

~ 165,000
Products



€6,632
million
Sales



~ 120
Locations



€136 million
EBITDA
before material
special effects

2024

Annual Report

KEY FIGURES

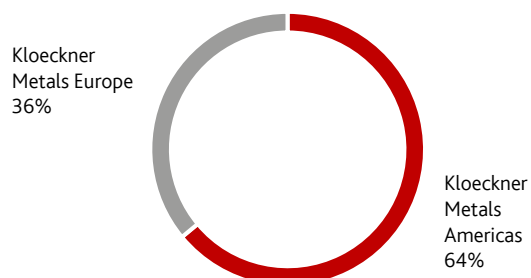
Klöckner & Co SE

in € million		Group					Change 2024-2023
		2024 ¹⁾	2023 ¹⁾	2022 ¹⁾	2021	2020	
Shipments	Tto	4,453	4,248	4,193	4,881	4,873	205
Sales		6,632	6,957	8,337	7,441	5,130	-324
EBITDA before material special effects		136	190	355	848	111	-54
EBITDA		109	190	407	879	52	-81
EBIT		-20	66	299	754	-93	-86
EBT		-83	16	270	748	-124	-100
Net income		-146	0	213	629	-114	-145
Earnings per share (basic)	€	-1.47	-0.01	2.08	6.21	-1.16	-1.46
Earnings per share (diluted)	€	-1.47	-0.01	1.90	5.58	-1.16	-1.46
Cash flow from operating activities		160	287	360	-306	161	-127
Cash flow from investing activities		-121	-432	-34	-60	-62	310
Free cash flow		39	-145	326	-366	99	184
Net working capital ²⁾		1,369	1,489	1,789	1,813	967	-120
Employees (as of December, 31)		6,507	6,375	5,713	7,153	7,274	132
Liquid funds		121	155	179	58	173	-34
Net financial debt		780	775	584	762	351	5
Equity ratio	%	48.6	45.4	51.0	47.1	39.9	3.3%p
Balance sheet total		3,538	3,867	3,859	3,878	2,613	-329

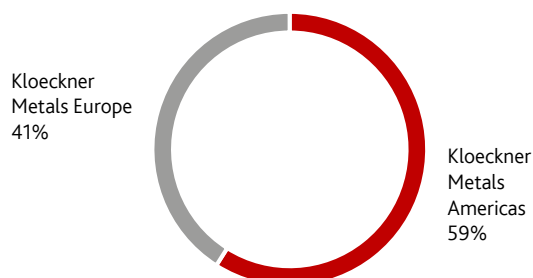
1) In accordance with IFRS 5.

2) Inventories + trade receivables (incl. contract assets) + supplier bonus receivables – trade liabilities (including contract liabilities and advance payments received).

Group shipments^{*)}



Group sales^{*)}



*) Group continuing operations.

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LETTER TO THE SHAREHOLDERS

**Dear Shareholders,
Ladies and Gentlemen,**

Klöckner & Co once again had to hold its own in a difficult economic environment in the past fiscal year. Above all, geopolitical tensions and disruptions in global supply chains resulted in uncertainties and challenges in the core markets relevant to Klöckner & Co, especially in Europe. Demand for steel declined significantly in Europe. The reporting period also saw a sharp fall in steel prices both in the USA and in Europe. This environment had a corresponding impact on our business activities. At the same time, Klöckner & Co continued to develop as a company and made significant progress in implementing the Group strategy.

Our acquisitions in the USA and Mexico in particular meant that we were able to increase shipments to 4.5 million tons. Due to the unfavorable price trend, however, sales declined slightly to €6.6 billion in the full year 2024. In the past fiscal year, operating income (EBITDA) before material special effects amounted to €136 million, while continuing operations recorded a net loss of €-146 million. This resulted in negative earnings per share attributable to shareholders of Klöckner & Co SE of €-1.47. Cash flow from operating activities, on the other hand, was clearly positive at €160 million. Given that our operating cash flow was positive for the third year in a row and that only part of the net income generated in previous years was distributed, we will be proposing a dividend of €0.20 per share at the Annual General Meeting.

Continued consistent implementation of corporate strategy

The basis of our success is the systematic implementation of our Group strategy. We aim to position Klöckner & Co as the leading one-stop shop for steel and metal products as well as higher value-added processing in North America and Europe. Furthermore, we want to establish sustainable business models and further reduce our environmental impact and carbon footprint. Through targeted investment at selected sites in the USA and Germany, we have been able to expand the higher value-added processing and metalworking business in the reporting year. Looking ahead, this is an important step towards reducing our earnings volatility and increasing profitability. We also made good progress in the key strategic areas of digitalization and automation, and continue to work systematically at generating value with minimum manual effort.

"The basis of our success is the systematic implementation of our Group strategy. We aim to position Klöckner & Co as the leading one-stop shop for steel and metal products as well as higher value-added processing in North America and Europe."

Guido Kerkhoff
CHIEF EXECUTIVE OFFICER (CEO)

Increased focus on higher value-added business

In the past 2024 fiscal year, we took numerous measures enabling us to further enhance our focus on higher value-added business. This is characterized by long-term contracts and a high degree of customer specialization, while offering higher profitability and more stable demand. Going forward, this will significantly reduce our exposure to volatile steel price trends.

In this context, the successful completion of the sale of the country organizations in France, the United Kingdom, the Netherlands and Belgium in the first half of 2024 was an important milestone. With this strategic decision, we have increased our focus on higher value-added business and reduced our exposure to volatile, low-margin distribution. As a result, the regional focus has also shifted to North America, which is by far the biggest market, and the attractive "DACH" region (Germany, Austria and Switzerland) in Europe. This realignment not only improves our business performance, but also opens up new opportunities for further growth.

Long-term success through strategic investments and organic growth

After our acquisitions of National Material of Mexico ("NMM") and Industrial Manufacturing Services ("IMS") in 2023, we increased our focus on organic growth in fiscal year 2024. This step is again in line with our goal of focusing more closely on the higher value-added processing and metalworking business in North America and Europe. We have thus systematically transformed our Charlotte and Dallas sites from distribution centers into production and processing centers for higher value-added metal solutions.

Just recently, approval was granted for our investment in a new aluminum processing plant on the site of the aluminum flat rolling mill currently under construction for Aluminum Dynamics LLC (ADL) in Columbus, Mississippi (USA). The plant is scheduled to go into operation in 2026 and will be specialized in the production and processing of aluminum profiles. This enables us to focus specifically on sustainable lightweight solutions and aluminum products that are becoming increasingly important for the energy and automotive sectors. The strategic investment is being made by Kloeckner Metals Corporation (KMC), our US subsidiary, and will accelerate growth in the USA and Mexico. The investment also strengthens our long-standing relationship with ADL's parent company, Steel Dynamics Inc (SDI).

In Europe, too, we want to continue growing in higher value-added business, and we made significant progress in the past year towards achieving this goal. An example of this is the investment in a fully automated sawing and drilling system in Landsberg. In addition, the Kassel site has brought into operation one of Europe's most advanced laser cutting systems, enabling highly precise and efficient metal processing.

Position consolidated as pioneer of a sustainable steel industry

At Klöckner & Co, we see the decarbonization of the steel industry as a strategic opportunity for ourselves and our customers. As part of our sustainability strategy, under the Nexigen® umbrella brand, we provide customers with transparent, CO₂-reduced solutions in the categories of materials, processing, logistics and service solutions that aid in the establishment of sustainable value chains. The successful delivery of first batches of CO₂-reduced stainless steel to technology group GEA in 2024 underscores the successful implementation of this ambition.

With the Nexigen® PCF Algorithm, we have further advanced an innovative tool whose PCF calculation methodology is certified by TÜV SÜD. The web-based technology solution based on this algorithm, Nexigen® Data Services, makes the carbon emission data of the steel and metal products purchased from Klöckner & Co transparent to customers and offers CO₂-reduced product alternatives. Customers are actively supported in their decarbonization efforts, allowing them to make more environmentally conscious decisions.

Our sustainability activities have also once again been recognized by external sources in 2024. Klöckner & Co won the German Sustainability Award for the second time – Europe's most prestigious award for environmental and social commitment. The repeat award highlights the fact that we have successfully integrated sustainability into our business model and are thus making an effective contribution to transformation in the long term.

Sustainability also plays an important role inside Klöckner & Co. Over the turn of the year 2024/2025, we moved into our new corporate headquarters in Airport Garden at Düsseldorf Airport. Airport Garden is a sustainability-certified building and offers a modern and future-oriented working environment.

Major progress in digitalization and automation

Digitalization and automation are important levers in our Group strategy. By automating sub-processes, we gain a competitive advantage and enhance the scalability of our business model. This facilitates our integration of acquired companies and thus also provides a good foundation for long-term profitability. A key to these efforts is Kloeckner Assistant, which automates sales processes and reduces the number of manual interventions per order. Our vision is "zero touch," meaning value generation with minimum manual effort. During the reporting period, we further improved the efficiency of our digital ordering processes in the relevant organizational units and increased the number of digital quotes by more than 26% compared to the prior-year period.

We made numerous strategic decisions in fiscal year 2024 to ensure our Company's long-term future success. A key part in this success is played by the Klöckner & Co workforce. I would like to take this opportunity to thank them for their tireless efforts. With their daily work, they all ensure that we are and remain a strong and reliable partner to our customers.

I would also like to thank our Supervisory Board for their continuing support and advice in shaping our Company. And I thank you, our valued shareholders, for sharing this journey with us and placing your trust in Klöckner & Co.

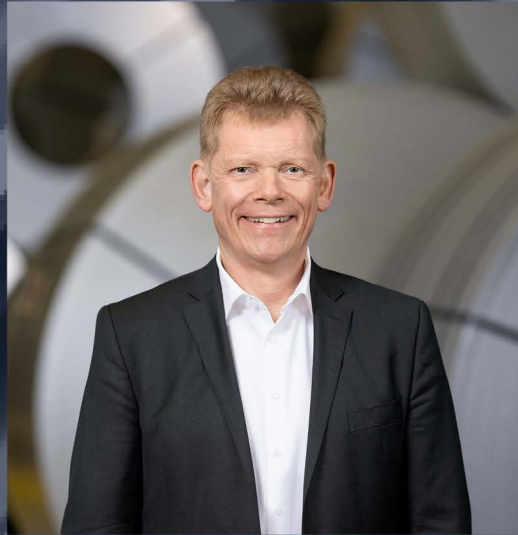
Sincerely,



Guido Kerkhoff
CHIEF EXECUTIVE OFFICER (CEO)



Klöckner & Co SE Management Board



Guido Kerkhoff

**CHIEF EXECUTIVE OFFICER
(CEO)**

Born in 1967, Chairman of the Management Board of Klöckner & Co SE since May 13, 2021 and appointed until August 31, 2026. He is responsible for the coordination of the Management Board and functionally responsible for the divisions Corporate Strategy/M&A, Group HR, Pensions & Insurances, Investor Relations, Internal & External Communications, kloeckner.i (including Group IT), Legal & Governance/Risk/Compliance and Sustainability. In addition, he is responsible for the operational business in the Kloeckner Metals Europe segment and Strategic Procurement.



Dr. Oliver Falk

**MEMBER OF THE MANAGEMENT BOARD
(CFO)**

Born in 1962, Member of the Management Board since August 1, 2019 and appointed until July 31, 2028. As Chief Financial Officer (CFO) he is responsible for Corporate Accounting/Governance & Finance Transformation, Corporate Controlling, Corporate Taxes, Corporate Treasury, Facility Management and Internal Audit.



John Ganem

**MEMBER OF THE MANAGEMENT BOARD
(CEO AMERICAS)**

Born in 1969, Member of the Management Board since August 1, 2019, and appointed until July 31, 2028. As Chief Executive Officer Americas (CEO Americas), he is responsible for operations in the Kloeckner Metals Americas segment.

REPORT OF THE SUPERVISORY BOARD

During the reporting year, the Supervisory Board once again performed, with due care, the duties incumbent upon it by law, the Company's Articles of Association and the Rules of Procedure.

The Supervisory Board supervised and regularly advised the Management Board, and satisfied itself that the Management Board's decisions and actions were legally compliant, orderly and fit for purpose. Where appropriate, the Supervisory Board consulted external experts and relevant studies. The Supervisory Board adopted resolutions as required by law, the Articles of Association or the Rules of Procedure, in each instance after thorough and careful appraisal. This notably included transactions and measures for which the Articles of Association and/or Rules of Procedure require the Management Board to obtain Supervisory Board approval; after in-depth consultation, the Supervisory Board granted the required approval in each case.

The Supervisory Board was involved on a timely basis in all matters of fundamental importance. To this end, the Management Board provided the Supervisory Board with information on planning, the Company's business and financial situation, and all business transactions of importance to the Company and the Group, both in and between Supervisory Board meetings. Supervisory Board meetings regularly included reports on the overall economic climate, the industry situation and the business performance of the Klöckner & Co Group and its segments, key performance indicators and the performance of the Klöckner & Co share price. Risk exposure, risk management, the internal control system and compliance (including data protection and information security) and sustainability topics were also covered in detail. Corporate strategy, among other matters, was discussed in particular detail at the September meeting. In all instances, the Supervisory Board was supplied with comprehensive documentation.

Both in plenary sessions and in committee meetings, the members of the Supervisory Board thoroughly reviewed the Management Board's reports and intended actions and made various suggestions. Information was also exchanged on a regular basis between meetings. Written reporting by the Management Board during the reporting

year once again centered on the detailed monthly Board Reports. Independently of this, the CEO, in most cases together with the CFO, held personal meetings with the Chairman of the Supervisory Board on a monthly basis to report on current business developments, salient issues and upcoming decisions, to discuss them with him and decide on the further course of action.

Organization of the Supervisory Board's work

The six-member Supervisory Board is made up entirely of shareholder representatives. The Supervisory Board has established two committees to carry out its duties: a Presidium and an Audit Committee, each with three members.

The members of the Supervisory Board are Prof. Dr. Dieter H. Vogel (Chairman), Dr. Ralph Heck (Deputy Chairman), Prof. Dr. Tobias Kollmann, Prof. Dr. E.h. Friedhelm Loh, Uwe Röhrhoff and Dagmar Steinert. All of the Supervisory Board members have many years of experience on management and/or supervisory bodies of various entities and, with their expertise, together very effectively cover the full range of responsibilities required by the Company.

The Presidium comprises Prof. Dr. Dieter H. Vogel (Chairman), Dr. Ralph Heck and Prof. Dr. E.h. Friedhelm Loh. The Presidium also carries out the functions of a Personnel Committee and a Nomination Committee. The Audit Committee comprises Uwe Röhrhoff (Chairman), Prof. Dr. Dieter H. Vogel and Dagmar Steinert. Uwe Röhrhoff and Dagmar Steinert, as independent members of the Company's Supervisory Board, each meet the requirements of a "financial expert" with expertise in the field of financial reporting and auditing, and were formally designated as such by the Supervisory Board in its meeting of December 11, 2024. The Audit Committee meets the requirements under the German Corporate Governance Code (hereinafter the "Code") and Section 100 (5) of the German Stock Corporation Act (AktG) with regard to the special expertise of its members. The Audit Committee also acts as the Sustainability Committee. In the latter capacity, it supports the Supervisory Board in monitoring the implementation of the Management Board's sustainability strategy, including sustainability reporting. Further information on the Audit Committee can be found in the Corporate Governance Statement in

this Annual Report. At the plenary meetings, the committee chairpersons reported regularly and in-depth on topics covered in and outcomes of committee meetings. Where permitted by law, certain decision-making powers have been delegated to the committees.

The Management Board is closely involved in the work of the Supervisory Board. All members of the Management Board took part in Supervisory Board meetings. The meetings of the Presidium were attended by the CEO and in some cases the CFO; those of the Audit Committee were generally attended by the CFO and the CEO. In the course of its meetings, the Supervisory Board also regularly consulted without the Management Board. At the Audit Committee meetings on March 5, 2024 and July 29, 2024, which the auditor was asked to attend in the role of expert (to discuss the annual and consolidated financial statements and to discuss the half-year financial report, respectively), a resolution of the Audit Committee was adopted stating that the presence of the aforementioned Management Board members was deemed necessary. In addition, at the meeting on March 5, 2024, the Audit Committee initially consulted with representatives of the auditor without the presence of the Management Board. The July 29, 2024 meeting included a separate agenda item for consultation with the auditor without the Management Board.

It is the individual responsibility of the members of the Supervisory Board to keep themselves informed about current issues and matters relating to their professional practice, and to further their training and professional development. They are supported in this by the Company, which in particular reimburses reasonable expenses for external professional development activities. Moreover, an onboarding program is conducted for newly elected Supervisory Board members. As part of this, they receive a comprehensive information package and the legally required guidance documents. They also have the

opportunity to meet the Management Board and, where appropriate, individual heads of corporate departments. Also during the reporting year, on the occasion of the September meeting of the Supervisory Board, an audit firm provided training that was attended by all members of the Supervisory Board on questions of sustainability reporting based on the CSRD, taking into account the results of the materiality assessment performed for Klöckner.

Meeting attendance

The Supervisory Board held a total of four plenary meetings in fiscal year 2024. In addition, three resolutions were adopted by written procedure. The Presidium met four times in the reporting year and the Audit Committee five times.

Plenary meetings were held in person, with individual members partly attending by video call. The same applied to the meetings of the Presidium in the reporting year, with the exception of the extraordinary meeting on March 28, 2024, which was held as a video conference. Two meetings of the Audit Committee took place via video conference. These were the meetings to discuss the first-quarter interim management statement and the half-year financial report prior to publication in each case. The March, October and December meetings were held in person.

Prof. Dr. Tobias Kollmann was absent from the Supervisory Board meeting on March 5, 2024 due to illness. Otherwise, all Supervisory Board and committee members attended all meetings in fiscal year 2024 (disclosure in accordance with Code Recommendation D.7). The cumulative attendance rate for all Supervisory Board meetings, including committee meetings, was consequently 98%.

	Supervisory Board			Presidium			Audit Committee		
	Attendance	Meetings	Attendance	Attendance	Meetings	Attendance	Attendance	Meetings	Attendance
Prof. Dr. Dieter H. Vogel	4	4	100%	4	4	100%	5	5	100%
Dr. Ralph Heck	4	4	100%	4	4	100%			
Prof. Dr. Tobias Kollmann	3	4	75%						
Prof. Dr. E.h. Friedhelm Loh	4	4	100%	4	4	100%			
Uwe Röhrhoff	4	4	100%				5	5	100%
Ute Wolf	2	2	100%				2	2	100%
Dagmar Steinert	2	2	100%				3	3	100%
Total			95,8%			100%			100%

A detailed member-by-member overview of meeting attendance during the reporting year can be found above in tabular form. The overview can also be found on the Company's website: <https://www.kloeckner.com/en/group/supervisory-board/>.

