments for Europe's largest decarbonization project, the order for the central components is a major milestone on the way to a "green" future for Saarland's steel industry. Saarland's economy will be connected to the German core network for hydrogen, and the Federal Network Agency has approved the hydrogen core network application. The core network is to be developed in phases by 2032. The connection is a precondition for the "green" transformation of the steel industry, which is dependent on large quantities of hydrogen. In addition, the first initiatives to establish a cross-border local hydrogen infrastructure have already been implemented together with various partners from the energy/hydrogen production and infrastructure sectors. Contracts were concluded for the construction of the cross-border hydrogen network mosaHYc, which is to go into operation at the start of DRI production in Dillingen. mosaHYc is intended to ensure the transport of hydrogen to the Dillingen steel plant site so that the production of CO_2-reduced steel (decarbonization project Power4Steel) can start there.

A tendering process for the procurement of local, renewable hydrogen was launched in the reporting year. The aim is to secure locally produced hydrogen for the initial phase of DRI production at the Dillinger site. The tendering process should be completed in the first half of 2025. With connection to a superordinate German or European hydrogen network, the hydrogen share is then to be successively increased to up to 120 kt.

With these plans, Dillinger is seeking to be a pioneer in "green" steel production in Germany and Europe. We need legislation to protect the steel industry, which is of systemic importance for Germany, and to maintain its international competitiveness by creating reliable framework conditions: Gas, electricity and hydrogen must be available in sufficient quantities and at competitive prices. In addition, legislation to protect against cheap steel imports from third countries, especially from the Asia-Pacific region, as well as to reduce bureaucratic burdens and to introduce green lead markets are absolutely essential in order to protect and support domestic steel production. Such foundations are required to successfully implement the politically desired restructuring of the German (and European) steel industry toward low-carbon steel production.

The joint transformation process for Dillinger and Saarstahl also serves to consistently develop new growth potential and to position our company with the corresponding products in promising new business segments.

This includes in particular the expansion of the offshore wind business segment, in which Dillinger has been active in the production of monopiles for more than 10 years with its subsidiary Steelwind Nordenham, in addition to the actual plate production. The company's status in Europe as a solution provider in this area must be maintained and further expanded.

The recyclability of the Dillinger monopiles will be enhanced in the future. This will help fulfill the company's own scrap requirements and increase the proportion of recycled material in downstream products, which will become increasingly important to Dillinger's customers. An initial rough concept for increasing recyclability **has also been** developed in the reporting year, which will now be refined and integrated into the business strategy from 2028 on.

In this context, Dillinger's sustainability strategy produces opportunities. The company's activities in the area of Corporate Social Responsibility (CSR) have been repeatedly recognized. The rating confirms the high quality of sustainability management at Dillinger, which is becoming increasingly important for Dillinger's business partners in particular.

Dillinger's focus on the future is underscored by the new brand design approved jointly with Saarstahl in the reporting year, in which the central elements of the joint transformation brand Pure Steel+ were adopted. The new brand identities symbolize the strategic realignment of Dillinger and mark an important milestone in the development of both companies. This increases both the attractiveness of Dillinger (and Saarstahl) to customers and its attractiveness as an employer to young (management) employees.

Operational opportunities

We are positioning ourselves to successfully remain competitive in the medium and long term, concluding long-term energy supply contracts and launching an intensive sales initiative to leverage and develop new sales opportunities. To further increase competitiveness, Dillinger initiated a "DH program for the future" in the current year to increase efficiency and reduce costs. Implementation of the measures developed to increase productivity, eliminate duplicate structures and bundle sales activities is being systematically expedited.

A long-term electricity supply agreement was concluded with EnBW Energie Baden-Württemberg AG in 2024. EnBW supplies green electricity from the "He Dreiht" offshore wind farm

(planned commissioning at the end of 2025) for the transformation of Saarland's steel industry. The supply of green electricity will enable Dillinger to transform its business activities sustainably and reduce its own future CO_2 emissions during steel production.

Offshore wind farms are playing an essential role in the decarbonization of energy supply in Europe. The offshore wind industry can – and will – make a significant contribution to achieving the CO_2reduction targets. Even though the industry is currently experiencing turbulent times, with project delays and even some project cancellations, the enormous long-term expansion targets are being held to worldwide. Offshore wind is a growth market (see also the remarks regarding external, market and sector risks). Germany is therefore targeting a total offshore capacity of at least 30 gigawatts by 2030, with a further 40 GW to be added by 2045. Dillinger is contributing its part by expanding its technical capabilities with heavy plate and with Steelwind Nordenham.

On the sales side, entering into agreements and partnerships with our customers should provide further impetus to support investments in new, lower-emission steel production.

In the heavy plate sector for safety technology, the aim is to meet the highest safety requirements with a minimum of weight. This opens up new markets for Dillinger thanks to the high-strength safety steels that are recognized and approved by both customers and authorities, such as those in accordance with TL 2350-0000.

A comprehensive IT & digitization strategy is being implemented in order to also further develop from a digital perspective and thus become faster, more efficient and more competitive. This roadmap pursues a consistent modernization of the process & IT landscape and the targeted use of AI in the production environment. In addition, the established IT security measures are being continuously strengthened.

The transmission system operator Amprion is expanding its electricity grid in Saarland to enable it to supply Dillinger and other industries with more electricity in the future. The plans envisage implementation by 2029. Until then, the necessary lines and systems will be successively built.

In March 2025, the German parliament passed an amendment to the Basic Law that exempts spending on defense and security above a certain level from Germany's "debt brake" (Schuldenbremse). A special fund of EUR 500 billion for infrastructure spending and climate protection was also agreed. The Bundesrat has also already given its approval. This will enable the new federal government to take on billions in debt for defense, infrastructure and climate protection, with the aim of generating significant growth for the economy through economic stimulus and investment programs. We also see this as an opportunity for the steel industry in Germany.

Risk report

External, market and sector risks

Demand for steel is suffering considerably from global overcapacity, unfair trade and high energy costs in Germany. This is compounded by low demand, which the World Steel Association forecasts will remain at a low level in the coming year.

Prospects for the European steel market are becoming increasingly difficult due to the combination of weak demand for steel, a downturn in the steel processing industries and a persistently high and highly subsidized share of imports. This affects Germany in particular, where demand has fallen especially sharply. The high cost of electricity, which is not competitive even by European standards, does the rest.

According to the current outlook for the European steel market, apparent steel consumption is falling more sharply in 2024 than previously forecast (- 2.3 % instead of - 1.8 %), albeit less sharply than the 6 % decline in 2023. Prospects for 2024 for production in the steel processing industries have also deteriorated (- 3.3 %, previously - 1.7 %). Recovery projections for 2025 are more modest for both apparent consumption (+ 2.2 %) and production in the steel processing industries (+ 0.9 %). In Germany, the World Steel Association (worldsteel) expects demand for steel to fall by 7 % (forecast in October 2024), after predicting a slight increase in spring 2024.

Other drivers of this situation are the ongoing geopolitical conflicts and the associated economic uncertainties. Following the presidential election in the United States, there is a global threat of open trade conflicts. Within two months, the Trump administration announced a wide range of tariffs for all trading partners, including on cars and steel products. Corresponding countermeasures by other countries, which have either already been implemented or are at least being considered, threaten to create an escalation spiral that would hit Germany particularly hard as an export-dependent nation. One bright spot for the steel industry was the "Steel and Metals Action Plan" announced by the European Union at the end of March, which aims to not only tighten existing safeguard measures but also promises a follow-on trade policy instrument for the period after the safeguards end in 2026. According to the plan, the Carbon Border Adjustment Mechanism (CBAM) is also to be revised and lead markets for green steel will be created.

We are countering these risks with improvements to the cost structure as well as strategic alignment of the product structure. Dillinger continues to focus on the monopile market in the offshore wind sector. The partnership and cooperation with a major customer was strengthened and expanded in the reporting year. The concept of low-emission steel will therefore be given greater importance in future and a circular monopile economy will be achieved. The groundwork has already been laid with various partners to use lower-emission steel from Dillinger in future offshore wind farms. The partners signed a memorandum of understanding aimed at supporting investment in new, lower-emission steel production. More than 100 offshore wind projects worldwide are already using Dillinger quality steel in their foundations.

Risks are seen in a possible increase in the sourcing of offshore wind components from Asia. However, as a producer of super-heavy plate for the offshore wind power sector, Dillinger is one of the major players in the energy transition. To expand offshore capacities, global energy companies are relying on the dependable supply of high-quality steels from and through Dillinger. In addition to the main European market, the United States market is also of interest to Dillinger. The effect of the presidential election on the offshore wind market in the US remains to be seen.

As a producer of monopiles through its wholly owned subsidiary Steelwind Nordenham, Dillinger is also benefiting from the positive market development and is also contributing significantly to achieving the climate targets in Germany and Europe. In 2024 alone, Steelwind delivered foundation structures for more than one gigawatt of offshore capacity. This equals the output of a nuclear power plant.

Developments in the linepipe market, which had been the subject of high hopes, have still not materialized in 2024. This is mainly due to a number of postponed deadlines and significantly delayed project approvals. Nevertheless, there is an optimistic outlook for the expansion of global pipeline structures in the coming years. The parameters for growth expectations for natural gas, CO_2 and hydrogen pipelines are still seen as good.

We assess the risks for Dillinger as **moderate** overall.

Regulatory risks

Amendments to the Climate Protection Act came into force on 17 July 2024. Germany is therefore sticking to its climate targets and aims to become greenhouse gas neutral by 2045. CO_2 emissions are to be reduced by at least 65 % by 2030 and by at least 88 % by 2040 (compared to 1990). The aim is to achieve negative greenhouse gas emissions after 2050. The German government is thus mirroring developments in the EU, where targets and strategies for technical CO_2 sinks have also been implemented with the Net-Zero Industry Act and the Industrial Carbon Management Strategy.

The Climate Protection Act also requires a climate protection program. The Climate Protection Program 2023 was adopted by the cabinet on 14 October 2023. This contains measures for all central economic areas of activity (“sectors”) as well as cross-sector measures. Many of the measures in the current program are now being implemented or have already been implemented. For example, climate protection contracts have been introduced to reduce carbon emissions in energy-intensive industries.

National measures to reduce emissions are supported by the European Union's reform plans to significantly expand European emissions trading. The trilogue agreement to reform the EU emissions trading system provides for, among other things, an incremental reduction in the quantity of carbon certificates – the emission allowances – in the EU Emissions Trading System (ETS-1) by 62 % by 2030 compared to 2005 (previously 43 %). The price of carbon emissions is thus set to increase by this means.

For Dillinger, the stricter rules for emissions trading mean that there will be a significant additional financial burden due to the allowances that have to be purchased. At the same time, we are seeing new steelworks being built on the integrated blast furnace route in countries such as China and India. This directly contradicts policy in Germany and Europe and therefore also means a deterioration in the competitive situation of steel manufacturers in Germany and Europe.

However, Dillinger and Saarstahl are pursuing the forward-looking strategy of producing carbon-neutral steel – this path has been mapped out for Europe, and Saarland’s steel industry is expressly aiming to play a leading role on the continent in this area. The extensive investments decided in 2022 (see comments regarding “Strategic opportunities”) are aimed at decarbonizing Saarland’s steel industry. As early as 2029, up to 3.05 million tons of carbon-neutral steel are to be produced annually in Saarland and up to 4.9 million tons of CO_2 will be saved compared to 1990 levels by increasing the amount of hydrogen used.