Supervisory Board meeting agenda items and resolutions

During the fiscal year under review, the Supervisory Board regularly addressed the business situation, strategy implementation and strategy development, governance, risk and compliance issues as well as matters pertaining to the Management Board and Supervisory Board. Multiple meetings also covered reporting on ongoing projects including Group financing.

The Group's business performance in fiscal year 2024 was largely characterized by a decline in demand in the core European markets and a negative steel price trend for much of the reporting period. The USA in particular saw a significant steel price correction, although steel prices also developed negatively in Europe. Steel prices stabilized at a low level only towards the end of the fiscal year. This development in steel prices had a negative impact on Group operating income.

In addition to updates on market and business developments, the main topic of the Supervisory Board meetings was above all corporate strategy. In the implementation of the strategy, the sale of the country organizations in France, the United Kingdom, the Netherlands (excluding the metering business) and Belgium was successfully completed in the fiscal year. The decision was also made to invest in a new aluminum processing facility in the USA, in order to accelerate growth in the automotive and industrial sectors in the important growth markets of the USA and Mexico.

The Supervisory Board and the Management Board watched and analyzed share price performance throughout the reporting year, with a special focus at the extraordinary meeting of the Presidium on March 28, 2024. During the reporting year, capital markets were largely influenced by slowing inflation rates and the associated easing of central bank policies. Market developments were also shaped by geopolitical events. Klöckner & Co's share price followed a negative trend in 2024 and ended the year significantly below the closing price from a year earlier.

The Supervisory Board also closely monitored the financing side. In fiscal year 2023, following the acquisition of National Material of Mexico, the Supervisory Board thus decided to expand the financing arrangements to include working capital financing in Mexico. This was implemented during the reporting year. The Supervisory Board had already addressed the future structure of the syndicated loan and the European ABS program in 2023 with a view to the intended sale of the country organizations in France, the United Kingdom, the Netherlands (excluding the metering business) and Belgium. Following approval by the Supervisory Board, the syndicated loan was consequently increased in the reporting year. In December 2024, the Supervisory Board additionally approved an extension of the syndicated loan in an amend-and-extend process. Also during the reporting year, the Supervisory Board approved a renewal of local financing in Switzerland by switching from the previous bilateral lines to a syndicated credit line.

Significant topics dealt with at the Supervisory Board meetings included the following:

At its meeting on March 5, 2024, the Supervisory Board approved, among other items, the Company's annual and consolidated financial statements for 2023, the Group

non-financial report and the dependency report for fiscal year 2023. Other topics discussed and resolved upon were Supervisory Board matters (proposal for election to the Supervisory Board at the 2024 Annual General Meeting; amendments to the Rules of Procedure for the Supervisory Board and for the Audit Committee with regard to the CSRD Directive) and Management Board matters (the 2023 bonus, amendments to the Management Board remuneration system). Current market and business developments and the corporate strategy were also discussed. Further topics comprised the engagement for the audit of the financial statements, for the substantive audit of the remuneration report and for the review of the sustainability reporting for the fiscal year 2024. Moreover, the Supervisory Board adopted the proposals for the resolutions of the Company's 2024 Annual General Meeting, including the proposal for election of the auditor for fiscal year 2024. The proposal to the Annual General Meeting for the election to the Supervisory Board and the amendment of the remuneration system for the Management Board had been discussed previously under the "Supervisory Board matters" and "Management Board matters" agenda items. In addition, the Supervisory Board approved two investments subject to approval at sites in Mexico, and the acceptance of an external board position by Guido Kerkhoff (as Chairman of Initiativkreis Ruhr).

The Supervisory Board meeting on May 23, 2024 was largely devoted to preparing for the ensuing Company's Annual General Meeting, which was again held in person in the reporting year with the presence of shareholders. Current market and business developments were also discussed.

The Supervisory Board meeting on September 17, 2024 focused on business developments and corporate strategy. Other topics included Supervisory Board matters (preparation of the Supervisory Board self-assessment; updating of the qualification matrix) and Management Board matters (appraisal of the Annual General Meeting vote on the 2024 remuneration system for the Management Board; contract extensions for Dr. Oliver Falk and John Ganem) as well as the possibility of the engagement for the review of the sustainability reporting in the absence of national legislation implementing the CSRD. The Supervisory Board also approved a renewal of local financing in Switzerland and discussed in detail with the Management Board a potential investment in a new facility for aluminum processing in the USA.

At its meeting on December 11, 2024, the Supervisory Board primarily dealt with corporate planning and the budget for fiscal year 2025 (including the three subsequent years), evaluation of the Supervisory Board self-assessment and finalization of the qualification matrix, and the formal designation of the accounting and auditing experts. The meeting also focused on corporate governance matters (the Declaration of Conformity) and Management Board matters (the setting of bonus targets for fiscal year 2025 and target remuneration for fiscal year 2025). Moreover, the annual report on governance, risk and compliance (GRC) topics was discussed and the resolution passed for the engagement for the review of the sustainability reporting. Finally, the Supervisory Board approved the extension of the syndicated loan in an amend-and-extend process and the acceptance of an external mandate by Mr. Ganem.

In addition, three resolutions were adopted by written procedure in the reporting year: On January 15, 2024 for approval of the increase in the syndicated loan, on March 15, 2024 for the engagement of the auditor for the 2024 financial statements and the substantive audit of the remuneration report, and on October 4, 2024 for the final approval of the investment in a new aluminum processing facility in the USA.

Reports from the committees

Presidium:

The Presidium met a total of four times in 2024. The standard agenda items in all ordinary meetings of the Presidium comprised business development, an update on strategy and the agenda for the following Supervisory Board meeting.

The Presidium meeting on March 5, 2024 also dealt with Supervisory Board matters (the proposal for the election to the Supervisory Board at the 2024 Annual General Meeting) and with Management Board matters (the 2023 bonus; amendment of the Management Board remuneration system).

In an extraordinary meeting held on March 28, 2024, the Presidium discussed the development of the share price.

At its meeting on September 17, 2024, the Presidium consulted on the corporate strategy. Other topics comprised Supervisory Board matters (the Supervisory Board self-assessment; qualification matrix) and Management Board matters (appraisal of the Annual General Meeting vote on the 2024 remuneration system).

for the Management Board; contract extensions for Dr. Oliver Falk and John Ganem).

Topics discussed at the meeting on December 11, 2024 included corporate governance matters (Declaration of Conformity), Supervisory Board matters (Supervisory Board self-assessment; qualification matrix) and the budget for 2025. In addition, the Presidium discussed Management Board matters (setting bonus targets for fiscal year 2025, target remuneration for fiscal year 2025).

Audit Committee:

The Audit Committee met five times in total.

At the meeting on March 5, 2024, the Audit Committee dealt mainly with the Company's annual and consolidated financial statements for 2023, as well as the Group non-financial report and the dependency report to be prepared for fiscal year 2023 (in each case with the auditor); the Audit Committee initially consulted with the auditor without the Management Board. At the meeting on March 5, 2024, the Audit Committee also discussed the recommendation for the proposal for the election of the auditor for fiscal year 2024 and for the substantive audit of the remuneration report and the auditor's review of the sustainability reporting for fiscal year 2024 (in each case also including classification of such service as a non-audit service). The Audit Committee saw no need to recommend to the Supervisory Board any additional focal points for the audit beyond the key audit matters yet to be determined for the statutory audit of the financial statements. The expected reaction of the capital market to the 2023 annual figures was also discussed, as were governance matters (internal control system, risk management, compliance, data protection, information security and sustainability) and an amendment by the Supervisory Board to the Rules of Procedure for the Audit Committee with regard to the new requirements under the CSRD.

At the meetings held on April 30, 2024, July 29, 2024, and October 29, 2024, the drafts of the half-year financial report and interim statements were discussed prior to publication (the half-year financial report was also discussed with the auditor). The Audit Committee brought up points and suggestions in the course of the discussion. The expected response of the capital market was also covered. Additional focal issues were the development of the Group's business and financial situation as well as the market situation. All this was discussed with the members of the Management Board in attendance, on the basis of Management Board reports and the key performance

indicators. Furthermore, other topics were regularly dealt with on the occasion of interim reporting, in particular those topics relating to governance (the internal control system, risk management, compliance, data protection, information security and sustainability) and the committee's internal activity list. Another matter discussed at the meeting on April 30, 2024 was the closing process and deconsolidation related to the sold country organizations in France, the United Kingdom, the Netherlands (excluding the metering business) and Belgium. Additional topics addressed at this meeting included a further discussion of the audit findings of the internal audit for the fiscal year 2023 in a follow-up to the December 2023 meeting, a possible adjustment to the audit scope (coverage in relation to sales and total assets) and measures taken by Klöckner with regard to CO₂ compensation. On July 29, 2024, in addition to the above-mentioned topics, the Management Board reported to the Audit Committee, in a follow-up to the previous meetings, on the review of various process issues in the Becker subgroup and the measures taken in this regard. At the meeting on October 29, 2024, the quality assessment of the financial statements audit was prepared and audit planning was discussed for the fiscal year 2024.

The meeting on December 11, 2024 primarily addressed governance matters relating to internal control (the internal control system, the risk report, 2024 internal audit findings and the 2025 audit plan) and the annual report on governance, risk and compliance (GRC) topics. Committee-related topics were also covered, as was the need to prepare a dependency report for the fiscal year. In addition, the Audit Committee discussed the quality of the audit of the financial statements and the engagement of the auditor for the review of the 2024 sustainability reporting (in particular in view of the fact that national legislation implementing the CSRD had not yet been enacted). It also prepared the Supervisory Board resolution designating the auditing and accounting experts pursuant to Section 100 (5) of the German Stock Corporation Act.

At all of its meetings during the reporting year, the Audit Committee additionally addressed the non-audit services provided by the auditor and/or its network firms, including the approval of those services. The Audit Committee also consulted regularly with the auditor without the Management Board's involvement.

Corporate governance and Declaration of Conformity

On December 11, 2024, the Supervisory and Management Boards issued the Declaration of Conformity in accordance

with Section 161 of the German Stock Corporation Act. The Declaration is permanently available to shareholders on the Company's website. It states that Klöckner & Co SE, with one exception, is fully compliant with all recommendations of the Code. Further information on corporate governance can be found beginning on page 76 of this Annual Report. The Management Board and Supervisory Board keep abreast of changes to Code recommendations and suggestions, along with their implementation. They also take part in related consultation procedures as required.

Treatment of conflicts of interest

In relation to the Supervisory Board, no instances of conflicts of interest arose in the reporting year that had to be addressed by the Supervisory Board.

Audit of the 2024 annual and consolidated financial statements including the dependency report and the Group non-financial report; preparation of the remuneration report

Klöckner & Co SE's annual financial statements for fiscal year 2024 and the consolidated financial statements and combined management report were audited and issued with an unqualified audit opinion by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, the auditor elected by the Annual General Meeting and engaged by the Supervisory Board. Klöckner & Co SE's annual financial statements and the combined management report for Klöckner & Co SE and the Group were prepared in accordance with German commercial law. Pursuant to Section 315e of the German Commercial Code (HGB), the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The audit reports and further documentation relating to the financial statements, including the Group non-financial report and the audit report thereon, were made available to all members of the Supervisory Board in a timely manner; the same applies to the dependency report and the audit report on that. These documents were dealt with in detail by both the Audit Committee and the plenary Supervisory Board. In particular, in relation to the annual and consolidated financial statements, the key audit matters described in the relevant audit opinion as well as the audit procedures applied were also discussed. The auditor took part in the discussions, reported on the material findings of their audit and responded to questions. The Management Board was also represented at these meetings (following a corresponding resolution by the Supervisory Board or the Audit Committee, as applicable). In the course of its meeting, the Audit

Committee also consulted with the auditor without the Management Board (in particular on the annual and consolidated financial statements). At the Supervisory Board meeting held on March 5, 2025 to approve the annual financial statements, the Chairman of the Audit Committee reported on the Audit Committee's consultations on the annual and consolidated financial statements and the combined management report. With regard to the risk early warning system, the auditor stated that the Management Board had taken the measures required in Section 91 (2) of the German Stock Corporation Act in an appropriate manner – in particular for establishing a monitoring system – and that the monitoring system was capable of promptly identifying developments threatening the Company's ability to continue as a going concern. The same applies with regard to the internal control system and risk management system (in each case including the compliance management system) to be implemented in accordance with Section 91 (3) of the German Stock Corporation Act. The Supervisory Board noted with approval the results of the audit by the auditor and the explanations provided by the Chairman of the Audit Committee and, on completion of its own examination of the Company's annual financial statements, the consolidated financial statements and the combined management report – as well as in line with the Audit Committee's recommendation – did not raise any objections. With the Supervisory Board's approval of the annual financial statements and consolidated financial statements prepared by the Management Board, the annual financial statements are adopted.

The remuneration report for fiscal year 2024 contained in the Annual Report was prepared jointly by the Management Board and the Supervisory Board in accordance with Section 162 (1) of the German Stock Corporation Act and adopted by the Supervisory Board in its March 2025 meeting – as recommended by the Audit Committee. It was also reviewed by the auditor for its content. This audit did not give rise to any objections.

As part of its examination, the Supervisory Board also examined the Group non-financial report contained in the Annual Report (in the separate sustainability reporting section). The Supervisory Board was supported in its examination by the Company's auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf. The latter was requested to perform, a limited assurance engagement on the Group non-financial report – as a non-audit service – and prepared a corresponding report which it submitted to the Supervisory Board, and reported on its activities verbally

to the Supervisory Board. The report by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, and the Group non-financial report were discussed and validated in detail both by the Audit Committee and by the plenary Supervisory Board. The Supervisory Board noted with approval the findings of the limited assurance engagement performed by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, and, following its own examination – in line with the recommendation of the Audit Committee – came to the conclusion that the Group non-financial report meets the applicable requirements and that there are no objections to be raised.

The report of the Management Board on relations with affiliated companies to be prepared pursuant to Section 312 of the German Stock Corporation Act (dependency report) was audited by the auditor and issued by them with the following unqualified audit opinion:

"Based on our prudent audit and assessment, we confirm that

- the factual disclosures in the report are correct,
- the consideration given by the Company in the transactions listed in the report was not unreasonably high,
- there are no circumstances indicating a materially different assessment of the measures listed in the report than that made by the Management Board."

The Supervisory Board has examined the dependency report. On March 5, 2025, the dependency report and the auditor's audit report were addressed in detail and discussed with the auditor by the Audit Committee and the plenary Supervisory Board; the Supervisory Board noted the results of the audit by the auditor with approval. On completion of its own examination, and in line with the Audit Committee's recommendation, the Supervisory Board concluded that there were no objections to be raised to the dependency report including the Management Board's concluding statement.

Changes on the boards

The composition of the Supervisory Board of Klöckner & Co SE changed in fiscal year 2024 as follows: At her own request, Ute Wolf resigned from the Supervisory Board effective the end of the Annual General Meeting of May 23, 2024, prior to the end of her term of office. The Annual General Meeting of May 23, 2024 elected Dagmar Steinert to the Supervisory Board as her successor. The Supervisory Board and the Management Board would like to thank Ute Wolf for her seven years of service, in which she has supported the Supervisory Board and the Company with her considerable knowledge and expertise.

The composition of the Management Board of Klöckner & Co SE did not change in fiscal year 2024. The terms of office of Dr. Oliver Falk and John Ganem on the Management Board, which were due to expire in August 2025, were each extended during the reporting year by three years to 2028.

The Supervisory Board would like to thank the Management Board, all employees and the employee representatives of Klöckner & Co SE as well as of all Group companies for their dedication and hard work during the past fiscal year.

Duisburg, March 5, 2025



Prof. Dr. Dieter H. Vogel
CHAIRMAN

Supervisory Board

Supervisory Board

Prof. Dr. Dieter H. Vogel

Managing Partner, Cassiopeia GmbH, Düsseldorf, Germany
(Chairman)

Dr. Ralph Heck

Director Emeritus McKinsey & Company, Meggen, Switzerland
(Deputy Chairman)

Prof. Dr. Tobias Kollmann

Professor of Digital Business and Digital Entrepreneurship at the University of Duisburg-Essen, Germany

Prof. Dr.-Ing. E.h. Friedhelm Loh

Entrepreneur, owner and chairman of Friedhelm Loh Stiftung & Co. KG, Haiger, Germany

Uwe Röhrhoff

Independent consultant and member of several supervisory boards

Dagmar Steinert

Chief Financial Officer of Wienerberger AG, Vienna, Austria
(from May 23, 2024)

Ute Wolf

Independent consultant and member of several supervisory boards
(until May 23, 2024)

Presidium

(also Personnel Committee and Nomination Committee)

Prof. Dr. Dieter H. Vogel
Chairman

Dr. Ralph Heck

Prof. Dr.-Ing. E.h. Friedhelm Loh

Audit Committee

(also Sustainability Committee)

Uwe Röhrhoff¹⁾
Chairman

Dagmar Steinert¹⁾
(from May 23, 2024)

Prof. Dr. Dieter H. Vogel

Ute Wolf¹⁾
(until May 23, 2024)

¹⁾ Financial expert.

Klöckner & Co on the capital market

KLÖCKNER & CO SHARES

ISIN DE000KC01000 – German Securities Code (WKN) KC0100

Stock exchange symbol: KCO

Bloomberg: KCO GR

Reuters Xetra®: KCOGn.DE

SHARE PRICE PERFORMANCE

In 2024, global equity markets were marked by declining inflation rates, accompanied by adjustments to central banks' monetary policy strategies. Geopolitical tensions and disruptions in global supply chains exacerbated the uncertainties and challenges on the markets. In the first few months of 2024, the price of the Klöckner & Co share largely moved sideways. The high of €7.01 was reached on February 12, 2024. As the year progressed, the share price declined considerably, reaching a low of €4.41 on November 13. The stock was subsequently able to recover somewhat, but then fell again and closed on December 30, 2024, at a price of €4.44.