The risks are being countered operationally through the climate-friendly restructuring of steel production, including the planned use of hydrogen and development of innovative technologies. To maintain international competitiveness, however, reliable framework conditions must be created and ensured: Gas, electricity and hydrogen must be available in sufficient quantities and at competitive prices. In addition – and in particular – protection against cheap imports from third countries and establishment of green lead markets for CO_2-reduced products are required.

However, many of the necessary external framework conditions have not yet been created. To achieve a global carbon reduction that can be derived from the economic activities of SHS, holistic decarbonization measures are required along the entire value chain, over which SHS has little or no influence. However, these external measures also have an impact on direct emissions at the sites in Saarland, such as through sufficient availability of hydrogen which can replace fossil natural gas. Accordingly, even in the case of transformed steel production, a high monetary burden is to be expected from carbon pricing (which does not exist in this form in other countries), which will be noticeably intensified by the expiry of the free allocation by the carbon border adjustment mechanism (CBAM), the effectiveness of which must be improved.

In January 2024, the funding commitments were received from the German government and operational implementation of the Power4Steel project began. Without the availability of sufficient and competitively priced “green” electricity, and therefore also hydrogen, a successful transformation will not be possible. The same applies to the expected cost shift for the expansion of the electricity and natural gas grids. These costs are the result of political requirements and can and must be seen as a communal task. It is not possible for the transforming industry to bear the sole share of the costs, or even a major share. The above-mentioned framework conditions must be established in this respect by legislators.

Implementation of a “green steel premium” is also a precondition for the economic success of the green transformation.

In view of these circumstances, we continue to classify the risks from regulatory requirements, developments and constant new political (bureaucratic) proposals as **high** for Dillinger.

Risks from operating activities

Production risks

Dillinger's production facilities may be subject to operational interruptions, property damage and/or quality risks. These may be due to the complexity of the manufactured products, to the complexity of the manufacturing processes and technical operating facilities, to human error, or to force majeure. Risks are countered through continuous investment in state-of-the-art systems, systematic methods and innovative diagnostic systems for preventive and condition-based maintenance, as well as the ever-growing use of artificial intelligence. In addition, the quality assurance system, which is certified in accordance with international standards, is being consistently improved.

Procurement risks

The raw materials for the bulk goods required for hot metal production are procured worldwide. The manifold geopolitical crises could therefore have a negative impact on the procurement situation. However, both availability and price conditions as well as transport capacities may be subject to strong fluctuations depending on the current situation and the intensity of other crises.

To minimize risk, a continuous diversification process has been implemented in the procurement of raw materials with regard to sources and qualities. Long-term supply contracts are also concluded to secure supplies. To minimize price risks caused by volatile markets, contractual hedging of quantities and prices is used with the respective supplier or distributor (natural hedge) or with derivatives, depending on the market situation. In addition, alternative possibilities for making the use of raw materials more flexible are constantly being tested and evaluated.

The inflow situation has deteriorated compared to 2023 due to various infrastructure measures, particularly at Deutsche Bahn. The effects of the infrastructure measures relating to climate-neutral transport are coordinated bilaterally and at association level in order to minimize the impact on our industry. New transport systems (e.g. new Innofreight wagons) and the resulting requirements for a new unloading station also initially increase the risk. These cannot yet be definitively estimated at the present time, however.

When providing raw materials for the production facilities, any short-term shortages of input materials have varying degrees of impact on the quality and costs of the various production facilities and steps. Operational countermeasures are used to counteract the risks on an individual basis.

Overall, security of the supply of raw materials, energy and logistical capacities in the required quantities and quality can be considered ensured over the medium term.

As part of the implementation of the obligations arising from the Supply Chain Duty of Care Act, SHS identified key business processes in 2023 and subjected its suppliers to a risk analysis. Implementation of the corresponding supply chain management in the internal areas and in relation to suppliers was the subject of the structured risk management process as well as audits by Corporate Auditing in 2024. Preventive measures were subsequently implemented and remedial measures were defined, which will be continued in 2024 or applied as necessary.

The Moselle ship lock in Müden was damaged by a barge in early December 2024. As a result of the incident, this inland waterway had to be closed. Both the inbound and outbound logistics of Dillinger were significantly affected by this. A crisis management team was set up at SHS level to initiate and monitor the necessary measures, in particular for alternative transportation routes. This considerably reduced the impact on Dillinger.

IT and cyber risks

Information processing contributes in important ways to Dillinger's competitiveness. The availability of correct data and information flows is of central importance. Specific information technology areas are consolidated centrally. Risks exist in the interruptions in key production and management systems within the value chain. The risk of unavailability or risk to integrity can in particular arise due to system access by unauthorized third parties. In addition, the confidentiality of the data and information may be compromised by industrial espionage or sabotage, for example. There are also general threats from cybercrime and cyberfraud. The changing global boundary conditions in 2022 mean that cyber risks are on the rise.

Cyber incidents continued to be the biggest business risk worldwide in 2024 (source: Allianz Report, 2024). Dillinger counters these risks by continuously monitoring and updating the software used and the information technology protection systems by Group IT. At the same time, the Information Security department is being strengthened by increasing staffing levels in order to promote development of an information security management system and respond quickly and appropriately to cyber security events, including threats and incidents.

In addition to the use of modern technologies, emergency planning and drills are part of the information security concept and, alongside practical preparation for possible incidents, serve to continuously optimize IT operating processes. It is essential for effective protection that employees have sufficient knowledge and awareness of cyber risks.

Development of the information security management system, which is based on the internationally recognized ISO 27001 standard, was stepped up in 2024. The aim is to protect and partially certify Dillinger with the security measures provided for this purpose. In addition, a Security Operations Center (SOC) was implemented operationally.

Close cooperation between departments and data protection officers ensures that personal data is always processed in accordance with the regulations of German Data Protection Law.

Human resource risks

For Dillinger as a manufacturer of products with high technological standards and quality, qualified specialists and executives and their strong commitment to the success of the company are of primary importance.

In view of this, Dillinger places great importance on being an attractive employer. There is a general risk of losing skilled employees, and with them, expertise. The company counters this risk by providing training in various vocational fields. To come into contact with suitable people, Dillinger engages in a wide

range of recruiting efforts. The company also promotes collaboration across multiple generations of employees to ensure systematic knowledge transfer to those who will succeed retiring experts and managers. These efforts are supported by specially trained coaches who help to systematically record the knowledge critical to success and transfer it by means of a transfer plan to the successors of employees leaving the company.

As part of the upcoming transformation of the steel industry, highly qualified specialists are increasingly needed and also recruited. Due to the medium- and long-term development of the labor market (including a shortage of skilled workers), a targeted and proactive approach to recruiting potential applicants is a precondition. Corresponding image and advertising campaigns – including development of the Pure Steel+ employer brand – have been initiated and must be continued, especially in the area of training.

Environmental risks
The production processes in hot metal and steel production as well as heavy fabrication involve innate process-related environmental risks including contamination of air and water. Dillinger therefore does everything it can to exclude damage caused by the product or its production through intensive quality and environmental management. The company operates an integrated management system for this purpose that combines quality management, workplace safety, energy safety and environmental protection with incident management. The company also invests continuously in measures that increase the effectiveness of its protection of the environment and fulfill environmental requirements. However, there are still risks in the tightening of environmental constraints and regulations with requirements that may not be economically feasible with current technology.

For information on the environmental risks associated with the transformation project, please refer to the Power4Steel section.

We continue to assess the risks from cyber threats as **moderate** due to the dynamics in this area, and the other risks from operating activities as **low**.

Financial risks
Safeguarding the financial independence of the company by coordinating financial requirements is of central importance for Dillinger. To do so, the financial risks are actively managed and limited. This is supported by integrating the Finance department under the umbrella of SHS. Use of an IT-supported treasury system simplifies control and enables processes to be mapped more efficiently.

Price, volume and currency risks on the procurement side result from concluded delivery obligations for the future. To effectively contain these risks, Dillinger uses financial instruments such as forward contracts and/or derivatives as over-the-counter (OTC) or exchange-traded instruments. The company concludes financial instruments only with counterparts that have an excellent credit rating. Receivables in the area of deliveries and services are continuously monitored. Transactions are always secured by means of credit insurance. The resulting risk of default can therefore be considered low.

A steel producer’s financing of capital-intensive investments in fixed assets is always made at matching maturities, taking into account the expected capital returns and the necessary backing with equity capital. In addition, all major subsidiaries are incorporated in the short- and medium-term financial plan according to uniform standards. During regularly occurring analysis, both the current status and planning are incorporated into the risk management system. This ensures the necessary financial flexibility for Dillinger.

The major task of transformation for the production of green steel and its marketing will result in financing requirements that go far beyond previous financing and will be repaid over a long time horizon. This also increasingly concerns the hedging of long-term procurement and sales contracts. This results in a higher exposure to external risks, in particular interest rate and inflation risks, as well as higher requirements from the monitoring of financing conditions.

To effectively counter these and other fundamental financial challenges of financing the "green"
transformation, a project organization was created that continuously monitors the main potential risks and mitigates them with appropriate countermeasures. Key activities in this regard include:

- Securing the business plan and the financing concept based on it and the underlying assumptions
- Designing and acquiring a resilient financing structure including complementary and alternative components
- Creating a financing reserve to secure liquidity requirements for the "green" transformation
- Continuous monitoring and management of liquidity, interest rate and inflation risks

Independent of this, market risks can influence fluctuations of current market values or future cash flows from financial instruments. Dillinger actively counters these risks through the use of foreign exchange, interest rate and issue hedging transactions. These instruments considerably limit or completely eliminate market price risks.

In general, hedging instruments are not employed separately from the underlying performance-based transaction. They are regularly monitored and analysis is generated for control purposes. The results are incorporated into the risk management system. Any residual risk is considered low. The financial reporting of the listed hedging instruments is presented in detail in the notes to the financial statement and consolidated financial statement under notes to the balance sheet.

The hedging relationship for each risk (except loans) is at the level of an anticipatory portfolio hedge. For hedges in the area of loans, this is done at the micro-hedge level. The variable interest rate of the respective underlying transaction is swapped for a fixed interest rate (SWAP).

Ongoing financial and liquidity plans and a far-reaching cash management concept ensure the company's liquidity at all times. The risks arising from the transformation are offset by a number of mitigating factors that significantly reduce the risk potential:

- Current funding decision
- Established procedure for early drawdown of funding, which allows for largely liquidity-neutral processing of the subsidized disbursements
- Newly established process for funding monitoring

Overall, the financial risks are considered to be **low**.

Legal risks and compliance risks

The company is currently involved in various proceedings, the outcome of which are open. In addition, there is a risk after major proceedings have already been concluded that various civil proceedings will follow or that further settlement discussions will have to be held.

For very specific issues that reach beyond German and French jurisdictions, Dillinger also procures the expertise of external legal practitioners. This is also true for issues that carry a high risk of uncertainty.

The compliance program of the SHS Group and thus of Dillinger was continued in the past financial year by the Compliance Committee. Compliance events and publications on specific topics continue to be used preventively to encourage conduct in accordance with the rules and with integrity. Continued use of an eLearning tool makes it possible to access the training content worldwide and in various languages. An independent, structured procedure for reporting and processing tips has been implemented.

The Human Rights and Environmental Risk Management Unit (BSMU) is responsible for monitoring the SHS Group's specific risk management in accordance with the Supply Chain Due Diligence Act (LkSG),which has been in force since 1 January 2023. The focus in 2024 was on studying efficacy and awareness-raising measures, among other things. Training was also provided on the topics of diversity, equality and inclusion.