KEY DATA – KLÖCKNER & CO SHARE

		2024	2023	2022	2021	2020
Share Capital	€	249,375,000	249,375,000	249,375,000	249,375,000	249,375,000
Number of shares	in shares	99,750,000	99,750,000	99,750,000	99,750,000	99,750,000
Closing price (Xetra®, Close)	€	4.44	6.87	9.24	10.72	8.01
Market capitalization	€ million	443	685	921	1,069	798
High (Xetra®, Close)	€	7.01	10.60	13.30	13.26	8.60
Low (Xetra®, Close)	€	4.41	5.55	6.93	7.51	2.74
Earnings per share (basic)	€	-1.77	-1.91	2.54	6.21	-1.16
Average daily trading volume ^{*)}	in shares	96,159	186,307	457,301	459,318	475,727
Dividend per share ^{**)}	€	0.20	0.20	0.40	1.00	-
Dividend yield based on closing stock price	%	4.5	2.9	4.3	9.3	-
Total dividend paid ^{**)}	€ million	19.95	19.95	39.90	99.80	-

*) Variation from past years due to different scope of trading volume (Xetra; Frankfurt).

**) In each case for the fiscal year. 2024: Proposal to the Annual General Meeting on May 28, 2025.

PERFORMANCE OF KLÖCKNER & CO SHARES COMPARED TO THE DAX, SDAX AND INDEX PEER GROUP (INDEXED VALUES)

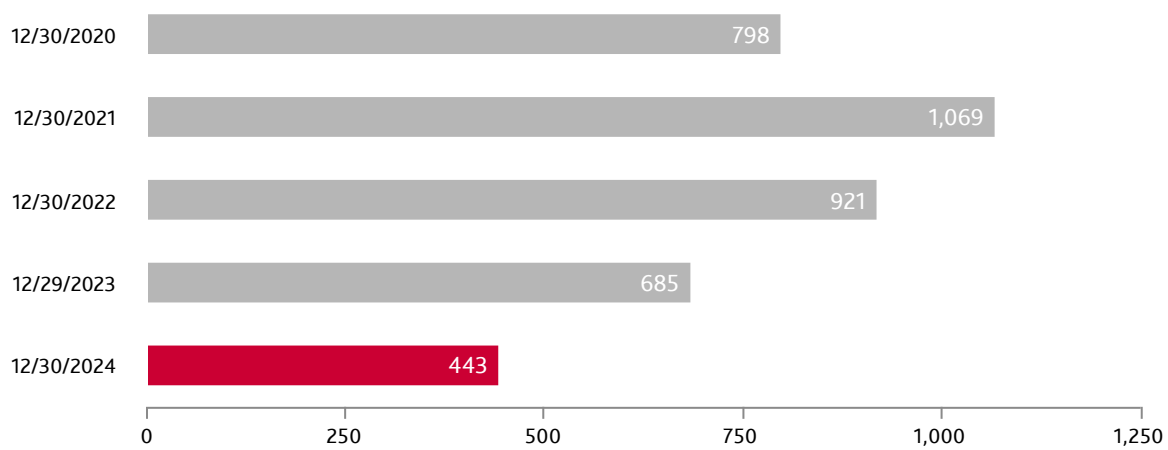


Over fiscal year 2024, the Klöckner & Co share price lost around 35% on the prior-year closing price. The Klöckner & Co share is benchmarked against a peer group index, which lost approximately 29% in the reporting period. This index tracks the share price performance of companies that are comparable to Klöckner & Co and is based on thyssenkrupp, Salzgitter, ArcelorMittal, Voestalpine, Swiss Steel, Reliance, Olympic Steel, Ryerson and Worthington Steel. The German benchmark index DAX® rose by 19% compared to the previous year, while the SDAX® index lost almost 2%. In Deutsche Börse AG's December 2024 joint rankings of DAX®, MDAX® and SDAX® stocks covering a total of 160 companies, Klöckner & Co shares ranked 149th by free float market capitalization.

MARKET CAPITALIZATION

The Company's market capitalization was approximately €443 million at the end of the reporting period, compared to €685 million as of December 29, 2023.

MARKET CAPITALIZATION (€ million)



ANNUAL GENERAL MEETING 2024

The 18th Annual General Meeting of Klöckner & Co SE was held in person in Düsseldorf on May 23, 2024. In total, more than 61% of the voting capital voted on resolutions. All resolutions proposed by the Supervisory Board and Management Board were approved by a clear majority of the shareholders.

Klöckner & Co once again made an online tool available to shareholders in the run-up to the Annual General Meeting. Shareholders were able to register for the Annual General Meeting on our website at <https://www.kloeckner.com>. Using the online service, it was easy to order an admission ticket, submit authorizations and instructions for proxy holders and order postal voting documents. The tool also allows shareholders to request the invitation to the Annual General Meeting electronically through the e-mail service (electronic delivery). For registered users, this replaces delivery by postal mail.

All shareholders were able to follow a livestream of the entire meeting via the online service on the Klöckner & Co SE website, <https://www.kloeckner.com>. In addition, the Annual General Meeting, up to the general debate, was livestreamed on the website for the public. The speeches by Supervisory Board Chairman Prof. Dr. Dieter H. Vogel and CEO Guido Kerkhoff remain available there for viewing.

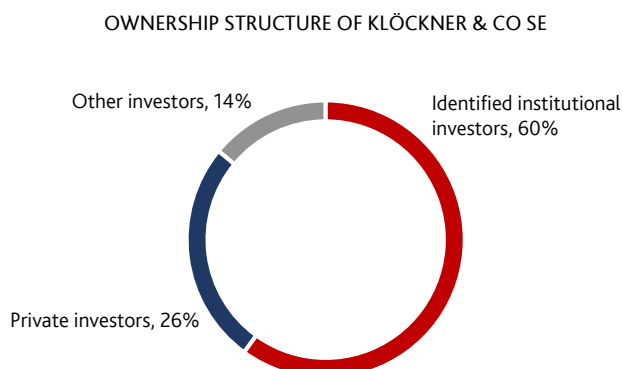
GROUP OF ANALYSTS

As in previous years, analysts continued to show strong interest in Klöckner & Co stock in 2024. During the reporting period, six analysts followed the development of the stock and published a large number of research reports. At the end of the year, five securities firms issued a buy recommendation, while another advised holding the share. No sell recommendation was made. Current analyst ratings can be viewed at any time in the "Investors/Stock/Analysts" section of our company website.

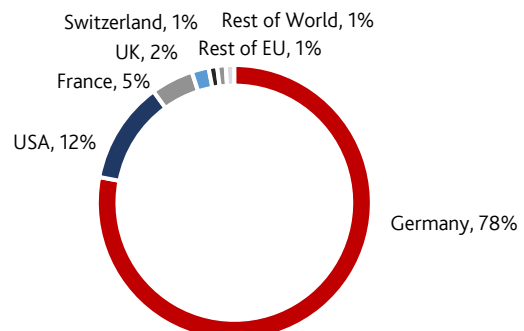
The following banks and securities houses had coverage of Klöckner & Co shares in fiscal year 2024:

Deutsche Bank	Metzler Equity Research
DZ Bank	M.M. Warburg
LBBW	Odfo BHF

OWNERSHIP STRUCTURE



GEOGRAPHIC BREAKDOWN OF IDENTIFIED INSTITUTIONAL INVESTORS OF KLÖCKNER & CO SE



The investor relations team once again commissioned regular analyses in 2024 in order to ascertain the ownership structure and the international distribution of investors. The analyses made it possible to conduct targeted investor relations activities for specific groups and enabled effective roadshow and conference planning. Some 99% of investors were identified as of December 31, 2024. Institutional investors accounted for approximately 60% of share capital held. About 26% of the share capital was held by retail investors.

According to voting rights notifications, SWOCTEM GmbH (Prof. Dr. E.h. Friedhelm Loh) was our largest shareholder at the end of the year with approximately 41.53%. Additional shareholders according to the voting rights notifications were Rossmann Beteiligungs GmbH, The Goldman Sachs Group, Inc., and Dimensional Holdings Inc. (voting rights from shares and instruments).

OPEN AND CONTINUOUS COMMUNICATION

In the course of our investor relations activities, we made intensive use of the fiscal year 2024 to conduct an open and continuous dialogue with all capital market participants. In addition to the Annual General Meeting, members of the Management Board and the Investor Relations team informed existing and potential investors at numerous conferences and roadshows in Europe and North America about the operational business and the implementation of our Group and sustainability strategy.

Detailed information can be found on our Investor Relations website under <https://www.kloeckner.com/en/investors.html>. All important information about Klöckner & Co SE shares is available there in digital form, including:

- Financial statements
- Company and capital market presentations
- Outlook on the development of key performance indicators
- Financial Calendar
- Current data on the share price development

Interactive tools also enable the analysis of our share and key financial figures. We also publish all relevant content on the Annual General Meeting.

Shareholders and other interested parties can also follow current developments at Klöckner & Co SE conveniently via newsletter. To be added to the mailing list, please send a message to ir@kloeckner.com.

The Investor Relations team looks forward to your questions and suggestions. Please feel free to contact us at any time by telephone, email or letter mail.

Contact

Investor Relations

Phone: +49 (0) 211 88245-488

Fax: +49 (0) 211 88245-901

Email: ir@kloeckner.com



Group Management Report

Klöckner & Co SE Combined Management Report for
Fiscal Year 2024

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1. Fundamental information about the Group

The statements marked in the management report with these parentheses [] and the website links are unaudited voluntary content that has been critically read by the auditor.

1.1 Group structure

The Group is divided into two operating segments: Kloeckner Metals Americas and Kloeckner Metals Europe. Headquarters functions not allocated to a segment are reported separately, together with consolidation adjustments, under Holding and other group companies.

Klöckner & Co SE's subscribed share capital remains unchanged at a total of €249.38 million, composed of 99.75 million no-par-value registered shares carrying full voting rights. Since the initial public offering at the end of June 2006, Klöckner & Co SE's shares have been listed on the Frankfurt Stock Exchange's Regulated Market (Prime Standard).

The sale of our distribution business in France, the United Kingdom, the Netherlands and Belgium was successfully completed in the reporting period. In accordance with IFRS 5, the disposal group was already presented as "discontinued operations" in the prior year. For discontinued operations, for both the prior year and the fiscal year under review, all income and expenses are presented separately in the income statement and all cash flows are presented separately in the statement of cash flows until disposal. Deconsolidation took place effective February 29, 2024.

1.2 Business activities/business model

Klöckner & Co is one of the [largest producer-independent] distributors of steel and metal products and one of the world's leading steel service center companies. We act as a connecting link between steel producers and consumers. As we are not affiliated with any particular steel producer, our customers benefit from our wide range of national and international sourcing options spanning some 40 main suppliers worldwide. Our key competitive advantages include economies of scale in global procurement, our broad product portfolio and customer access via an extensive sales and distribution network, in addition to a very wide range of processing services. Klöckner & Co plans to further expand its processing portfolio in order to benefit from the higher-margin processing business and from being significantly less dependent on steel price trends. With a focus on the "DACH" region (Germany, Austria and Switzerland) and North America, our global network provides customers with local access to some 120 distribution and service locations. The high level of availability of our roughly 165,000 products largely eliminates the need for our customers to hold inventory. Our customer base comprises more than 60,000 mostly small to medium-sized steel and metal consumers, primarily from the construction industry, machinery and mechanical engineering, the transportation industry and other metalworking companies.

We provide customers with an optimized, end-to-end solution from procurement through logistics to prefabrication, including individual delivery and 24-hour service – processes we are increasingly digitalizing and automating. For example, we employ a variety of digital applications and tools that provide our customers and business partners with access to a broader spectrum of steel and metal products as well as services. We are constantly developing this digital portfolio in partnership with our customers. In addition, we see significant opportunities in the transformation toward sustainable business models and already offer our customers CO₂-reduced solutions with regard to materials, processing, logistics and circularity solutions together with comprehensive advice in order to help customers build a sustainable value chain.

Our approximately 6,500 employees apply their skills and enthusiasm every day to meeting our customers' needs and wishes. Around 52% of our workforce is employed in Europe and 48% in the Americas.

Both in North America and Europe, the market for warehouse-based distribution and steel service centers is highly fragmented. We have an estimated market share of approximately 9% in Europe and around 7% in the USA, putting us among the [top four distributors and top three steel service centers] in both regions.

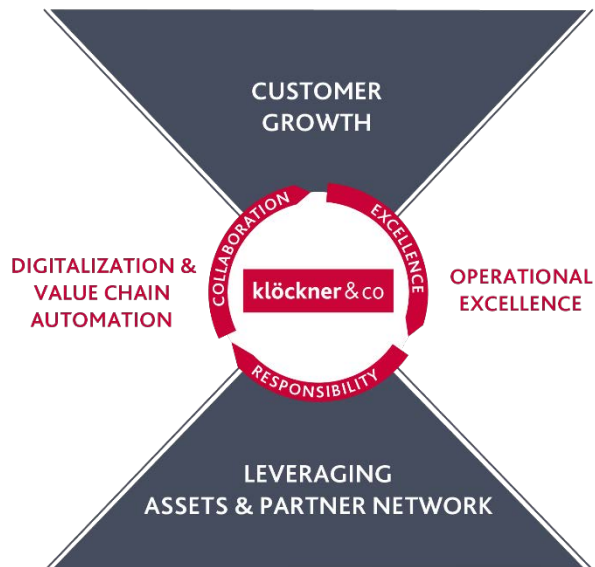
1.3 Corporate strategy

[Our strategy – "Klöckner & Co: Leveraging Strengths"]

In implementing our "Klöckner & Co: Leveraging Strengths" strategy, we focus primarily on four levers: Customer Growth, Leveraging Assets & Partner Network, Digitalization & Value Chain Automation, and Operational Excellence.

We aim to generate added value for all of our Company's stakeholders. And we want customers and business partners to benefit from seamlessly integrated, digitalized and automated processes. For employees, we aim to foster a culture of empowerment and collaboration, upskilling them for the future and enabling them to grow and develop. For shareholders, our focus on a higher level of profitability also means a focus on the sustainable financial success of their investment in Klöckner & Co. Furthermore, we strive to make a positive impact on society and the environment.

We aim to establish Klöckner & Co as the leading one-stop shop for steel and metal products as well as higher value-added processing in North America and Europe. In addition, we want to bring the digital and the physical sides of our business closer together and to continuously improve our internal and external networks. The acquisition of Mexican service center National Material of Mexico and of the US metal components manufacturer Industrial Manufacturing Services, as well as the sale of parts of our European distribution business, further strengthen our focus on higher value-added business and reduce our exposure to volatile commodity markets. Inefficiencies in low-margin steel and metal distribution are still primarily caused by linear supply chains and lack of transparency. By integrating third parties while both digitalizing and automating core processes, we can eliminate existing inefficiencies in the value chain and significantly reduce our variable costs.



Customer Growth

Our goal is to deliver the best solutions for our customers and add value in everything we do. By focusing uncompromisingly on their needs, we aim to achieve the highest customer satisfaction in the industry. This requires an extension of our product and service portfolio and larger regional coverage. The successful acquisition of National Material of Mexico has allowed us to expand our business in North America and increase our presence in Mexico, which is an important region for automotive and industrial customers. As a one-stop shop with a fast-track, best-in-class user experience, we aim to grow our client base and increase our share of wallet: Customers will buy more from us, and more customers will buy from us.

Leveraging Assets and Partner Network

To improve efficiency, we aim to integrate our partners more deeply into internal processes along the value chain while optimizing network and asset utilization through increased international collaboration. We also plan to bring on board new partners with complementary product ranges and competencies outside Klöckner & Co's core portfolio.

Digitalization and Value Chain Automation

Building on our pioneering role in the steel industry, we are further exploiting the significant potential of digitalization and extending it to the level of automation. We develop innovative solutions and continue to digitalize our internal core processes. With seamless, end-to-end process integration featuring a very high degree of digitalization and automation, we can take process speed and efficiency to unparalleled levels along the entire value chain. Our goal is "zero touch," meaning value generation with minimum manual effort. In the reporting period, we improved the efficiency of our digital ordering processes in the relevant organizational units. As a result, the number of digital quotes was increased by more than 26% compared to the prior-year period.

Operational Excellence

In order to deliver the most efficient solutions and best service to our customers, we are continuously improving our operations. Excellence is our benchmark. By eliminating inefficiencies in our internal processes, we are optimizing our operational results and increasing profitability. We continue to further advance excellence in operations and sales through process automation, increased cost and process transparency, data-driven decision-making and organizational measures.

Corporate Values

Our values of Collaboration, Excellence and Responsibility are the cornerstones of our corporate culture and the foundation of our success. We live these values every day; they shape the way we think and the way we work together as a team and with our customers.

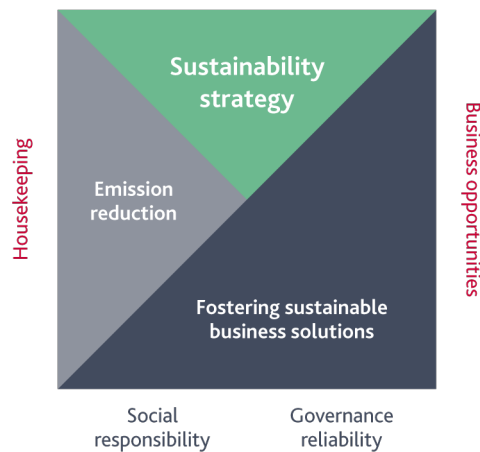
We are committed to responsibility for the environment, safety and our community. This commitment must be reflected in all our actions and decisions. By enforcing the highest safety standards, we ensure a safe working environment that protects our employees. In terms of integrity, we are a transparent, authentic and modern company and deliver on our promises. We demonstrate accountability and commitment to our decisions and actions, and we foster a culture of dealing openly with failures. Our "purpose" – the reason for our existence or the description of what we do to create value for our stakeholders – describes what unites us at Klöckner and demonstrates our positive role in society.

"We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow."

With the initiatives that make up our "Klöckner & Co: Leveraging Strengths" strategy, we continue to merge the digital and physical sides of our business and take them to the next level. Klöckner & Co will thus become the leading one-stop shop for steel and metal products as well as higher value-added processing in North America and Europe.

Sustainability strategy

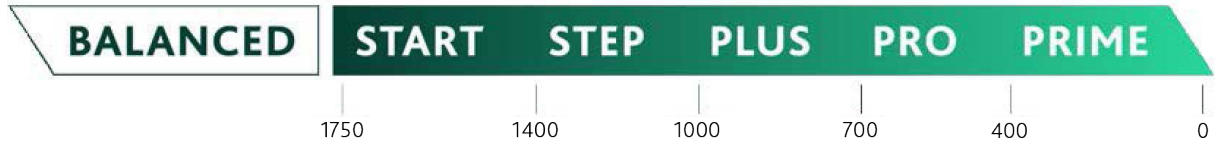
We view our dedicated sustainability strategy from an overarching environmental, social and governance (ESG) perspective and purposefully integrate that perspective. Social responsibility and reliable corporate governance are integral elements here alongside environmental aspects.



We believe that innovation, technology and new business models, in particular, will enable the steel and metal industry's successful transformation to sustainability. As part of our Group strategy, we are consequently working as a pioneer of a sustainable steel industry to establish innovative business models by creating a comprehensive portfolio of sustainable customer solutions. By expanding our product and service portfolio, we are seizing the strategic opportunity to integrate the attractive new business area of sustainable solutions into our business model. We see this transformation as a unique growth opportunity – not just in the future, but right now today.

Nexigen®

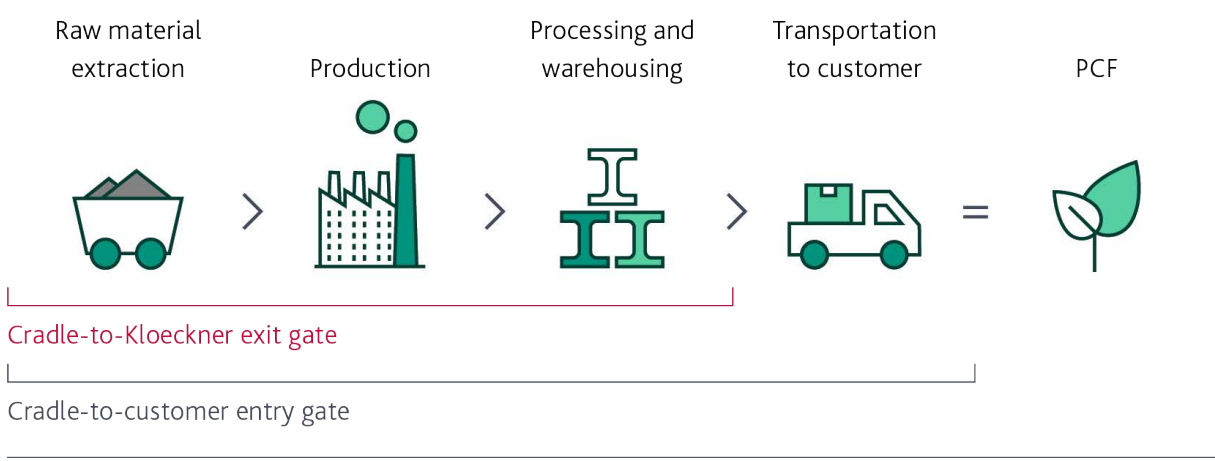
Under our Nexigen® umbrella brand, we have focused our sustainable product and service portfolio across the Group, providing transparent, CO₂-reduced solutions in the categories of materials, processing, logistics, circularity (closed-loop) solutions and comprehensive Sustainability Advisory Services for sustainable customer solutions. In this way, we are already helping customers to source CO₂-reduced steel and metal products, while our smart software solutions give them visibility into the carbon footprint of the products they buy. To provide our customers with optimum support in establishing sustainable value chains, we have introduced rating scales for our CO₂-reduced steel, stainless steel and aluminum products. The calculation methodology is rooted in international, science-based standards and categorizes the CO₂-reduced materials according to their certifiably calculated emissions along the entire value chain from resource extraction to production and processing, or cradle to Kloeckner exit gate. Our scales serve customers as a guide and a comparison tool for determining the carbon footprint of end products. Through partnerships, we already offer our customers CO₂-reduced steel and metal products today.



Categorization for carbon steel, in kg CO₂e per ton of steel.

In addition, we provide customers with an individual product carbon footprint (PCF) for almost every item in our product portfolio. This allows customers to reliably, transparently and easily verify the carbon footprint of a product purchased from Klöckner & Co. With the Nexigen[®] PCF Algorithm, we have developed an innovative tool whose automated PCF calculation methodology is certified by TÜV SÜD. The Nexigen[®] PCF Algorithm's methodology for calculating the PCF follows the internationally recognized Greenhouse Gas Protocol and ISO 14067, ref. 14040 and 14044, and, in accordance with those standards, calculates the product's cradle-to-customer entry gate emissions. As a result, customers have information about the carbon footprint of their materials, thus enabling them to make more sustainable product decisions.

Nexigen[®] PCF Algorithm



With the introduction of Nexigen® Data Services for the active management of product carbon emissions, we have made a further major step towards decarbonizing the steel and metal industry. This digital technology solution will enable customers to view, at a glance, the cradle-to-customer entry gate carbon emission history of all products so far sourced through Klöckner & Co, and automatically receive suggestions for alternative CO₂-reduced products and thus potential for reductions compared to past orders.

Nexigen® DaTa serVices

In recognition of our contribution to the decarbonization of the steel industry, we won the prestigious German Sustainability Award for the second time in succession. Winning the award for a second time highlights the fact that Klöckner & Co has successfully integrated sustainability into its business model and is thus making an effective contribution to transformation in the long term.]



1.4 Control system

Financial performance indicators

The most significant key performance indicators (KPIs) used in the management of Klöckner & Co's business in the year under review were shipments, sales, operating income (EBITDA – earnings before interest, taxes, depreciation and amortization and impairments and impairment reversals on intangible assets and property, plant and equipment) and cash flow from operating activities. These central KPIs were reported and monitored at the level of the Group as a whole as well as at segmental level.

Shipments are a key performance indicator used in management of the distribution business. This indicator is used to monitor growth in the core business as well as to determine capacity utilization, which is important for planning personnel and machine resources. Under our strategy, we continue to build our business model to become the leading one-stop shop for our customers. In line with this, our sales are expected to reach a higher level in the medium term, with reduced volatility. We therefore constantly monitor our sales and margin growth. The most significant KPI for results of operations is operating income (EBITDA), or, if there are material special effects, EBITDA before material special effects. In order to increase its information value as an indicator of the sustainable operating earning power of the business, EBITDA is adjusted for certain material special effects. Special effects are effects that are not attributable to the operating business and/or relate to other periods. They include income and expenses from the sale of real estate and investments, income and expenses for restructuring, and other income and expenses that by nature are not attributable to the current operating business. The indicator makes it possible to present earnings from the operating business and allows better comparison with the corresponding earnings of other companies. The reconciliation of EBITDA before material special effects to EBITDA including material special effects is presented under "Results of operations, financial position and net assets."

Fixed asset intensity ratios tend to be low in steel distribution, while net working capital (sum of inventories plus trade receivables less trade payables) tends to be very high. Alongside operating income, net working capital is the primary driver of cash flow from operating activities. This cash flow thus forms an objective basis for measuring the performance of our business activities.

In addition to these primary key performance indicators, we also monitor other important KPIs. Gross profit is sales less cost of goods sold and is thus an indicator of the Company's value creation. In view of the time lag between the setting of procurement and selling prices, we closely monitor price trends in procurement markets as a supporting measure. Return on capital employed (ROCE) is calculated as earnings before interest and taxes (EBIT) divided by the average capital employed. Net financial debt (financial liabilities less cash and cash equivalents) is an important indicator in the financial management of the Company. Changes in net financial debt also reflect cash generated by the business. Capital markets also take net financial debt into account valuing our Company. For that reason, we constantly monitor gearing (net financial debt/equity), equity and the leverage ratio (net financial debt/EBITDA).

These key performance indicators are the basis of management processes and decision making at strategic and operating level, including for purposes such as investment and acquisition decisions. Changes in the key performance indicators are reported on in the "Results of operations, financial position and net assets" section.

Non-financial performance indicators

We believe that non-financial targets likewise support the Company's success. Accordingly, we have adopted suitable initiatives to improve workplace safety and health in our Company; one example is the Group-wide Safety 1st program. The measures aim to ensure safe working conditions as well as to reduce accidents at work and the costs they entail. Our key performance indicator for this purpose is the lost time injury frequency (LTIF). This is defined as the number of accidents/ number of hours worked x 1,000,000.

On the way to a sustainable steel industry, Klöckner & Co assumes social responsibility while at the same time exploiting the strategic opportunities offered by decarbonization. Our net zero carbon targets have been recognized by the Science Based Targets initiative (SBTi) as science-based targets in the standard validation process. The Group consequently aligns its business activities with science-based targets in order to contribute to limiting global warming to 1.5°C through appropriate measures. Contributing to the achievement of this global target, Klöckner & Co aims for a 62.5% reduction in its directly controllable emissions (Scope 1 and 2) by 2030 compared to the 2019 baseline. The carbon emissions for the 2019 base year and the medium-term carbon reduction target for Scope 1 and 2 have been adjusted to reflect changes in the corporate structure. These adjustments ensure that the data remains comparable from year to year (see also the information in the Group non-financial report).

Digitalization and automation will continue to be a basis for the growth and long-term profitability of the Company as we strive to increase the transparency and efficiency of our supply chains. In 2024, we defined three corporate goals for digitalization. By means of our Kloeckner Assistant and the use of online shops and contract platforms, we aim to continuously increase the digital orders received by digital channels in total orders and the share of digital quotations in total quotations for customers. As a further measure of success in the digital transformation of our business, we have selected the efficiency of the digital ordering processes, defined as the number of manual corrections to orders received via digital channels as a percentage of the total number of digital orders.

Employee satisfaction is a further factor in our business success. At a time when there is a shortage of skilled labor, it helps us retain employees for the long term, which positively impacts the performance and productivity of our business processes. For this reason, we measure employee satisfaction as part of our annual Group-wide employee survey and infer specific improvement measures where necessary.

2. Economic report

2.1 Macroeconomic conditions

Economic environment

Macroeconomic situation

According to the International Monetary Fund (IMF), the global economy grew slightly by 3.2% during the reporting period, with significant regional differences. While economic growth in the US was stronger than initially assumed, the developed economies in Europe tended to be weaker than expected. In many countries, structural problems such as an aging population and low productivity prevented further economic growth. Central bank interest rate hikes also led to a gradual decline in global inflation, but the economic challenges remained: Inflation in the services sector continued to exert upward pressure in many regions, while prices for goods largely stabilized.

According to the IMF, the US economy grew slightly by 2.8% year-on-year in 2024. Economic growth was mainly supported by robust private consumption as a result of real wage increases and infrastructure investment. Government infrastructure programs have strengthened the American economy by encouraging production shifts and attracting additional investment. The period under review saw the Federal Reserve cut key interest rates for the first time since 2020. Based on falling inflation and the first signs of a slowdown in labor demand, the key rate was lowered by a total of one percentage point, leading to an increase in investment and a stabilization of the economy. Reduced uncertainty following the outcome of the presidential election has already contributed to a short-run improvement in manufacturing sentiment.

According to the IMF, the eurozone economy remained constant in 2024 (with an increase of 0.8%) compared to the prior year. The economic growth was mainly driven by improved exports, but investment declined noticeably in the first half of the year, partly due to the high level of economic uncertainty. Despite an increase in disposable incomes, households maintained a high savings rate, thus curbing consumption. Towards the end of the period, a gradual return of consumer confidence and monetary policy easing by the ECB finally led to a slight recovery in domestic demand, but not enough to offset the inhibiting factors.

Despite continued weakness in the real estate sector and deteriorating consumer confidence, China's economic growth slowed only slightly to 4.8% in 2024, mainly due to better-than-expected net exports. The Chinese government implemented an economic stimulus package in the year under review, issuing special government bonds to support low-income households, stabilize the ailing real estate market, and strengthen the capital base of state-owned banks.

Development of GDP (in percent)	2024 vs. 2023
United States	2.8
Mexico	1.8
Europe^{*)}	0.8
Germany	-0.2
Switzerland	1.3
Austria	-0.5
China	4.8

^{*)} Eurozone.

Source: International Monetary Fund, Bloomberg, estimates (in some cases provisional).

Industry-specific situation

According to the World Steel Association, global crude steel production remained constant in 2024 compared to the prior year (with a decrease of -0.9%), totaling around 1,839 million tons. Output in the USA fell slightly by 2.4%, while the European Union recorded slight growth of 2.6%. In China, crude steel production in 2024 was slightly lower than in the previous year (decrease of -1.7%).

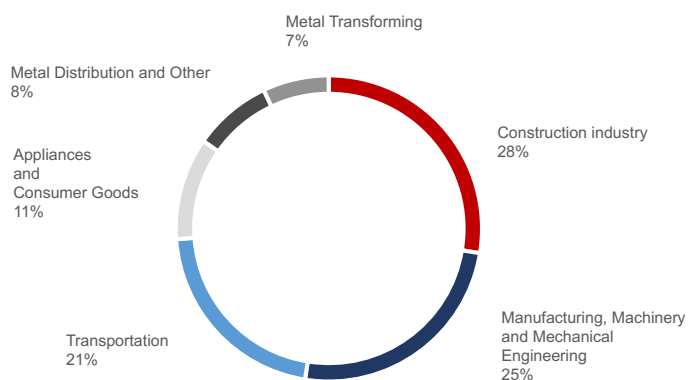
Steel production (in million tons)	2024	2023	Variance
Germany	37.2	35.4	5.2%
EU-27, total	129.5	126.3	2.6%
Rest of Europe	43.2	41.7	3.4%
C.I.S. & Ukraine	84.8	88.1	-4.2%
United States	79.5	80.7	-2.4%
Rest of North America	26.4	28.9	-8.7%
North America total	105.9	109.6	-4.2%
South America	41.9	41.5	0.6%
Africa	22.3	22.0	1.0%
Middle East	54.1	53.2	0.5%
China	1,005.1	1,019.1	-1.7%
Rest of Asia and Oceania	352.7	348.1	1.3%
Asia and Oceania, total	1,357.8	1,367.2	-1.0%
Global	1,839.4	1,849.7	-0.9%

Source: World Steel Association (as of January 2025); partly preliminary estimates.

2.2 Sector environment

Klöckner & Co's highest-revenue customer sector in fiscal year 2024 was the construction industry, accounting for 28% of sales, followed by manufacturing and machinery and mechanical engineering with 25%. The third-largest customer sector was the automotive industry as part of the transportation industry, which accounted in total for 21% of sales.

CUSTOMER SECTORS OF KLÖCKNER & CO SE (BY SALES)^{*)}



^{*)} Group continuing operations.

2.3 Trend in key customer industries

Construction industry

According to Oxford Economics, the US construction industry grew slightly (by 4%) in 2024, driven by strong growth in the nonresidential and civil engineering sectors. Residential construction showed a slight decrease of 2%. The main growth driver for the US construction industry was strong public investment as a result of the Inflation Reduction Act and improved borrowing conditions. Persistently high material costs prevented growth from being even stronger. The eurozone construction industry remained constant in 2024 (0%), while in Switzerland the sector experienced a slight decline (by 1%). A decline in residential construction was largely offset in the period under review by strong growth in civil engineering, which benefited above all from investment in sustainable construction projects and lower ECB key interest rates. The Swiss National Bank also further lowered its key interest rate during the period. However, the industry continued to suffer from a structural labour shortage.

Machinery and mechanical engineering

According to estimates by Oxford Economics, machinery and mechanical engineering in the United States showed a constant trend in the reporting period (0%) compared to the prior year. Monetary policy easing already had a positive short-term impact during the period under review, supporting investment and helping to offset the weakness in aggregate demand caused by high interest rates. In the eurozone, the sector contracted slightly (by 4%). Positive effects from looser ECB monetary policy were unable to offset the overall weakened ability to invest due to low consumer confidence and a further deterioration of the outlook for industry as a whole.

Automotive industry

The global automotive market recorded slight growth (of 1%) in 2024. According to the German Association of the Automotive Industry (VDA), automobile sales in the USA also increased slightly by 2% in the period under review. In Mexico, automobile sales recorded considerable growth of around 10%. Automobile sales in Europe increased slightly by around 1% year on year, but remained visibly below the level seen in 2019. Persistent uncertainty about the future of conventionally powered cars, low consumer confidence and ongoing restraint in consumer spending held back growth in this sector.

2.4 Comparison of the Group's actual business performance with the forecast from the prior year

Our forecast for 2024 was based on the assumption that inflation would slow down and economic conditions in the sales markets relevant to us in North America and Europe would gradually return to normal, with demand picking up as a result. Looking back over the year, macroeconomic conditions remained challenging overall, particularly in Europe. In addition, steel prices underwent a marked correction over much of the reporting period, with steel prices falling especially in the US but also in Europe.

Contrary to our initial expectations, demand for steel and other metals in the Kloeckner Metals Europe segment remained muted due to the continued challenging macroeconomic environment in Europe and did not show the expected increase. As expected, the Kloeckner Metals Americas segment was able to report a considerable increase, while the Group as a whole saw a slight increase.

In line with the forecast increase in shipments in both segments and at Group level, we also expected considerably higher sales. Contrary to our forecast, sales in the Kloeckner Metals Europe segment showed a considerable decrease. The Kloeckner Metals Americas segment achieved a slight increase. In contrast to our forecast, sales also declined slightly at Group level. The decline in sales is mainly due to the steel price correction over large parts of the reporting period.

With regard to EBITDA before material special effects, we forecast a considerable increase for the year under review in both segments and at Group level. As the macroeconomic environment remained challenging, particularly in Europe, and steel prices declined, EBITDA before material special effects did not increase as we originally expected and was considerably down on the prior year.

Following cash flow from operating activities of €287 million in fiscal year 2023, we expected another clearly positive cash flow from operating activities for fiscal year 2024, although considerably below the level of the previous year. At segment level, the Kloeckner Metals Americas segment showed a considerable decline as forecast, while the Kloeckner Metals Europe segment saw a considerable increase as forecast. At Group-level, cash flow from operating activities amounted to €160 million, which as forecast was considerably positive but below the prior-year level.

	Shipments (Tto)		Sales (€ million)	
	Development 2024	Forecast 2024	Development 2024	Forecast 2024
Kloeckner Metals Americas	Considerable increase	Considerable increase	Slight increase	Considerable increase
Kloeckner Metals Europe	Considerable decrease	Considerable increase	Considerable decrease	Considerable increase
Group	Slight increase	Considerable increase	Slight decrease	Considerable increase

	EBITDA before material special effects (€ million)		Cash flow from operating activities (€ million)	
	Development 2024	Forecast 2024	Development 2024	Forecast 2024
Kloeckner Metals Americas	Considerable decrease	Considerable increase	Considerable decrease	Considerable decrease
Kloeckner Metals Europe	Considerable decrease	Considerable increase	Considerable increase	Considerable increase
Group	Considerable decrease	Considerable increase	Considerable decrease	Considerable decrease

"Constant" corresponds to a change of 0–1%, "slight" >1–5% and "considerable" >5%.