A Group Data Protection Officer (iDSB) has been appointed for the practical implementation of the General Data Protection Regulation, which came into force in May 2018. In addition, local data protection officers are appointed where necessary. Online data protection training (e-learning) was carried out during 2024. Further training courses are planned for 2025 and 2026. The data protection coordinators appointed by the divisions were also successfully trained in classroom instruction.

On the basis of a strict but reasonable interpretation of these sanctions, compliance with international sanctions in connection with the Russia-Ukraine war was maintained, especially in connection with the supply of raw materials but also from a distribution perspective as far as foreseeable. The risk of a lawsuit being filed by affected suppliers of the hot iron supplier ROGESA has decreased.

The risks are classified as **moderate**.

Transformation process

The interdepartmental Power4Steel (P4S) project group is responsible for managing and monitoring Europe's most ambitious transformation project.

Due to the enormous importance of the transformation to production of "green" steel for Dillinger, project-related risk management is embedded in the P4S project as a decentralized risk management system, which corresponds to that in the other areas of Dillinger. Decentralized risk management monitors the P4S-specific risk inventory. The key developments and risks relating to the project are consolidated and reported in this section. The opportunities arising from the transformation are described in detail in the Strategic opportunities section. In the course of the risk assessment, the following risk areas should be mentioned at an aggregated level.

The construction project was officially started in the reporting year. To manage the challenging technical and timeline aspects of implementing the project, the company is cooperating with experienced external business partners.

Extensive funding is being provided by the federal government and Saarland to implement the transformation measures. Various control and monitoring measures have been integrated into the awarding process to ensure that the requirements of the funding providers are met and to counter the risk of repayments. One of these is the continuous, project-related auditing of the procurement process and project awards. We are also in regular contact with the authorities responsible for funding; a reporting system has been established in this regard.

A key building block for the success of the "green" transformation is the use of hydrogen as an energy source and thus the existence of a competitive hydrogen economy. This must ensure that hydrogen is available on time, in sufficient quantities and at economical prices. This requires implementation of extensive infrastructure measures at the national and European level, only a very small proportion of which can be controlled or influenced by us. Our focus here is on the German government's national hydrogen strategy. A tendering process for the procurement of locally produced green hydrogen has already been launched at SHS level. This is aimed at identifying hydrogen suppliers in the "Grand Region". The use of electric arc furnaces as core units in green steel production will multiply the demand for electricity. Here too, the availability of sufficient electricity at competitive prices determines the risk situation.

With regard to the existing regulatory risks, please refer to the comments in the section on regulatory risks.

We consider the risks associated with the transformation process to be **high**. We consider the risks associated with technical implementation of the Power4Steel project to be **moderate**.

Overall assessment of the opportunity and risk situation

The technical implementation that has now begun is an enormous challenge for the operating units involved. However, we rate the strategic challenges arising from the continuing difficult

conditions for steel production in Germany, with the economic and geopolitical environment still showing no signs of improvement, to be significantly greater. Nevertheless, we see the transformation program as an opportunity to secure the future viability of Saarland's steel industry. With the approved funding amount of around EUR 2.6 billion, the necessary support is essentially ensured for what is currently the most ambitious transformation project for the decarbonization of steel production in Europe, although further financial security must be provided through loans and equity capital.

Under these circumstances, there are currently no identifiable risks to the company as a going concern.

Forecast report

General economic conditions

General economic conditions

According to the OECD forecast, economic indicators signal little global momentum; the global economy will continue to grow at a stable – but below-average – rate of 3.3 % in 2025 (2026: +3.3 %). The service sector remains the main driver of this growth, while industrial production continues to be sluggish. The central banks will cut key interest rates more slowly than originally expected, which means that monetary policy will continue to have a dampening effect. Geopolitical uncertainties continue to pose a risk and could lead to a renewed rise in energy and raw material prices. Global trade is under pressure due to the sharp rise in freight rates, trade conflicts and political instability in key regions, particularly following the presidential elections in the United States. Growth in the US (+ 2.4 %), the eurozone (+ 1.3 %) and Germany (+ 0.7 %) will be rather subdued compared to the major Asian economies such as India (+ 6.9 %) and China (+ 4.7 %).

The economic growth forecast for China by the OECD is nonetheless subject to uncertainty. Trump's threats pose a significant risk to Chinese trade. The real estate crisis also continues to harbor potential risks. As the growth forecasts for 2024/2025 are already below the Chinese government's 5 % target, it is possible that additional economic stimulus will be considered by China. The outcome of the US election has improved the outlook for the US economy, at least in the short term. In particular, falling corporate taxes and the planned tariffs could lead to an increase in investment from both domestic and foreign sources.

Economic growth in the EU remains weak, although the EU Commission sees certain factors in its forecast that could enable a slight upturn. Growth in real wages and employment could support private consumption, but there are still uncertainties and structural challenges that are weighing on the manufacturing sector in particular – especially on energy-intensive industry and the automotive sector. A significant risk is the possibility of a tightening of protectionist measures by trading partners, which could lead the export-oriented economy into stagnation. Germany acts as a brake on growth in the EU. In addition to economic factors, structural problems are increasingly coming to the fore. Although real disposable incomes are rising and the ECB is considering further interest rate cuts, the current weakness in growth is primarily structural and not just cyclical. The end of the governing "traffic light coalition" will further increase uncertainty, and a political boost for the economy in the first half of 2025 is not to be expected. Trade restrictions imposed by the United States in particular could place a heavy burden on the export-oriented German economy.

Steel market

In its current short-range economic outlook, the World Steel Association (worldsteel) forecasts a slight recovery in global steel demand of around 1 % in 2025 compared to recent years, which have seen a sharp decline. The economic crisis in China in particular is having a significant impact on the global steel markets. According to worldsteel, the Chinese market will continue to decline in 2025, making it the fifth year in a row. The association expects demand for steel in Germany to increase by just under 6 % in 2025. Despite this increase, however, the volume of demand remains exceptionally low compared to previous years.