2.5 Results of operations, financial position and net assets

The most significant key performance indicators for our results of operations, financial position and net assets for fiscal year 2024 – as presented under “Control system” on page 33 – are set out in the following. The consolidated financial statements are prepared in euros. There may be discrepancies relative to the unrounded figures.

MOST SIGNIFICANT KEY PERFORMANCE INDICATORS ACCORDING TO GAS 20

(€ million)	2024	2023	Variance	
Shipments (Tto)	4,453	4,248	205	4.8%
Sales	6,632	6,957	-324	-4.7%
EBITDA before material special effects ^{*)}	136	190	-54	-28.5%
EBITDA	109	190	-81	-42.7%
Cash flow from operating activities	160	287	-127	-44.1%

^{*)} 2024: Special effects from restructuring expenses of €26 million in all segments and a total of €1 million in negative special effects from Hurricane Helene in the Kloeckner Metals Americas segment. / 2023: Special effects of €5 million from restructuring expenses for workforce reduction and income of €5 million from the sale of a line of business in the Kloeckner Metals Europe segment.

OTHER KEY PERFORMANCE INDICATORS

(€ million)	2024	2023	Variance	
Gross profit	1,113	1,157	-45	-3.8%
Gross profit margin	16.8%	16.6%		0.1%p
OPEX ^{*)}	-1,004	-967	-37	3.8%
EBIT	-20	66	-86	n.a.
EBT	-83	16	-100	n.a.
Net income from continuing operations	-146	0	-145	n.a.
Net income from discontinued operations	-30	-190	160	84.2%
Net income	-176	-190	14	7.5%
Return on Capital Employed (ROCE) ^{**)}	-0.8%	2.6%		-3.4%p
Net financial debt	780	775	5	0.7%
Gearing (Net financial debt / shareholders' equity ^{***)})	47%	46%		2%p
Leverage (Net financial debt / EBITDA before material special effects)	5.7x	4.1x		1.7

^{*)} OPEX: Own work capitalized + other operating income – personnel expenses – other operating expenses.

^{**)} ROCE: EBIT/capital employed. Capital employed: 12-month average sum of non-current and current assets less cash and cash equivalents, equity investments and non-current securities.

^{***)} Consolidated equity less non-controlling interests and less goodwill from business combinations subsequent to May 23, 2019.

Gearing as defined in the agreement entered into on extending the syndicated loan and signed in December 2024

(consolidated equity less non-controlling interests and less goodwill from business combinations subsequent to May 23, 2024) is 46% as of December 31, 2024.

Shipments and sales

Shipments increased slightly year on year in fiscal year 2024 to 4.5 million tons. The increase in shipments (of 4.8%) compared to the prior year is due in particular to the acquisitions made in the USA and Mexico in the second half of 2023. In Europe, the continued challenging macroeconomic environment led a downward trend in demand.

Due to lower prices, sales fell from €7.0 billion to €6.6 billion, marking a slight decrease of 4.7% on the prior year. The USA in particular saw a significant steel price correction in 2024, although steel prices also developed negatively in Europe. Overall, average price levels during the year was thus considerably below the prior-year level in both operating segments and at Group level. The currency-adjusted decline in Group sales was 4.9%.

SALES BY SEGMENTS

(<i>€ million</i>)	2024	2023	Variance			
			Total	Currency effects	Net of currency effects	
KloECKner Metals Americas	3,917	3,831	86	-7	93	2.4%
KloECKner Metals Europe	2,715	3,126	-411	21	-431	-13.8%
KlÖCKner & Co Group	6,632	6,957	-324	14	-338	-4.9%

PRICE-RELATED FALL IN SALES WITH INCREASED SHIPMENTS

In the KloECKner Metals Americas segment, despite a significant drop in average prices compared to the prior year, sales increased by 2.4% or €0.1 billion to €3.9 billion (currency-adjusted) due to the aforementioned higher shipments. The likewise significant decline in average prices in the KloECKner Metals Europe segment compared to the prior-year period combined with the downward demand trend led as of the end of 2024 to a considerable decline in sales by 13.8% or €0.4 billion (currency-adjusted).

GROSS PROFIT BELOW PRIOR YEAR DUE TO DISPROPORTIONATELY LARGE RISE IN INVENTORY PRICES

At €1,113 million, gross profit was slightly below the prior-year level (2023: €1,157 million). This is mainly due to the negative steel price trend over large parts of the reporting period. Despite the challenging market environment, the gross profit margin increased slightly in 2024 to 16.8% (2023: 16.6%).

OPEX

Other operating income and expenses (OPEX) changed as follows:

(€ million)	2024	2023	Variance			
			Total	Currency effects	Net of currency effects	
Other operating income	38	33	4	-	4	13.4%
Personnel expenses	-542	-535	-8	-2	-6	1.1%
Other operating expenses	-499	-466	-33	1	-34	7.4%
OPEX	-1,004	-967	-37	-1	-36	3.7%

Comparability of OPEX with the prior year is limited due to special effects. Other operating income, at €38 million, was €4 million higher than in the prior year. This is mainly due to non-recurring income from insurance settlements of €6 million for damage caused by Hurricane Helene at a site in the USA and to the sale of assets at a discontinued site in the Kloeckner Metals Americas segment.

Personnel expense amounted to €542 million in the reporting period, compared to €535 million in the prior year. The increase is mainly due to higher wage and salary expenses, which were only partially offset by savings in earnings-based salary components. On a currency-adjusted basis, personnel expenses came to €540 million (+1.1%).

Other operating expenses increased from €466 million to €499 million. On a currency-adjusted basis, other operating expenses amounted to €500 million (+7.4%). The increase is mainly due to higher costs of maintenance, transportation and packaging and to higher prices of operating supplies and tools.

In total, at €109 million, EBITDA after material special effects was considerably below the prior-year figure of €190 million.

GROSS PROFIT AND ADJUSTED EBITDA BY SEGMENT

(€ million)	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
Kloeckner Metals Americas	668	17.1%	665	17.4%
Kloeckner Metals Europe	444	16.4%	492	15.8%
Klöckner & Co Group	1,113	16.8%	1,157	16.6%

(€ million)	2024		2023	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin
Kloeckner Metals Americas	154	3.9%	186	4.9%
Kloeckner Metals Europe	-18	-0.7%	21	0.7%
Holding and other Group companies	-	-	-17	-
EBITDA before material special effects	136	2.1%	190	2.7%
Net adjustments	-27	-	-	-
Klöckner & Co Group	109	1.6%	190	2.7%

Adjusted EBITDA can be reconciled to EBITDA before material special effects as follows:

(€ million)	2024	2023
EBITDA including material special effects	109	190
Restructuring expenses / gains		
– Restructuring related inventory devaluation	-14	-
– Personnel measures	-7	-5
– Property disposal gains	1	5
– Other restructuring expenses	-7	-
Hurricane Helene		
– Damages hurricane Helene	-7	-
– Indemnification from insurance	6	-
EBITDA before material special effects	136	190

Gross profit in the Kloeckner Metals Americas segment, at €668 million, was constant relative to the prior year (2023: €665 million). This is mainly due to the acquisitions made in North America in the second half of 2023. In fiscal year 2024, the segment generated EBITDA before material special effects of €154 million, compared to €186 million in the prior-year period, despite the ongoing steel price correction over large parts of the reporting period. The EBITDA margin fell by one percentage point compared to the prior year to 3.9% (2023: 4.9%). On a currency-adjusted basis, gross profit amounted to €669 million and EBITDA to €149 million.

Gross profit in the Kloeckner Metals Europe segment decreased from €492 million in the prior year to €444 million. Overall, lower shipment volumes combined with falling steel prices and higher inventory prices led to weaker operating income compared to the prior-year period. Despite savings in earnings-based salary components, OPEX went up by a total of €8 million to €479 million (2023: €471 million), mainly due to higher transportation and maintenance costs and to one-off expenses of €13 million. As a result of the difficult market environment in Europe with customers continuing to postpone purchases, together with the ongoing negative price trend in this segment, EBITDA before material special effects was a negative €18 million, compared to a positive €21 million in the prior year. The EBITDA margin was thus a negative 0.7%, compared to a positive 0.7% in the prior year.

EBITDA before material special effects at the holding company and the other Group companies and before consolidations amounted to €0 million (2023: negative €17 million).

RECONCILIATION TO NET INCOME

(€ million)	2024	2023	Variance	
EBITDA	109	190	-81	-42.7%
Depreciation, amortization and impairments	-129	-125	-4	3.5%
EBIT	-20	66	-86	n.a.
Income from investments	-2	-4	2	54.8%
Financial result	-62	-46	-16	34.1%
EBT	-83	16	-100	n.a.
Income taxes	-62	-16	-46	281.3%
Net income continuing operations	-146	0	-145	n.a.
Net income discontinued operations	-30	-190	160	84.2%
Net income	-176	-190	14	7.5%

Depreciation, amortization and impairments at €129 million, slightly higher than the prior-year level of €125 million.

EBIT came to a negative €20 million, compared to a positive €66 million in the prior year. At a negative €62 million, the financial result was significantly down on the prior-year figure (2023: negative €46 million). This is primarily due to the higher average debt level over the course of the year.

EBT was a negative €83 million, compared to a positive €16 million in the prior-year period. The income tax expense for 2024 amounted to €62 million (2023: €16 million). The combined tax rate fell from 32.1% to 31.9%, while the effective tax rate was down due to the impairment of deferred taxes in Germany and a change in the taxation of foreign subsidiaries in the USA. Despite a negative EBT, there was a tax expense in the fiscal year 2024, resulting in a negative effective tax rate of 74.6% (2023: +101.7%).

The net loss from continuing operations in fiscal year 2024 was €145.7 million (2023: loss from continuing operations of €0.3 million). The net loss from discontinued operations amounted to €30 million in the reporting period (2023: loss of €190 million) and was mainly due to negative deconsolidation effects from the sale of parts of the distribution business in Europe effective February 29, 2024. In total, the net loss in fiscal year 2024 was €176 million, compared to a net loss of €190 million in the prior year.

The basic loss per share from continuing operations was €1.47 (2023: loss €0.01); the basic loss per share from discontinued operations was €0.30 (2023: loss €1.90).

Financial position, financing and liquidity

Financing and financial management

Group financing is centrally managed through Klöckner & Co SE. We secure the liquidity of our Group companies in intra-Group liquidity balancing arrangements with central and bilateral credit facilities. Cash pooling systems are used within the various currency areas. Centralized management of financing strengthens our negotiating position with banks and other lenders, making it easier to implement a uniform finance policy and limit financing risk.

We meet the challenges of the financing environment with our diversified financing structure. The current environment is shaped by the persistently high interest rate level in all markets relevant to Klöckner & Co, the general economic environment and the global conflicts and crises. We have ample financial flexibility, which we maintain due to our business model. With a portfolio totaling some €1.6 billion (excluding leasing), we are very solidly positioned, including with regard to contract terms and financial covenants.

Financing for the Group is secured using a portfolio of funding instruments comprising an ABS program (Germany), two syndicated loans (Klöckner & Co SE and since January 2025 in Switzerland), two asset-based lending facilities (ABL USA and ABL Mexico) and bilateral loan agreements.

Syndicated loan

A central component of Group financing is our syndicated loan (a revolving credit facility) with a facility amount of €400 million as of the reporting date.

After the facility amount of the syndicated loan was increased from €250 million to €400 million in February 2024, we renewed the facility ahead of schedule in December 2024. In an amend and extend process, we adjusted the facility amount from €400 million to €350 million and extended it ahead of schedule to January 2028. The amendments became effective in January 2025. By doing so, Klöckner & Co improved the maturity profile of Group finances.

The facility is provided by a syndicate of seven banks. Under the financial covenants, gearing – defined as net financial debt divided by the book value of equity less non-controlling interests and less goodwill resulting from acquisitions after May 23, 2024 – may not exceed 165%. Hence, the adjusted book value of equity may not fall below €600 million (minimum equity). Breach of the financial covenants would require repayment of all outstanding amounts. Subsequent drawings would then be possible if the covenants were once again complied with. The financial covenants were complied with in the reporting year.

ASSET-BACKED SECURITIZATION PROGRAM

Since July 2005, the Klöckner & Co Group has operated a European ABS program. The size of the program was increased in April 2022 from €220 million to €300 million. In December 2022, Klöckner & Co secured an extension of the program ahead of term. The term of the facility ends in January 2026. The agreed financial covenants are also based on the statement of financial position and the covenant levels are equivalent to those for the syndicated loan. Utilization of the program totaled €30 million as of the reporting date. The financial covenants were complied with in the reporting year.

ASSET-BASED LENDING

The borrowing base facility (ABL facility) at the US country organization was originally agreed in November 2020 and was increased in March 2022 from USD 330 million to USD 450 million. In July 2022, the facility was renewed ahead of schedule on improved terms and with a five-year duration to July 2027. In connection with the acquisition of National Material of Mexico, the facility was increased in December 2022 from USD 450 million to USD 650 million (approximately €626 million) with the same terms and maturity while expanding the banking syndicate from three to four banks. Utilization of the facility amounted to USD 390 million (approximately €376 million) as of the reporting date.

In September 2024, Klöckner & Co agreed a new USD 115 million (approximately €111 million) ABL facility in Mexico. The facility is provided by three banks and has a term of three years until September 2027. Utilization of the facility amounted to USD 50 million (approximately €48 million) as of the reporting date.

BILATERAL CREDIT FACILITIES

The bilateral credit facilities totaling approximately €210 million were drawn in the amount of €125 million (excluding lease liabilities) at the end of 2024.

The largest portion of our bilateral credit lines is accounted for by the Swiss country organization at CHF 160 million (approximately €170 million), with drawings of CHF 80 million (approximately €85 million) as of the reporting date. These revolving credit lines with three banks were most recently renewed in July 2021 and extended through to March 2025. In January 2025, Klöckner & Co terminated these credit lines in agreement with the core banks and established an unsecured syndicated loan with a volume of CHF 200 million (approximately €212 million) as a new financing instrument. In this connection, the bank syndicate was expanded from three to four banks. The facility has a term of four years until January 2029.

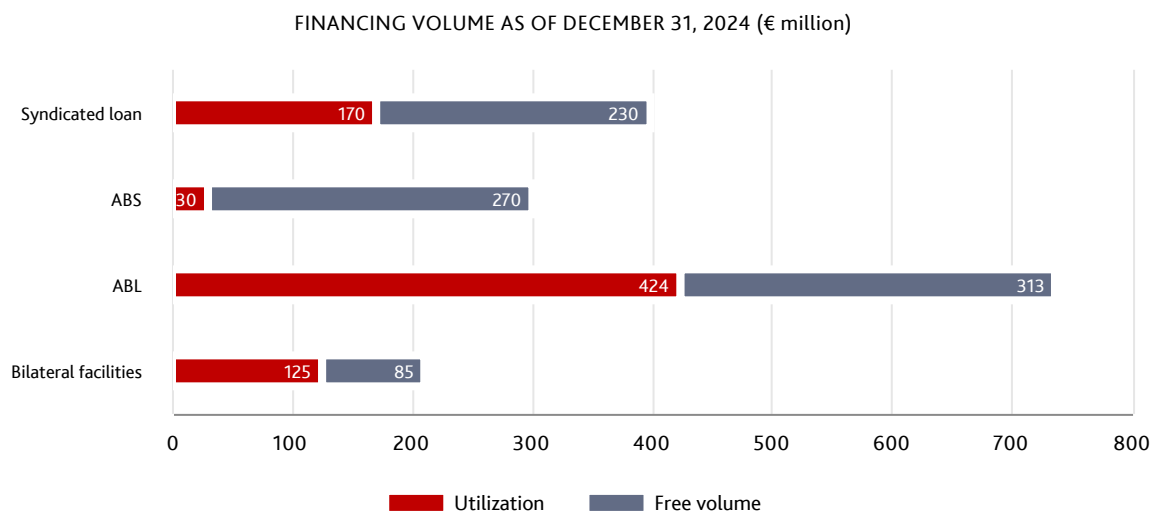
There are also other bilateral borrowings at subsidiaries, used among other things to finance net working capital or for capital expenditure.

LIQUIDITY MANAGEMENT AND INTER-COMPANY SETTLEMENTS

Intragroup loans and cash-pooling systems in the various currency areas are used to handle inter-company settlements and manage liquidity. Financing of our Group companies, including working capital for the operating business at the individual country organizations, was secure at all times throughout 2024.

FINANCIAL HEADROOM AND NET FINANCIAL DEBT

Klößner & Co maintains credit facilities, excluding lease liabilities, totaling approximately €1.6 billion. As shown in the following table, drawings on these facilities as of December 31, 2024 totaled only around €0.7 billion.



Financial liabilities include lease liabilities in the amount of €149 million (2023: €133 million).

KEY FINANCIAL DEBT INDICATORS

The table below shows the changes during the reporting year in the key financial debt indicators used by the Group:

NET FINANCIAL DEBT

(€ million)	December 31, 2024	December 31, 2023	Variance			
			Total	Currency effects	Net of currency effects	
Net financial debt ^{*)}	780	775	5	24	-19	-2.4%
Gearing (Net financial debt / shareholders' equity ^{**)}	47%	46%	2%p			
Leverage (Net financial debt / EBITDA before material special effects)	5.7x	4.1x	1.7			

^{*)} Net financial debt of continuing operations, i.e. including reclassifications under IFRS 5.

^{**)} Consolidated equity less non-controlling interests and less goodwill from business combinations subsequent to May 23, 2019. Gearing as defined in the agreement entered into on extending the syndicated loan and signed in December 2024 is 46% as of December 31, 2024.

Gearing was 47% as of the fiscal year-end, well within the 165% limit under the syndicated loan and the European ABS program. Due to the lower EBITDA, leverage increased from 4.1x to 5.7x.

Klößner & Co's operating business entails interest-rate, currency, credit and market risk. The instruments used to hedge and manage such risks and their potential impact on earnings are described in detail in the notes to the consolidated financial statements, under the notes on financial instruments.

We safeguard liquidity through rigorous inventory and receivables management as well as by adhering to internally defined indicators. Financial risk management is governed by Group-wide financial guidelines. We use derivative financial instruments to hedge interest-rate, currency and market risk. Derivatives are used exclusively to hedge risk related to underlying transactions. Foreign currency exposure at Group companies is generally hedged against currency risk at corporate level, or, where applicable, via local forex trading lines with banks that have impeccable credit ratings. We also centrally monitor and hedge any interest-rate risk.