The steel processing industries are facing particular competitive challenges, especially the energy-intensive sectors, which are developing much more weakly than the industry as a whole. For 2025, EUROFER expects only a "technical" recovery due to the end of destocking, although volumes will remain far below pre-pandemic levels.

Heavy plate market

Demand for heavy plate in Dillinger's core areas – offshore wind, linepipe, steel construction and earthmoving machinery – will remain stable overall in 2025. While development of the hydrogen infrastructure in Europe is giving impetus to the linepipe sector, strong growth in the offshore wind sector is not expected until subsequent years. The mechanical engineering sector has considerably worked off its order backlog and, according to the German engineering association VDMA, once again assesses its situation as worse than a year ago. Important foreign trade policy decisions on future safeguard quotas for third-country imports of heavy plate are due at the beginning of April 2025.

Development of Dillinger

Given the current economic forecasts and foreign trade risks, the year 2025 is defined by a high degree of uncertainty. As a consequence of the current weak investment demand in Germany, partly due to uncompetitive energy costs and the combination of persistently high steel imports into the EU and announced punitive tariffs on deliveries to the United States, there are currently no signs of a far-reaching economic improvement. Proposed changes currently under discussion for safeguard measures to protect the European steel industry, as well as announced political investment initiatives, will not lead to a significant improvement in the short term.

At the same time, an ecological energy transition is motivating strong demand for heavy plate – especially for production of offshore wind farms. Intensified demand will also follow in the fossil energy sector.

Based on the order backlog at the end of 2024, utilization of production plant capacities was secured until well into the first quarter of 2025. In addition, there are longer-term framework agreements in individual consumer segments that already stipulate corresponding heavy plate deliveries for 2025. If customer orders continue as at the beginning of the year, Dillinger expects the capacity utilization of the rolling mills in Dillingen and Dunkirk to remain at the previous year's level. The sales volume of heavy plate is expected to remain stable at the previous year's level.

To compensate for the temporarily lower hot metal supply as a result of the planned interim relining of blast furnace 4 at ROGESA in 2025, Dillinger will increasingly reduce slab stocks, which will reduce the capacity utilization of the steel plant compared to the previous year.

In addition to the economic environment and a continuous increase in the market supply of steel products to the EU, there is ongoing price pressure in the German and European steel sector. The prospects for a significant short-term improvement in prices for heavy plate, which have fallen since the fourth quarter, are judged to be slim. Under these circumstances, Dillinger anticipates average sales, which will, however, be slightly below the previous year's average.

Dillinger therefore anticipates a slight overall decline in net sales revenues in 2025 in the heavy plate market, as well as a positive trend in raw material prices and a continued decline in electricity and gas prices. Restrictive cost management will also be continued.

As a consequence of a longer-term framework agreement concluded in the previous year, capacity utilization at the subsidiary Steelwind Nordenham in 2025 will match or even slightly exceed the high capacity utilization of the previous year. Sales volumes and earnings for the trading and flame-cutting companies are expected to be similar to those of the previous year.

The company anticipates significant year-on-year declines in margins and earnings in the heavy plate market in 2025. Taking into account the positive earnings performance of the subsidiary Steelwind Nordenham, Dillinger expects another high operating result (EBIT) and EBITDA, slightly below the previous year's figures, with improved income from participating interests.

Taking interest expenses into account, expected overall earnings will also be slightly below the previous year's level.

Dillinger is committed to the Paris climate targets and continues to work together with Saarstahl toward the goal of carbon-neutral steel production. This gigantic project requires a comprehensive change in production and presents the companies with immense challenges. At the same time, the "Power4Steel" project to decarbonize steel production through the use of hydrogen, which is being funded with € 2.6 billion by the German federal government and Saarland's state government, offers opportunities to tap into new growth potential. Until the conversion to low-carbon steel production is complete, the companies are consistently pursuing a reduction strategy.

Dillingen/Saar, 31 March 2025
The Board of Management

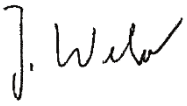
STEFAN RAUBER

JOERG DISTELDORF

DANIËL NICOLAAS VAN DER HOUT

MARKUS LAUER

DR. PETER MAAGH



JONATHAN WEBER

Annual Financial Statement

Aktien-Gesellschaft der Dillinger Hüttenwerke, Dillingen/Saar

Balance Sheet

Assets

€ thousand	Notes	31/12/2024	31/12/2023
A. Fixed assets	**(1)**		
I. Intangible assets		2,684	2,166
II. Tangible assets		607,042	613,313
III. Financial assets		1,236,984	1,249,259
		1,846,710	**1,864,738**
B. Current assets	**(2)**		
I. Inventories			
1. Raw materials and supplies		54,512	45,031
2. Work in process		320,404	203,846
3. Finished products		287,378	313,575
4. Customer advance payments		- 33,028	- 33,299
		629,266	**529,153**
II. Receivables and other assets			
1. Trade accounts receivable		67,019	137,903
2. Receivables from affiliated companies		207,905	274,357
3. Receivables from companies in which the company has a participating interest		45,490	29,858
4. Other assets		60,054	41,621
		380,468	**483,739**
III. Securities			
Other securities		200,100	50,100
IV. Cash and bank balances		226,934	251,094
		1,436,768	**1,314,086**
C. Positive difference from asset allocation	**(3)**	204	457
		3,283,682	**3,179,281**

Shareholders' Equity and Liabilities

€ thousand	Notes	31/12/2024	31/12/2023
A. Shareholders' equity	**(4)**		
I. Subscribed capital		178,500	178,500
II. Capital reserve		378,574	378,574
III. Earnings reserves		1,361,898	1,186,898
		1,918,972	**1,743,972**
B. Accruals and provisions	**(5)**		
1. Accruals for pensions and similar obligations		487,976	514,999
2. Tax provisions		227	374
3. Other accruals and provisions		206,493	229,286
		694,696	**744,659**
C. Liabilities	**(6)**		
1. Bank loans and overdrafts		106,565	136,374
2. Trade accounts payable		78,675	57,331
3. Liabilities toward affiliated companies		349,314	335,866
4. Payables to companies in which the company has a participating interest		18,249	130,408
5. Other liabilities		117,211	30,671
		670,014	**690,650**
		3,283,682	**3,179,281**

Aktien-Gesellschaft der Dillinger Hüttenwerke, Dillingen/Saar

Profit and loss statement

€ thousand	Notes	FY 2024	FY 2023
1. Net sales	(7)	2,287,461	2,614,712
2. Change in inventories and other own work, capitalized	(8)	91,502	10,539
3. Other operating income	(9)	34,569	13,247
		2,413,532	**2,638,498**
4. Cost of materials	(10)	1,692,094	1,834,493
5. Personnel expenses	(11)	306,257	299,358
6. Amortization and depreciation of intangible and tangible fixed assets		53,347	56,322
7. Other operating expenses	(12)	154,975	189,370
		2,206,673	**2,379,543**
8. Income from participating interests	(13)	67,407	63,617
9. Net interest income	(14)	–590	–4,245
10. Taxes on income and earnings		39	187
11. Result after tax		**273,637**	318,140
12. Other taxes		1,355	1,408
13. Compensatory payment to minority shareholders		213	1,004
14. Profit transferred on the basis of a profit and loss transfer agreement	(15)	97,069	115,728
15. Net income		175,000	200,000
16. Transfer to earnings reserves		175,000	200,000
17. Balance sheet profit		–	–

Development of fixed assets

	Acquisition and production cost				
€ thousand	01/01/2024	Additions	Disposals	Transfers	31/12/2024
I. Intangible assets					
Purchased licenses, computer software	22,519	238	352	1,228	23,633
	22,519	**238**	**352**	**1,228**	**23,633**
II. Tangible assets					
1. Land and building	400,962	1,295	180	221	402,298
2. Technical equipment and machinery	1,949,674	13,387	6,003	9,195	1,966,253
3. Other equipment, plant and office equipment	189,806	6,208	5,694	1,544	191,864
4. Prepayments on tangible assets and assets under construction	44,183	28,187	-	- 12,188	60,182
	2,584,625	**49,077**	**11,877**	**- 1,228**	**2,620,597**
III. Financial assets					
1. Shares in affiliated companies	238,600	75	90	- 191	238,394
2. Loans to affiliated companies	12,328	2,600	1,844	-	13,084
3. Participating interests	254,682	2,456	-	191	257,329
4. Loans to companies in which the company has a participating interest	54,500	-	3,000	-	51,500
5. Investments other than loans	607,106	-	-	-	607,106
6. Other loans	85,578	45	9,542	-	76,081
	1,252,794	**5,176**	**14,476**	**-**	**1,243,494**
	3,859,938	**54,491**	**26,705**	**-**	**3,887,724**

	Amortization and depreciation				Net book value	
€ thousand	01/01/2024	Additions	Disposals	31/12/2024	31/12/2024	31/12/2023
I. Intangible assets						
Purchased licenses, computer software	20,353	949	353	20,949	2,684	2,166
	20,353	**949**	**353**	**20,949**	**2,684**	**2,166**
II. Tangible assets						
1. Land and building	298,053	7,734	141	305,646	96,652	102,909
2. Technical equipment and machinery	1,508,138	39,192	5,890	1,541,440	424,813	441,536
3. Other equipment, plant and office equipment	165,121	5,472	4,124	166,469	25,395	24,685
4. Prepayments on tangible assets and assets under construction	-	-	-	-	60,182	44,183
	1,971,312	**52,398**	**10,155**	**2,013,555**	**607,042**	**613,313**
III. Financial assets						
1. Shares in affiliated companies	-	-	-	-	238,394	238,600
2. Loans to affiliated companies	-	-	-	-	13,084	12,328
3. Participating interests	-	-	-	-	257,329	254,682
4. Loans to companies in which the company has a participating interest	-	-	-	-	51,500	54,500
5. Investments other than loans	3,533	2,975	-	6,508	600,598	603,573
6. Other loans	2	-	-	2	76,079	85,576
	3,535	**2,975**	**-**	**6,510**	**1,236,984**	**1,249,259**
	1,995,200	**56,322**	**10,508**	**2,041,014**	**1,846,710**	**1,864,738**

List of shareholdings

€ thousand	Share of capital in % direct	Indirect	total	Shareholder s' equity	Net income 2024	
1. Affiliated companies						
Saarlux Stahl GmbH & Co. KG, Stuttgart	53.0		53.0	10,594	561	
Dillinger Hütte Vertrieb GmbH, Stuttgart	100.0		100.0	4,210		[1]
Ancofer Stahlhandel GmbH, Mülheim/Ruhr	100.0		100.0	26,031		[1]
Jebens GmbH, Korntal-Münchingen	100.0		100.0	19,838		[1]
VAAS Großmechanik GmbH, Altlußheim		100.0	100.0	1,035	985	[3]
Steelwind Nordenham GmbH, Nordenham	100.0		100.0	92,700		[1]
GreenSteel EAF Dillingen GmbH, Dillingen	100.0		100.0	100		[1]
Dillinger France S.A., Grande-Synthe	100.0		100.0	84,813	2,139	
AncoferWaldram Steelplates B.V., Oosterhout	100.0		100.0	65,032	1,173	
Ancofed S.A.R.L., Grande-Synthe		100.0	100.0	95	29	
Trans-Saar B.V., Rotterdam	100.0		100.0	2,720	428	
Dillinger Nederland B.V., Dordrecht	100.0		100.0	175	130	
Dillinger International S.A., Paris	100.0		100.0	1,533	198	
Dillinger Middle East FZE, Dubai	100.0		100.0	43,174	1,448	[2]
Dillinger Italia S.R.L., Mailand	100.0		100.0	189	8	[3]
Dillinger Espana S.L.U., Madrid	100.0		100.0	171	19	[3]

[1] A profit and loss transfer agreement exists.