CASH FLOW ANALYSIS

The consolidated statement of cash flows shows the sources and uses of cash flows during the fiscal year. The full consolidated statement of cash flows, including the breakdown into continuing and discontinued operations, is presented on page 212 as part of the consolidated financial statements. Cash and cash equivalents reported in the consolidated statement of cash flows correspond to cash and cash equivalents shown in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(€ million)</i>	2024	2023	Variance	
Cash flow from operating activities of continuing operations	160	287	-127	-44.1%
Cash flow from investing activities of continuing operations	-121	-432	310	71.9%
Free Cash flow of continuing operations	39	-145	184	n.a.
Cash flow from financing activities of continuing operations	-140	125	-265	n.a.

Through consistent net working capital management, we generated significantly positive cash flow from operating activities of €160 million in the course of fiscal year 2024 (2023: €287 million).

The net cash outflow from investing activities amounted to €121 million in 2024 (2023: €432 million). Proceeds of €3 million were generated from the disposal of property, plant and equipment in the reporting year (2023: €1 million). Payments for intangible assets, property, plant and equipment totaled €110 million (2023: €88 million) and payments for acquisitions of consolidated subsidiaries and financial assets came to €14 million (2023: €352 million, €309 million of which related in 2023 to the acquisition of National Material of Mexico).

Capital expenditure by segment was as follows:

<i>(€ million)</i>	2024	2023
Kloekner Metals Americas	68	386
Kloekner Metals Europe	51	39
Holding and other Group companies	2	7
Klöckner & Co-Group	121	432

Free cash flow was a positive €39 million in fiscal year 2024, following a negative free cash flow of €145 million in the prior year.

The negative cash flow from financing activities in the amount of €140 million (2023: positive cash flow from financing activities of €125 million) includes a cash outflow from dividend payments of €20 million (2023: €40 million) to shareholders of Klöckner & Co SE and of €1 million (2023: €6 million) to non-controlling interests. Following repayments of lease liabilities in the amount of €34 million (2023: €30 million), there were also net repayments of financial debt in the amount of €81 million (2023: net borrowing of €201 million). Furthermore, cash flow from financing activities also includes €1 million (2023: €1 million) in payments relating to extensions and settlements of currency hedges as part of the Group headquarters financing arrangements.

NET ASSETS AND BALANCE SHEET STRUCTURE

Consolidated balance sheet (€ million)	December 31, 2024	December 31, 2023	Variance			
			Total	Currency effects	Net of currency effects	
Non-current assets	1,282	1,132	150	28	122	10.8%
Current assets						
Inventories	1,291	1,400	-109	39	-149	-10.6%
Trade receivables ^{*)}	722	773	-51	26	-77	-10.0%
Other current assets	108	87	21	3	18	20.7%
Liquid funds	121	155	-34	5	-39	-25.3%
Assets held for sale	14	321	-306	2	-308	-96.1%
Total assets	3,538	3,867	-329	103	-433	-11.2%
Equity	1,721	1,755	-34	40	-74	-4.2%
Non-current liabilities						
Financial liabilities	713	742	-29	28	-57	-7.7%
Provisions for pensions	19	25	-6	1	-7	-27.8%
Other non-current liabilities	102	81	21	2	20	24.3%
Current liabilities						
Financial liabilities	183	186	-3	1	-3	-1.8%
Trade payables ^{**)}	644	684	-40	27	-67	-9.7%
Other current liabilities	156	151	5	4	2	1.1%
Liabilities directly associated with assets classified as held for sale	-	245	-245	1	-246	n.a.
Total equity and liabilities	3,538	3,867	-329	103	-433	-11.2%

*) Including contract assets and supplier bonus receivables.

***) Including contract liabilities and advance payments received.

Total assets as of December 31, 2024 amounted to €3.5 billion, 8.5% down on the prior year-end (2023: €3.9 billion) due to the sale of parts of the European distribution business. It should be taken into account in the analysis that the change in balance sheet items includes currency translation effects relating to our international subsidiaries – for the most part our US activities. Adjusted for currency translation, total assets were down 11.2% on the prior year.

Non-current assets, at €1,282 million, were above the level of the prior year (€1,132 million). This is mainly due, in the amount of €138 million, to the increase in plan assets for pensions. After additions of €141 million – including additions of €33 million from new and extended leases – and depreciation of €101 million, net capital expenditure on property, plant and equipment totaled €39 million. Furthermore, there were additions from acquisitions of €16 million and disposals of €3 million.

Intangible assets were on a par with the prior year at €207 million.

As a result of the constrained market environment and the persistently challenging economic conditions, the carrying amounts of the Becker, Germany and Brazil cash-generating units (CGUs) were not fully matched by their value in use at the reporting date as defined in IAS 36 (prior year: shortfall at the Becker, Germany and Brazil CGUs). Detailed information on this is provided in Note 16 ("Intangible assets and property, plant and equipment").

Net working capital changed as follows:

NET WORKING CAPITAL

(€ million)	December 31, 2024	December 31, 2023	Variance			
			Total	Currency effects	Net of currency effects	
Inventories	1,291	1,400	-109	39	-149	-10.6%
Trade receivables ^{*)}	722	773	-51	26	-77	-10.0%
Trade payables ^{**)}	-644	-684	40	-27	67	9.7%
Net working capital	1,369	1,489	-120	39	-159	-10.7%

^{*)} Including contract assets and supplier bonus receivables.

^{**)} Including contract liabilities and advance payments received.

Net working capital was €1,369 million as of December 31, 2024, compared to €1,489 million a year earlier. On a currency-adjusted basis, there was a considerable decrease by €159 million or 10.7%. This positive development was achieved as a result of active working capital management.

Cash and cash equivalents, at €121 million, were considerably down on their prior-year level of €155 million.

Equity decreased from €1,755 million to €1,721 million. The change is mainly due to the negative net income (€176 million) and the translation of foreign subsidiaries' financial statements (€40 million), the dividend payment of €21 million and €110 million in actuarial gains less the related deferred taxes recognized in other comprehensive income.

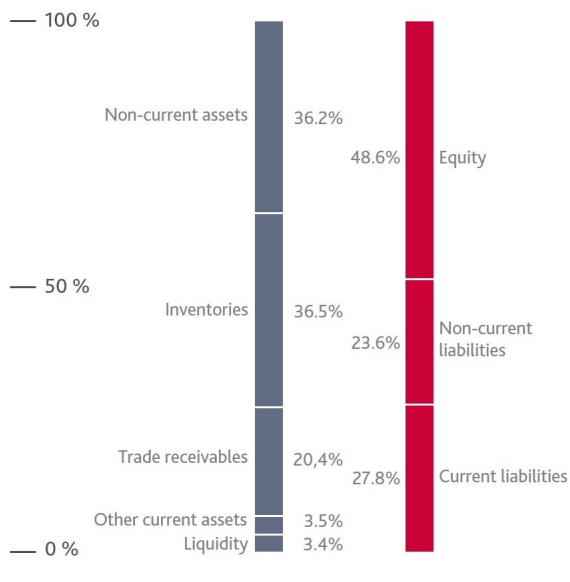
The equity ratio of 48.6% (2023: 45.4%) at the end of the reporting period was above the prior year's level.

The excess of equity and non-current liabilities over non-current assets amounted to €1,273 million, compared to €1,471 million in 2023.

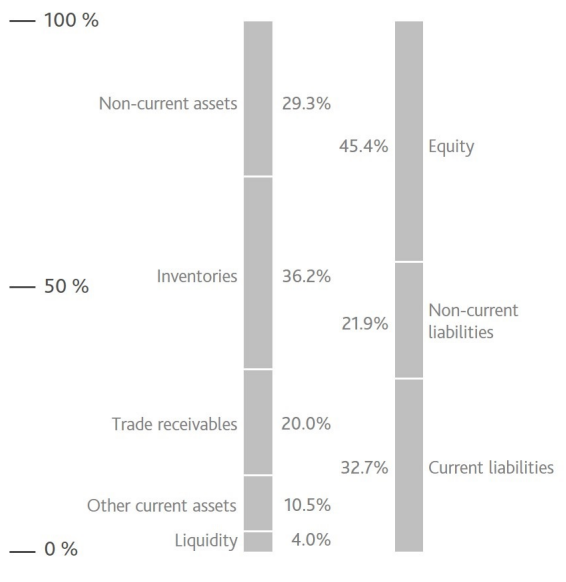
Financial liabilities, at €896 million, were lower than the prior-year figure of €928 million. They include €125 million in bilateral facilities, €30 million in drawings under the ABS program, €424 million for the ABL programs and €170 million for the syndicated credit facility. The remaining amount of €149 million relates to lease liabilities.

Due to the rise in interest rates, pension provisions fell from €25 million in the prior year to €19 million.

BALANCE SHEET TOTAL 2024: 3,538 € million



BALANCE SHEET TOTAL 2023: 3,867 € million



2.6 Overall assessment of the business situation

The Klöckner & Co Group's operating income (EBITDA) was significantly positive in the 2024 reporting year despite the macroeconomic challenges. The USA in particular saw a significant steel price correction in 2024, although steel prices also developed negatively in Europe. Adverse price effects as a result of this development in steel prices had a negative impact on Group operating income and led to an overall reduction in gross profit for the full fiscal year 2024 compared to the prior year. This contrasted with a slight improvement in the gross profit margin. Due to the challenges described, a net loss from continuing operations of €146 million was generated in the fiscal year.

Cash flow from operating activities was significantly positive in the fiscal year, mainly due to the operating income and consistent net working capital management.

Our finances remain very stable, including in times of a challenging macroeconomic environment. Financing for the Group is based on a widely diversified portfolio of funding instruments. We were able to maintain and even expand our large financial headroom in the fiscal year by extending financing arrangements ahead of term. The equity ratio remains very solid at approximately 49% at the end of the reporting period.

3. Single-entity financial statements of Klöckner & Co SE

3.1 Notes to the annual financial statements of Klöckner & Co SE

As the holding company, Klöckner & Co SE is in charge of operating management of the Klöckner & Co Group and coordinates the Group's central financing. The financial statements are prepared in euros. There may be discrepancies relative to the unrounded figures.

BALANCE SHEET OF KLÖCKNER & CO SE (CONDENSED)

(€ million)	December 31, 2024	December 31, 2023	Variance	
Intangible assets and property, plant & equipment	1	1	-	24.0%
Non-current investments	882	874	8	0.9%
Fixed assets	883	874	8	0.9%
Receivables from affiliated companies	269	439	-170	-38.7%
Other receivables	2	5	-4	-71.8%
Cash and cash equivalents	18	-	18	n.a.
Current assets	288	444	-156	-35.1%
Pension plan surplus	12	8	4	54.3%
Prepaid expenses	2	1	1	124.7%
Total assets	1,186	1,328	-142	-10.7%
Equity	986	1,080	-94	-8.7%
Other provisions	17	25	-9	-34.8%
Liabilities to affiliated companies	4	40	-36	-90.0%
Liabilities to banks	173	181	-8	-4.2%
Other current liabilities	6	2	5	287.9%
Total equity and liabilities	1,186	1,328	-142	-10.7%

The annual financial statements of Klöckner & Co SE are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act.

Klöckner & Co SE's financial position reflects its status as holding company and its function as the Group's central financing company. The opportunities and risks of Klöckner & Co SE correspond to those of the Group (see the "Risk and opportunities" section) and primarily impact the carrying amounts of investments and future dividend payout potential. The Company's fixed assets consist almost entirely of financial assets. These mostly comprise the investments in management companies heading the Group's national and international country organizations and investments in individual country operating organizations.

The development of financial assets as of December 31, 2024 is marked by the sale of a large part of the European distribution business. Prior to that, ODS B.V., Rotterdam, The Netherlands, made a distribution of €21 million to Klöckner & Co SE and then Klöckner & Co SE acquired ODS Metering Systems B.V., Rotterdam, The Netherlands for a purchase price of €23 million, because this line of business was not part of the sale. The sale of the European distribution business in France, the United Kingdom, the Netherlands and Belgium, which was written off in full in fiscal year 2023, was then completed effective February 29, 2024 at a final purchase price of €85 million, resulting in an additional loss of €11 million in the fiscal year that was accounted for in other operating expenses.

In addition, impairment losses of €4 million (2023: €5 million) were recognized on the carrying amount of the investment in Kloeckner Metals Brasil Ltda., São Paulo, Brazil, and impairment reversals of €10 million on the carrying amount of the investment in Kloeckner Metals Germany, Düsseldorf, Germany (2023: impairment of €33 million).

A €1 million capital increase was carried out at XOM Materials GmbH, Berlin, Germany, on which an impairment loss was immediately recognized in the full amount (2023: impairment loss of €4 million, the full carrying amount of the investment).

Receivables from affiliated companies relate to European cash pooling, financial services, clearing and short-term loans. The decrease in receivables by €170 million and in liabilities by €36 million is mainly due to the sale of the European distribution business.

Klößner & Co SE's equity ratio was 83% as of December 31, 2024 (2023: 81%).

INCOME STATEMENT OF KLÖCKNER & CO SE (CONDENSED)

(€ million)	2024	2023	Variance	
Sales	35	42	-7	-16.2%
Other income	15	3	12	337.1%
Cost of purchased services	-5	-6	-	5.7%
Personnel expenses	-15	-21	6	28.1%
Other operating expenses	-31	-51	20	39.2%
Impairments of investments	-5	-204	199	97.5%
Income from investments	-84	83	-167	n.a.
Interest income, net	16	20	-4	-19.9%
Result from ordinary activities	-75	-134	60	44.0%
Taxes	-	-	-	-115.9%
Net loss	-75	-134	60	44.0%
Retained profit prior year	20	73	-53	-72.7%
Dividends	-20	-40	20	50.1%
Withdrawals from other revenue reserves	95	154	-59	-38.6%
Appropriation to other revenue reserves	-	-33	33	-100.0%
Unappropriated profits	20	20	-	3.4%

The decrease in sales for 2024 relates to leased right-of-use assets.

The reduction in personnel expenses by €6 million to €15 million (2023: €21 million) is mainly due to the lower expense for defined-benefit pension plans and the decrease in earnings-based salary components.

Other operating expenses in the fiscal year included the €11 million loss on the sale of the European distribution business. In the prior year, this item additionally included €29 million in specific valuation allowances on receivables from the investments held for sale.

In the reporting year, impairment losses were recognized on the carrying amounts of the investments in XOM Materials GmbH, Berlin, Germany, in the amount of €1 million (2023: €4 million) and Kloeckner Metals Brasil Ltda., São Paulo, Brazil, in the amount of €4 million (2023: €5 million), and an impairment reversal was recognized on the carrying amount of Kloeckner Metals Germany, Düsseldorf, Germany, in the amount of €10 million (2023: impairment loss of €33 million). In the prior year, an impairment totaling €162 million was recognized on the carrying amounts of the investments held for sale in the steel distribution business in France, the United Kingdom, the Netherlands and Belgium, i.e., in Kloeckner Metals France Holding S.A.S., Aubervilliers, France, Kloeckner Metals UK Holdings Limited, Leeds, United Kingdom, ODS B.V., Rotterdam, the Netherlands, and Kloeckner Metals Belgium N.V., Harelbeke, Belgium.

As a holding company, the earnings performance of Klöckner & Co SE is materially determined by the performance and dividend policies of its holdings. The negative income from investments at Klöckner & Co SE in the amount of €84 million relates to losses assumed from and profit distributions from subsidiaries (prior year: positive income of €83 million in profit distributions and profit transfers). In the fiscal year, losses totaling €104 million were assumed from Becker Stahl-Service GmbH, Düsseldorf, Germany, kloeckner.v GmbH, Berlin, Germany, and kloeckner.i GmbH, Berlin, Germany. In addition, a total of €20 million in income from dividends was received from Debrunner Koenig AG, St. Gallen, Switzerland.

Overall, there was consequently a net loss in 2024 of €75 million (2023: net loss of €134 million). After withdrawals from revenue reserves of €95 million, unappropriated profits as of December 31, 2024 amount to €20 million.

The Management Board and Supervisory Board will propose to the Annual General Meeting that a dividend of €0.20 per share (totaling €19,950 thousand) be appropriated from the unappropriated profits.

As a result of the expected loss transfers from profit and loss transfer agreements with subsidiaries, we expect a net loss in the low double-digit million euro range for fiscal year 2025.

The complete annual financial statements of Klöckner & Co SE, including the auditor's unqualified opinion, are published in the company register. Interested parties can request the annual financial statements from the Company's headquarters or access them on the Internet at <https://www.kloeckner.com>.

4. Other disclosures

4.1 Dependency report

Concluding statement to the report of the Management Board on relations with affiliated companies pursuant to Section 312 of the German Stock Corporation Act

In fiscal year 2024, Klöckner & Co SE was a dependent company of SWOCTEM GmbH, Haiger, within the meaning of Section 312 of the German Stock Corporation Act. Pursuant to Section 312 (1) of the German Stock Corporation Act, the Management Board of Klöckner & Co SE has therefore prepared a report of the Management Board on relations with affiliated companies, which contains the following concluding statement: "We declare that with regard to the transactions and measures listed in the report on relations with affiliated companies for the period January 1, 2024 to December 31, 2024, based on the circumstances known to us when the transactions were carried out or the measures were taken or omitted, the Company received appropriate compensation in each transaction and was not disadvantaged by measures taken or omitted."

4.2 Takeover disclosures

Report pursuant to Sections 289a and 315a of the German Commercial Code in conjunction with Section 176 (1) sentence 1 of the German Stock Corporation Act and Article 9(1)(c)(ii) of the European Company Regulation

COMPOSITION OF SUBSCRIBED CAPITAL

As of December 31, 2024, Klöckner & Co SE's subscribed capital totaled €249,375,000, divided into 99,750,000 no-par-value registered shares. All shares carry the same rights and obligations. Each share has one vote.

RESTRICTIONS ON VOTING RIGHTS AND THE TRANSFER OF SHARES

The Management Board is not aware of any restrictions on voting rights or the transfer of shares, including any agreements between shareholders. However, the members of the Management Board are subject to a vesting period before selling their personal investment shares.

INTERESTS IN SHARE CAPITAL EXCEEDING 10% OF VOTING RIGHTS

As of December 31, 2024, the following direct or indirect interests in the share capital of Klöckner & Co SE exceeding 10% of the voting rights were reported to the Company in accordance with the German Securities Trading Act (WpHG): SWOCTEM GmbH (Prof. Dr. E.h. Friedhelm Loh), Haiger, 41.53% as of February 4, 2024 (published February 5, 2024).