[2] Figures are translated into € thousand using the average spot exchange rate on 31/12/2024.

[3] Previous year's figure

€ thousand	Share of capital in % direct	Indirect	total	Shareholder s' equity	Net income 2024	
2. Participating interests						
Dillinger Hütte und Saarstahl Vermögensver-						
waltungs- und Beteiligungs-OHG, Dillingen	50.0		50.0	270,713	5,616	
Zentralkokerei Saar GmbH, Dillingen		50.0	50.0	137,212		1)
ROGESA Roheisengesellschaft Saar mbH, Dillingen	24.5	25.5	50.0	301,636		1)
ROGESA Beteiligungsgesellschaft mbH, Dillingen		50.0	50.0	3,126	69	
GreenSteel DRI Dillingen GmbH, Dillingen		50.0	50.0	100		1)
Dillinger Hafen-Umschlagsgesellschaft mbH, Dillingen		50.0	50.0	1,594	60	3)
Saar Industrietechnik GmbH, Dillingen		50.0	50.0	66		1)
Saar Rail GmbH, Völklingen		50.0	50.0	5,200		1)
Saar Stahlbau GmbH, Völklingen		50.0	50.0	5,627	1,699	1)
Dillinger Saarstahl America LLC., Wilmington	50.0		50.0	66	42	2) 3)
Dillinger Saarstahl UK Ltd, Scunthorpe	50.0		50.0	137	- 44	2) 3)
Saarstahl UK Ltd, Scunthorpe		50.0	50.0	175	22	2) 3)
Dillinger Saarstahl Nordic AB, Alingsås	50.0		50.0	176	14	2) 3)
Dillinger Iron & Steel Trade (Shanghai) Co., Ltd.	50.0		50.0	325	72	2) 3)
Dillinger Saarstahl BeLux SA (formerly: Les Aciers Fins de la Sarre SA)	50.0		50.0	8,188	1,231	2) 3)
Dillinger Saarstahl Turkey Demir Celik San. ve Tic. Ltd. Şti.	50.0		50.0	64	8	2) 3)
Dillinger Saarstahl Malaysia Sdn. Bhd	50.0		50.0	67	13	2) 3)
EUROPIPE GmbH, Mülheim/Ruhr	50.0		50.0	124,974	819	
EUROPIPE France S.A., Grande-Synthe		50.0	50.0	- 116	0	
MÜLHEIM PIPECOATINGS GmbH, Mülheim/Ruhr		50.0	50.0	18,208	185	
Saarstahl AG, Völklingen	25.1		25.1	2,447,176	– 36,094	4)

[1] A profit and loss transfer agreement exists.

[2] Figures are translated into € thousand using the average spot exchange rate on 31/12/2024.

[3] Previous year's figure

[4] Consolidated profit

Cash flow statement

€ thousand		FY 2024	FY 2023
1.	Period result before profit transfer	272,282	316,732
2.	Amortization and appreciation on fixed assets	56,322	56,322
3.	Increase/(Decrease) in provisions and accruals	–53,216	16,772
4.	Increase in inventories, trade accounts receivable and other assets not attributable to investment or financing activities	–25,419	6,316
5.	Increase/(Decrease) in trade accounts payable as well as other liabilities not allocated to investment or financing activities	–99,597	46,236
6.	Profit from the disposal of fixed assets	–47	–1,565
7.	Interest expenses not allocated to investment or financing activities	–2,392	3,962
8.	Other income from shareholdings	–67,407	–63,617
9.	Income tax expense	40	187
10.	Income tax payments	–249	135
11.	**Operating cash flow**	**80,317**	**381,480**
12.	Payments for investments in intangible assets	–238	–4
13.	Proceeds from disposals of tangible fixed assets	1,823	1,444
14.	Proceeds from public subsidies for intangible assets and tangible fixed assets	80,654	0
15.	Payments for investments in tangible fixed assets	–129,731	–81,727
16.	Proceeds from disposals of financial assets	14,420	14,595
17.	Payments for investments in financial assets	–5,175	–423
18.	Proceeds/(Payments) resulting from financial investments as part of short-term financial resource management	109,223	–60,790
19.	Interest received	22,961	17,387
20.	Received dividends and profit and loss transfers	39,047	92,204
21.	Payments due to compensation obligations	–6,927	–6,745
22.	**Cash flow from investment activities**	**126,057**	**–24,059**
23.	**Free cash flow**	**206,374**	**357,421**
24.	Proceeds from loans	0	25,000
25.	Payments from the amortization of loans	–29,809	–48,662
26.	Interest paid	–17,449	–16,662
27.	Proceeds/(Payments) resulting from financial investments as part of short-term financial resource management of DHS	0	–20,000
28.	Dividends paid to shareholders	–116,732	–178,869
29.	**Cash flow from financing activities**	**–163,990**	**–239,193**
30.	**Net change in cash and cash equivalents**	**42,384**	**118,228**
31.	**Cash and cash equivalents at the start of the period**	**301,194**	**182,966**
32.	**Cash and cash equivalents at the end of the period**	**343,578**	**301,194**

Offsetting and reconciliation of cash and cash equivalents

	31/12/2024 € thousand	31/12/2023 € thousand	31/12/2022 € thousand
Cash and bank balances	226,934	251,094	182,966
Other securities	200,100	50,100	0
Current liabilities from public subsidies	- 83,456	0	0
Cash and cash equivalents	**343,578**	**301,194**	**182,966**
Net change in cash and cash equivalents	**42,384**	**118,228**	

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