SHARES WITH SPECIAL CONTROL RIGHTS

No shares with special control rights exist.

EXERCISE OF VOTING RIGHTS BY EMPLOYEES OWNING SHARES IN THE COMPANY

Shares held by employees of the Klöckner & Co Group are not subject to any rules controlling voting rights.

LEGISLATION AND PROVISIONS OF THE ARTICLES OF ASSOCIATION GOVERNING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Management Board of Klöckner & Co SE comprises one or more members who are, in general, appointed and dismissed by the Supervisory Board (Article 9 (1) (c), Article 39 (2) and Article 46 of the European Company Regulation; Section 84 of the German Stock Corporation Act; Section 6 of the Articles of Association; and, for appointment by a court of law, Section 85 of the German Stock Corporation Act). Under Article 59 (1) of the European Company Regulation, Annual General Meeting resolutions amending the Articles of Association, in general, require a two-thirds majority of the votes cast unless the German Stock Corporation Act requires or permits a greater majority. Pursuant to Article 59 (2) of the European Company Regulation and Section 51, sentence 1 of the German SE Implementation Act (SEAG), read in conjunction with Section 19 (2), sentence 2 of the Klöckner & Co SE Articles of Association, amendments may be adopted by a simple majority of votes cast if at least one half of the share capital is represented. Section 51, sentence 2 of the SEAG exempts from this rule amendments to the Company's business purpose, resolutions on cross-border relocation of the Company's seat and cases in which a larger capital majority is mandatorily required by law. For resolutions that require a three-quarter capital majority under the German Stock Corporation Act, a three-quarter majority of share capital represented is consequently also necessary at Klöckner & Co SE.

Under Section 21 of the Articles of Association, the Supervisory Board is authorized to make certain formal changes to the Articles of Association itself as and when required.

POWERS OF THE MANAGEMENT BOARD TO ISSUE AND REPURCHASE SHARES

The Management Board of Klöckner & Co SE has the following authorizations to issue and repurchase shares:

Subject to approval by the Supervisory Board, the Management Board is authorized to increase the Company's share capital on or before May 31, 2027 by up to a total of €49,875,000 by issuing, on one or more occasions, up to 19,950,000 new no-par-value registered shares against cash or non-cash contributions. For further details, see Section 4 (3) of the Articles of Association (Authorized Capital 2022).

Subject to approval from the Supervisory Board, the Management Board is authorized to issue warrant-linked or convertible bearer or registered bonds, or combinations of such instruments, at any time on or before May 31, 2027, on one or more occasions, and to grant holders or creditors of said bonds option or conversion rights to up to 9,975,000 no-par-value registered shares in the Company with a proportionate amount in the share capital of up to €24,937,500. Authorization has thus been granted for a contingent capital increase by up to €24,937,500 (Conditional Capital 2022), which may be carried out insofar as option or conversion rights are exercised and/or bonds are converted in fulfillment of conversion obligations with respect to bonds issued by the Company or its subsidiaries under authorization of the Annual General Meeting of June 1, 2022. For further details, see Section 4 (7) of the Articles of Association. The authorization also granted in the case of an adjustment of the conversion ratio in relation to the 2016 convertible bond became obsolete with the full repayment of the 2016 convertible bond in fiscal year 2023.

Authorization has further been granted for a conditional capital increase of up to €24,932,500 by the issue of up to 9,973,000 no-par-value registered shares (Conditional Capital 2013). For further details, see Section 4 (6) of the Articles of Association. This authorization can effectively no longer be used as conversion rights from bonds issued in accordance with the authorization of the Annual General Meeting of May 24, 2013 no longer exist or can no longer be exercised following the full repayment of the 2016 convertible bond in fiscal year 2023 (see above).

Under Section 71 (1) No. 8 of the German Stock Corporation Act, and in accordance with the resolution adopted by the Annual General Meeting on June 1, 2022, the Management Board is also authorized, subject to approval from the Supervisory Board, to acquire treasury stock in a volume of up to 10% of the Company's share capital in issue at the time of adoption of the resolution by the Annual General Meeting on June 1, 2022 or, if lower, the Company's share capital in issue at the time of exercise of the authorization. The Management Board was additionally authorized to acquire treasury stock using derivatives (put options, call options or forward purchase contracts). The authorization may be utilized in whole or in part, on one or more occasions, by the Company, by Group companies or by third parties acting on the Company's account or on the account of Group companies. The authorization is valid until May 31, 2027.

SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS PARTY AND WHICH ARE CONDITIONAL ON A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

If a person, or persons acting in concert within the meaning of Section 2 (5) of the Securities Acquisition and Takeover Act (WpÜG), directly or indirectly acquire(s) more than 50% of the voting rights in the Company, any of the individual lenders under the syndicated revolving credit facility with a total facility amount of €400 million as at the reporting date may demand repayment of any outstanding loan it has disbursed. The European ABS program (volume as at the reporting date: €300 million) provides for a right of termination in the same event.

The termination rights agreed upon represent standard industry practice, especially with respect to the granting and extension of long-term credit facilities.

AGREEMENTS CONCLUDED BETWEEN THE COMPANY AND MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES PROVIDING FOR REMUNERATION IN THE EVENT OF A TAKEOVER BID

The current contracts with members of the Company's Management Board do not provide for any special right of termination or other commitments for the event of a takeover offer or change of control.

Virtual stock options granted to senior executives include a provision under which the options may be exercised immediately if a threshold of 30% of voting rights is exceeded.

4.3 Dividend planning

In general, Klöckner & Co SE follows a dividend policy of distributing 30% of net income before non-recurring items.

In light of the strong cash flow from operating activities in fiscal year 2024 and the net income generated in recent years, only part of which has been distributed, the Management Board and Supervisory Board propose that an amount of €19,950 thousand should be distributed to shareholders as dividend from Klöckner & Co SE's unappropriated profits for fiscal year 2024. At 99,750,000 eligible no-par-value shares, the dividend proposal corresponds to a dividend of €0.20 per share.

5. Macroeconomic outlook including key opportunities and risks

5.1 Expected global economic growth

The International Monetary Fund (IMF) expects that the global economy will grow slightly by 3.3% in 2025. A further decline in inflation is expected, although disruptions are possible. Political uncertainties and geopolitical tensions pose significant risks to the global economy, as they can lead to fluctuations in commodity prices. Such fluctuations pose a threat to disinflation and could prevent central banks from easing their monetary policy. These risks are particularly evident in the development of the Western European economy, which could be significantly affected by a potential escalation of the war in Ukraine. Trade tensions, such as the European Union's punitive tariffs on Chinese automobile imports or the new US administration's planned tariffs on imports from China and other major trading partners, could also negatively impact the economy. Newly elected governments could also make significant changes to trade and fiscal policies that might threaten long-term growth and supply chain resilience. To prevent excessive increases in real interest rates, key interest rates are likely to track the decline in inflation and gradually fall to levels consistent with the inflation target.

For the USA, the IMF forecasts economic output to grow slightly by 2.7% in 2025. The new US administration is expected in general to strengthen consumer and business confidence and provide positive overall impetus to the economy. There are uncertainties, however, particularly with the planned introduction of general tariffs on Chinese imports and targeted tariffs on goods from other trading partners. These pose a risk to growth and could lead to retaliatory tariffs, which would have a negative impact on the development of the economy. Overall, the expectation is that a soft landing can be achieved and that US inflation will return to the Federal Reserve's target level without triggering a recession.

In the eurozone, slight growth of 1.0% is expected in 2025, supported mainly by stronger domestic demand. The economy stands to benefit from an expected recovery in consumption and continued monetary easing, which should encourage additional investment. At the same time, downside risks remain as a result of ongoing uncertainties in consumer behavior, as reflected in subdued consumer confidence, and of potential restraint in business investment spending due to political uncertainty and continued high financing costs. A slow resurgence of inflation to a stable level could act as a further drag on growth. There are also external economic risks, such as geopolitical tensions, that could slow export growth.

For China, the IMF forecasts slight growth of 4.6% in 2025. Net exports should counteract the negative challenges posed by the ongoing real estate crisis and higher US tariffs. However, the situation on the real estate market could continue to deteriorate in the coming year, which would be likely to lead to price corrections and lower sales and investment. This would further weaken the already low consumer confidence, restrain consumption and slow domestic demand, which would also have a global impact. The government plans fiscal policy measures such as infrastructure investment and interest rate cuts to stabilize domestic demand.

Development of GDP (in percent)

2025 vs. 2024

United States	2.7
Mexico	1.4
Europe^{*)}	1.0
Germany	0.3
Switzerland	1.3
Austria	1.0
China	4.6

*) Eurozone.

Source: International Monetary Fund, Bloomberg, estimates (in some cases provisional).

Expected steel sector trend

For 2025, the World Steel Association forecasts slight growth in global steel demand by 1.2% to around 1,772 million tons. Slight growth of 1.6% is expected in the North American free trade area (USMCA) and of 4.8% in South and Central America. A slight 3.5% increase in demand for steel is forecast for the European Union together with the United Kingdom. In contrast, demand in China is expected to fall slightly by 1.0% in 2025 compared to the prior year.

5.2 Expected trend in our core customer sectors**Construction industry**

Oxford Economics estimates that the US construction industry will grow slightly by around 2% in 2025. As in 2024, the sector is expected to benefit from easing inflationary pressure – which will stimulate residential construction – falling interest rates and the resulting decline in mortgage costs, and from investment under the Inflation Reduction Act. High material costs are likely to remain a burden on the sector. The construction industry in the eurozone is expected to grow slightly by around 1%, while a slight decline (of 1%) is forecast for the construction industry in Switzerland. Positive factors include high population growth due to migration and falling interest rates, which should benefit the sector. However, the ongoing structural labour shortage remains a major challenge that is constraining growth.

Machinery and mechanical engineering

Oxford Economics forecasts that the US machinery and mechanical engineering industry will show slight growth of 4% in 2025. Falling interest rates have a positive effect and encourage investment, which should additionally stimulate demand. Furthermore, customer sectors of the mechanical and plant engineering industry are expected to see a recovery in the coming year, which should further increase demand. A slight increase of around 2% is expected for the sector in the eurozone. Here, too, falling interest rates are seen as the main driver, as they encourage investment. However, a rapid and broad-based recovery is not forecast in the short term, as there is expected to be a time lag between the change in interest rates and when it actually has an effect on the economy.

Automotive industry

According to estimates by the German Association of the Automotive Industry (VDA), the US automotive industry will grow slightly by around 2% in 2025. The gradual easing of monetary policy and the associated interest rate cuts for car loans are expected to lend impetus to the sector in 2025. Oxford Economics forecasts slight growth of around 1% for the Mexican automotive industry in 2025. For the automotive industry in Europe, the VDA forecasts slight growth of 2% in 2025. Expected real wage increases should favor demand for automobiles, although consumer confidence remains subdued. The transition to electric vehicles continues to be a key driver for the industry. Slight growth of 1% is forecast for China.

5.3 Risks and opportunities

*The following chapter includes management report-typical information marked with *, which also addresses disclosure requirement ESRS 2 GOV-5 of the ESRS.*

In an environment marked by global market changes, fluctuations in raw material prices and political uncertainties, it is of paramount importance to identify risks at an early stage and to define appropriate measures to address potential risks in a targeted and structured manner, thus ensuring the stability and competitiveness of Klöckner & Co. Risk management therefore plays an important role in our business. By consistently implementing our "Klöckner & Co: Leveraging Strengths" strategy, we are also taking advantage of opportunities arising, among other factors, from innovations, digitalization and developments in the field of sustainability in order to drive long-term growth.

Risk policy

Taking risks in connection with our business activities is frequently unavoidable in order to leverage market opportunities. Our risk policy is therefore designed in such a way that, while accepting manageable and actively mitigated risks, we can take advantage of opportunities in order to achieve sustainable growth and increase the value of the Company without taking undue risks.

Risk and opportunity management are integral parts of our management processes. Our Risk Management System (RMS) is supplemented by our Group-wide Internal Control System (ICS) and our Compliance Management System (CMS; see 7. Corporate Governance Statement – "COMPLIANCE"). These three systems, together with data protection and information security, form the core of Governance, Risk & Compliance (GRC). Within this department, regular and intensive exchange of information and ideas takes place in order to maximize coordination and efficiency through close coordination and collaboration.

Risk management system*

The primary objectives of the RMS are the identification and assessment of material risks and above all the early detection and active reduction of potential going concern risks. We continuously monitor significant risks that have been identified via our risk management system, enabling us to prevent, reduce, transfer or limit their potential negative impact. It should be noted, however, that even appropriate and properly functioning systems cannot guarantee with absolute certainty that risks will be fully identified and managed and their potential negative impact entirely averted.

Both our RMS and our ICS are based on generally accepted standards. These include the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the addition to that framework – COSO Enterprise Risk Management (ERM) – for Group-wide risk management. Documentation of the RMS implemented throughout the Group is supported by risk management software. The RMS is continuously revised to further enhance risk transparency and information quality and to meet the increasing requirements. Internal Audit and independent auditing firms ensure the appropriateness and effectiveness of the RMS and ICS by performing audits of subsystems of the RMS and ICS in accordance with IDW Auditing Standards 981 and 982. In addition, our ICS is regularly subjected to so-called control self-assessments by the operating business units and corporate functions and to independent audits based on those assessments by Internal Audit and corporate ICS Management. In the Corporate Governance Statement, the Management Board confirms that there is no indication that the RMS and ICS are not adequate and effective.

Nevertheless, any RMS or ICS is subject to inherent limitations, particularly as to effectiveness. Despite the overall assessment of the respective systems as appropriate and effective, it cannot therefore be ruled out that certain, potentially even significant, risks may initially remain undetected. There is likewise a possibility that noncompliance with defined processes cannot be prevented or detected by the implemented controls and that the resulting deficiencies therefore cannot be avoided or averted.

Risk management organization and responsibilities*

<p><u>SUPERVISORY BOARD</u></p> <p>MONITORING OF EFFECTIVENESS OF RISK MANAGEMENT SYSTEM ASSESSMENT OF RISK REPORTING</p> <p><u>AUDIT COMMITTEE</u></p> <p>EVALUATION OF RISK MANAGEMENT SYSTEM REGARDING LEGALITY, APPROPRIATENESS AND COST EFFECTIVENESS AS WELL AS REPORTING TO THE ENTIRE SUPERVISORY BOARD</p>
<p><u>MANAGEMENT BOARD</u></p> <p>RESPONSIBLE FOR APPROPRIATE RISK MANAGEMENT FOR THE GROUP</p> <p><u>RISK COMMITTEE</u></p> <p>SUPERVISION AND CONSULTING</p> <p><u>CORPORATE RISK MANAGEMENT</u></p> <p>RISK EVALUATION AND CONTROL, REPORTING TO MANAGEMENT BOARD AND SUPERVISORY BOARD</p> <p><u>RISK MANAGEMENT FUNCTIONS</u></p> <p>RISK OWNER RESPECTIVELY COUNTRY RISK MANAGER: IDENTIFICATION AND ASSESSMENT RESPECTIVELY CONTROL AND REPORTING</p>

The basis of consolidation for Group risk consolidation purposes is the Group as a whole. The organization of our RMS is geared toward promoting risk awareness throughout the Group and ensuring the effectiveness and efficiency of the RMS. In addition, to reinforce the understanding of risk and our risk culture, all senior managerial staff and all employees directly involved in the risk management process have been required since 2020 to complete a two-part online training program on the fundamentals of risk management. Participation in this training, which is provided in multiple languages, is checked on a regular basis.

Overall responsibility for the RMS lies with the Management Board, while the Supervisory Board monitors its effectiveness. The Audit Committee is involved in the process via regular reporting and also assesses the risk strategy and the RMS. Risk owners identify and assess their respective risks and response measures and carry primary responsibility for them. This also includes early identification and assessment of new risks and significant changes to existing risks, which must be promptly communicated. As the link between the operating units and the Corporate Risk Management Department, local risk managers serve a control and reporting function. The Corporate Risk Management Department reviews, validates and evaluates the risks identified and assessed by risk owners at Group level and prepares reports for the Management Board and Supervisory Board. The role of the Risk Committee is to critically review the identified current risks and to supervise and advise the Corporate Risk Management Department.

Risk management process*

The risk management process mainly involves the following six components:

1. The identification of material risks is performed in a structured manner using a risk field matrix, which presents the material risk fields along predefined risk categories, so that they may be recorded systematically and uniformly at both country and corporate department level. As a general rule, risks are analyzed in terms of their impact over a one-year period and over the usually three-year planning period. We also analyze all material risks and potential going concern risks with regard to their long-term impact. The result of this process is a risk inventory, which is updated at regular intervals.

2. The relevance of each risk is initially assessed using a five-level scale. A risk's relevance represents its overall significance and thus combines various aspects such as expected value, realistic maximum loss and risk duration. Relevance is used to classify identified risks and show their potential impact on earnings before interest, taxes, depreciation and amortization (EBITDA) – this being one of our key performance indicators – at the time of the risk analysis and before risk mitigation measures (i.e., on a gross basis). We also include risks that do not impact EBITDA but on the basis of prudent business judgment could have a significant effect on liquidity, equity or the Group's net income, e.g. interest rate risks, currency risks, tax risks and acquisition risks resulting in impairment losses on acquired goodwill.

RELEVANCE SCALE

Relevance	Degree of influence	Definition	Potential impact (€ million)
1	Insignificant risk	Insignificant risks that could cause barely noticeable deviations from the operating result	< 6
2	Intermediate risk	Intermediate risks which could cause significant deviations from the operating result	≥ 6
3	Significant risk	Significant risks that could greatly affect the operating result or have long-term effects	≥ 18
4	Serious risk	Serious risks which could lead to very large deviations from the operating result or have substantial long-term significant impact	≥ 60
5	Critical risk	Critical risks that could potentially jeopardize the continued existence of the Company (threat to going concern)	≥ 180

According to the size and financial capacity of the individual companies, various relevance scales are employed across the Group. Aggregation for the Group as a whole is performed at segment level on the basis of the identified and assessed individual risks, which are combined into risk groups and further aggregated into primary risks in accordance with the underlying target reference (EBITDA). Identified individual risks are analyzed with regard to both their impact on their relevant primary risks and the interdependencies among them.

3. We assess both gross risks (before measures) and net risks (after measures) in terms of their potential impact based on the relevance scale thresholds and in terms of their probability of occurrence. On the basis of the resulting expected value for relevant net risks, it is possible to prioritize risks and also to compare the risk exposure – taking into account interdependencies and correlations – against the Group's risk-bearing capacity.
4. Risk management and control of "significant," "serious" or "critical" risks is the responsibility of the risk owners. Documentation is monitored both by the local risk managers and by the Corporate Risk Management Department at Group level.
5. The Group's risk-bearing capacity is determined at least twice a year, and additionally as the need arises, in close consultation with Corporate Treasury and Corporate Controlling. The purpose of this process is to determine both the amount of liquidity available to the Group and the availability of equity capital to cover the risk exposure.
6. The Risk Committee monitors these processes internally twice a year, in conjunction with the preparation and approval of the half-yearly risk report. The committee is chaired by the CFO and comprises representatives from the corporate departments of Klöckner & Co SE and the operating business. In addition, the Supervisory Board as governing body monitors the RMS and reviews the risk reporting.

Risk reporting*

Identified risks are documented in a half-yearly risk report. Corporate Risk Management supplements this reporting as necessary with ad hoc reporting of any material risks emerging at short notice or any material changes in risks already identified. The risk report addresses risks both for the overall Group as well as for the operating segments and is primarily intended for the Management Board and the Supervisory Board.

Every six months, the Head of Corporate Risk Management presents the main substance of the risk report at the Supervisory Board's Audit Committee meeting. In addition, the CFO of Klöckner & Co SE reports regularly on changes in significant risks and opportunities at meetings of the Audit Committee. Furthermore, the Chairman of the Supervisory Board receives a detailed overview of the Company's results of operations and cash flows at the monthly *jour fixe* with the Management Board, during which related risks and opportunities, among other things, are also discussed.

Key features of the internal control system

The description of the main features of the ICS provided in the following is a disclosure required by the German Corporate Governance Code in the version of April 28, 2022, published June 27, 2022.

[Our ICS encompasses principles, processes and measures applied to ensure the effectiveness and profitability of business operations, the compliance and reliability of the processes, in particular with regard to financial reporting, and to ensure adherence to the applicable legal requirements, including with regard to sustainability aspects. The aim of the ICS is to obtain reasonable assurance through the implemented controls that risks can be monitored and managed, thereby ensuring that Company objectives can be met.

In line with the internationally recognized "Three Lines of Defense Model," risks must be prevented where they arise. The first line of defense therefore lies with operating business management, which manages and controls the various risks. The second line of defense comprises the corporate functions at Klöckner & Co SE, which monitor risks and actively contribute to risk management. The corporate departments support management in an advisory capacity, develop and communicate Group requirements in the form of guidelines and training, and are responsible for the consolidated reporting. Alongside Corporate Risk and ICS Management and the Corporate Compliance Office, this mainly involves the Corporate Accounting and Corporate Controlling departments. Monitoring measures not tied to a specific process are conducted by Corporate Internal Audit as the third line of defense. Corporate Internal Audit monitors the appropriateness and effectiveness of the processes and systems of the first two lines of defense.]

Furthermore, the Group's Supervisory Board, in particular as represented by the Audit Committee, also monitors the Internal Control System.

Elements of the internal control system in relation to the financial reporting process

In the context of the consolidated financial statements prepared under IFRS and the single-entity financial statements prepared under the German Commercial Code (HGB), the objective of our ICS in relation to the financial reporting process is to identify and appropriately manage and control all material risks. For this purpose, a Group-wide standardized and harmonized ICS in relation to the financial reporting process is in place, based on a Group-wide ICS guideline. Responsibility for the methodology and system design is centralized and lies with ICS Management.

Specific financial reporting risks include complex and/or non-routine accounting issues. The application of management judgment in financial statement preparation harbors increased potential for errors. Risks arising from derivative financial instruments are one example. These are presented in detail in the notes to the consolidated financial statements.

Control activities to ensure compliance with generally accepted accounting principles

Our main accounting process control activities in the ICS are in accordance with generally accepted accounting principles and comprise:

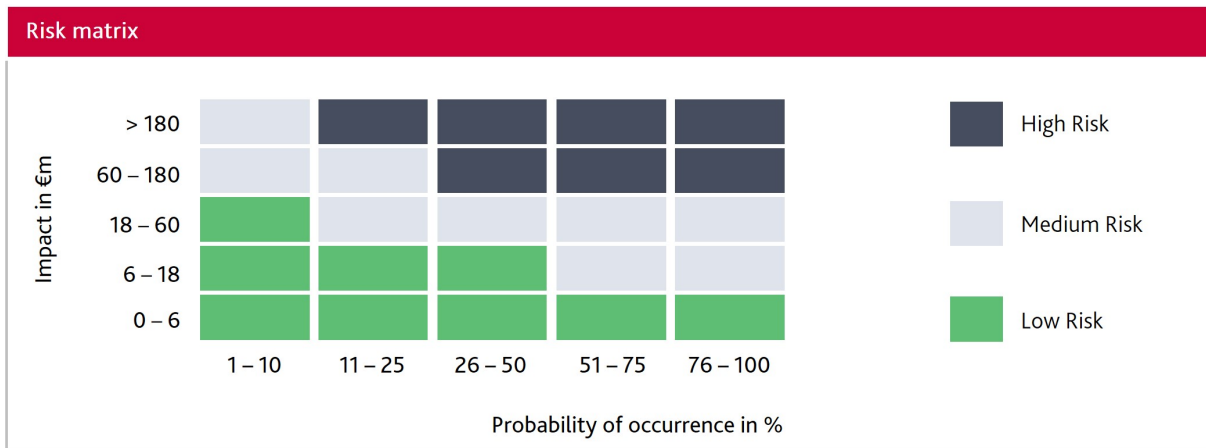
- The ICS in relation to the financial reporting process, which is continuously enhanced using standardized risk control matrices including a regular self-assessment process and independent review and also includes the financial reporting processes of external service providers.
- Control mechanisms, which include the review of selected matters, reduce the probability of error in the processes and detect any errors that arise (dual control principle).
- Clear separation of administration, execution, invoicing and approval, reducing the possibility of fraudulent acts (functional separation).
- Uniform Group accounting policies issued by Corporate Accounting that are in accordance with IFRS and are accessible to all Group companies via an intranet portal.
- A standardized Group reporting format for all subsidiaries to ensure that the additional information required to be published in the notes to the consolidated financial statements is complete and uniform.
- Consolidation software that performs integrated plausibility checks to ensure formal data consistency between Group reporting packages. In addition, Corporate Accounting manually performs content-related checks.
- IT-based controls, such as logical access restrictions and defined user profiles, which protect against unauthorized access to the underlying financial accounts and consolidation software.

The control and management systems in relation to the financial reporting process are constrained by management judgments, ineffective controls or deliberate circumvention through criminal activities. Through the processes and controls we have put in place, we obtain reasonable assurance that both the process of preparing the consolidated financial statements and the process of preparing the single-entity financial statements are performed in accordance with applicable IFRS, the German Commercial Code (HGB) and other financial reporting-related rules and pronouncements. There can, of course, be no absolute guarantee that all matters will be fully and correctly presented in the consolidated financial statements.

Presentation of individual risks*

As part of the RMS, we have identified material risks by risk category and assessed their relevance. For potential going concern risks of relevance level 3 (significant), 4 (serious) and 5 (critical), the risk owners have determined the gross risk before risk mitigation measures and the net risk after measures in terms of their potential impact and probability of occurrence. Below, we present the net assessment in a risk matrix with five ranges for each of the two risk dimensions.

Risk matrix



Risk classification by risk category*

Risk category	Risk classification
Market risks	Low Risk, Medium Risk, High Risk
Strategic risks	Low Risk, Medium Risk, High Risk
Financial risks	Low Risk, Medium Risk
Legal, tax, compliance and ESG risks	Low Risk
IT risks	Low Risk, Medium Risk
Personnel risks	Low Risk, Medium Risk

Legend:
 High Risk
 Medium Risk
 Low Risk

This shows that our most significant risks overall are mainly in the market risk and the strategic risk categories. The risk categories are described in more detail and their most significant risks explained in the following sections.

Market risks

Steel distribution remains heavily dependent on the development of the economy, which is fundamentally subject to uncertainty and presents a significant risk for the Group. While global inflation has now come down significantly and central banks have started to cut interest rates, inflation was still above the 2% target in the US and Europe in 2024 and could remain higher for longer due to volatile oil prices, higher prices for services and strong wage growth. However, weak economic growth in some regions now poses a greater risk. Although global growth remains positive, there is still a risk of a global recession. This could be triggered by a geopolitical shock, a further slowdown in the Chinese economy, or persistently high interest rates caused by a belated easing of interest rate policy. Germany in particular is forecast to experience only low economic growth in 2025, which will have a significant negative impact on the expected growth of the eurozone. In response to weak demand and strong foreign competition, leading players in German core industries such as the automotive and mechanical engineering sectors have announced restructuring programs, accompanied by site closures and in some cases massive job cuts. The outlook for European and Mexican exports is also clouded by the expected significant increase in US import tariffs.

The US economy, which appears to be growing more robustly, is increasingly expected to experience a soft landing. This is supported by significantly lower energy prices compared to Europe and the US administration's major subsidy programs, such as the Infrastructure Bill and the Inflation Reduction Act. The mildly positive outlook for the USA is also based on the election of the new US administration, which is generally considered to be business friendly.

We counter cyclical risks by maintaining a broad base across a range of customer industries and by geographic diversification in growth markets. In addition, we keep a close watch on the general economic development and our customer industries in order to quickly identify cyclical and industry risks from early indicators and to initiate countermeasures. The potential impact on the Group of weak economic growth in the eurozone over the medium term has already been reduced by the sale of the low-margin European distribution business in France, the United Kingdom, the Netherlands and Belgium.

Another significant market risk is demand and price risk. Excess capacity, above all in European steel production, is putting pressure on prices. Combined with weak demand, this can lead to our customers adopting a wait-and-see approach and not purchasing more than their immediate steel requirements for existing orders.

In the reporting year, the significant decline in steel prices resulted in large negative price effects. As steel prices stabilized at a low level towards the end of the year, we do not expect those effects to be repeated in 2025. We also expect demand to pick up in our relevant markets in North America and Europe. However, the high volatility of steel prices and demand in the last few years highlights the importance of our disciplined inventory management in an uncertain market environment.

We sell most of our products at spot market prices. Due to the typical inventory holding period of several months from when procurement agrees purchase prices until we issue our sales invoices, we are constantly exposed to margin and valuation risk. Excessive inventory prices can have a negative windfall effect on current earnings when selling prices are falling. Earnings can also be negatively impacted if it is necessary to adjust the inventory valuation when preparing the financial statements. Interdependencies between price trends in different markets around the world can be influenced at least temporarily by anti-dumping duties and further government interventions. Examples of such interventions include the punitive tariffs on steel and aluminum imposed by the US administration and the safeguard measures which were originally applied in response by the European Commission and were replaced by tariff-free quotas (currently until mid-2026). Other factors such as large exchange rate fluctuations or falling raw material prices could also adversely affect any sustained price recovery.

By analyzing trends and early indicators as well as available forecasts, we respond as swiftly as possible to changes in the market, such as by taking specific measures in inventory management. The main early indicators for steel prices are price trends for iron ore, coking coal and scrap as well as the inventory levels in the market. Price and inventory risk management is based on very close, continual monitoring of price trends in regional, national, and international markets. Coordination of procurement across countries and product lines enables us to react quickly to changing situations in the procurement market. In this way, we are able to optimize our portfolio of suppliers and make use of pooled procurement to obtain preferential prices, quantities and terms. A key element in procurement coordination is our country-specific monitoring of product ranges, demand and inventory levels. Price trends are also determined regularly in order to identify the risk of inventory write-downs on individual products. This information is incorporated into the inventory valuation each quarter. Inventory management and valuation are also central elements of the weekly reporting process on the basis of which we rapidly detect material changes and initiate necessary countermeasures.

There is also a threat of price declines due to the ongoing generally high level of excess capacity in steel production worldwide. Consequently, prices and margins could come under pressure time and again. China in particular, as the largest steel producer and consumer, can have a significant impact on the development of steel prices. However, there is also considerable overcapacity in steel distribution, which represents a further risk for us as it significantly increases competitive pressure. The steel distribution and steel service center markets are highly fragmented, with many small and medium-sized players and few market exits. If market demand declines permanently, the already high overcapacity could increase significantly, leading to even more intense price competition and pressure on prices and margins. This could have a negative impact on earnings development and lead to capital being tied up for longer, for example in the case of industry-specific special steels.

We counter the risk of growing overcapacity and the resulting intensification of competitive pressure by further diversifying our customer industries, reducing dependence on commodity products by increasing the share of higher-value products and services, and increasing the share of contract business. In addition, we plan to progressively increase the share of sales of CO₂-reduced products via our Nexigen® umbrella brand as a differentiator, and we are conducting extensive efficiency and optimization measures to achieve significant and lasting reductions in operating costs. In particular, the sale of the loss-making traditional distribution business in France, the United Kingdom, the Netherlands and Belgium which was completed in 2024 should improve our profitability on a lasting basis.

Another market risk is a deterioration of our competitive position, which could lead to a loss of market share. For example, competitors could invest in modern processing facilities to increase capacity and offer faster delivery. This could lead to a loss of customers and market share, especially at locations with a higher need for modernization. We counter this risk by monitoring our key processing facilities including their capacity utilization, extensive maintenance measures, and regular replacement of older machinery.

Strategic risks

A significant risk is that the established strategic direction may not be sufficient to develop a sustainably profitable business model. On the basis of the "Klöckner & Co: Leveraging Strengths" strategy, the strategy would need to be further developed in order to adapt the business model to changing conditions. Klöckner & Co still suffers to some extent from the low-margin traditional distribution business. This continues to be based on a highly cyclical business model, and the fragmented market environment remains intensively competitive. The weak economic environment and high level of geopolitical uncertainty further increase the volatility. This represents a challenge for the successful implementation of our existing strategy.

In early 2024, we largely reduced this risk for the Kloeckner Metals Europe segment by selling the cyclical, low-margin distribution business in France, the United Kingdom, the Netherlands and Belgium. In the Kloeckner Metals Americas segment, the established contract business, the expansion of the higher value-added business as well as the acquisitions of National Material of Mexico (NMM) and Industrial Manufacturing Services (IMS) offset the low profitability and high volatility of the spot business.

A further significant risk is a high fixed cost structure, which has been considerably exacerbated by the high inflation levels of the past several years. Key cost factors for the Group, such as wage and logistics costs, are significantly above pre-pandemic levels. Even if these costs do not increase much further, the levels they have already reached threaten the Company's long-term profitability. The growing relevance of environmental and sustainability aspects, such as carbon pricing, could also put additional and lasting upward pressure on energy prices. We are addressing these risks by continuing to roll out our sustainability concept. This includes among others the tracking and monitoring of carbon emissions and initiatives to optimize the vehicle fleet and energy consumption in general. Klöckner & Co has also committed to ambitious climate targets and aims to reduce emissions in the entire value chain to net zero by 2050. Directly controllable emissions (Scope 1, Scope 2 and directly controllable Scope 3 emissions) are to be reduced to net zero by 2040.

In our view, geopolitical risks have increased significantly this year and could have a negative impact on the performance of Klöckner & Co due to their effects on the business environment, particularly in Europe. On the one hand, the conflicts in Ukraine and the Middle East continue, without any lasting solutions having been found so far. On the other hand, trade conflicts could intensify, driven by the strategic rivalry between the US and China for geopolitical supremacy and technology leadership, or by China's response to the countervailing duties imposed by the EU on Chinese electric cars.

To mitigate these risks, we pursue regional and international diversification while monitoring political events and analyzing their potential impacts on Klöckner & Co in order to take preventive action to the extent possible. For example, the US business should benefit from protectionist measures adopted by the US administration, offsetting potential negative consequences for European exports.

Financial risks

Global government debt increased further in 2024. Borrowing costs are also rising as a result, and in many countries there is a widening gap between the growing demands placed on the state and the available budgetary resources. This makes such countries more susceptible to crises. A possible further tightening of monetary policy, geopolitical risks, stress scenarios in the banking sector and in the bond market or also a worsening real estate crisis could all lead to a financial crisis.

The currently unfavorable capital market environment constitutes a further risk. In addition, the market for bonds in the sub-investment grade segment continues to be volatile and investors continue to require high yields, especially in the case of first-time issuers and companies whose business models show greater than average cyclical sensitivity. Despite several interest rate cuts by the ECB over the course of the year, any new issue on the capital market would probably require a relatively high coupon to generate the necessary investor demand and ensure a successful placement. We monitor these developments in the capital markets very closely and include them as part of the basis of our financing decisions.

We address the risk of potential upheavals in the financial and capital markets, and the consequences of any such upheavals for our Company by maintaining a solid balance sheet structure and a diversified financing portfolio. This is demonstrated by our equity base, which continues to be very solid, and our net financial debt to equity ratio. Our available working capital facilities ensure that we are able to finance our operating activities and cover our liquidity requirements. We also had adequate holdings of liquid assets at the end of the year. These are invested on a short-term basis with the Group's core banks, which have at least an investment grade rating. With regard to the main financial key performance indicators, please refer to "Financial position, financing and liquidity" in the "Economic report" section of the Annual Report.

The immediate availability of financing instruments for Klöckner & Co was assured at all times throughout the reporting year. However, exogenous shocks could limit our borrowing options. It could also significantly affect the quality of trade receivables and thus the volume of working capital financing possible under the ABS program. Likewise, general market developments could reduce the availability of credit insurance for our key suppliers and, at the extreme, limit our ability to place orders.

A further risk is the fact that our leverage – the measure of our current net debt in relation to EBITDA over the last 12 months – is temporarily well above the historical average. Klöckner & Co SE's leverage of 5.7 at year-end is mainly influenced by the relatively low EBITDA and the negative windfall effects included in it. Leverage is also closely tied to working capital financing requirements and thus to steel prices. If steel prices rise again in the medium term, leverage could increase further.

We counter the high leverage proactively with efficient working capital management, close monitoring of the key financial data and transparent communication with our financing partners. In addition, the divestment in 2024 of the loss-making traditional distribution business of the companies in France, the United Kingdom, the Netherlands and Belgium has led to a reduction in tied-up capital and a lasting improvement in EBITDA.

Legal, tax and compliance risks

Steel distribution is a sector in which legal risks generally tend to be lower than in many other sectors. We currently do not see any high or intermediate legal risks.

In the area of compliance, we continue to view the risk of antitrust violations as the most material risk. There is a potential risk that agreements could be struck with competitors on, for instance, price fixing, market allocation or agreeing on production, procurement or supply quantities. However, due to extensive measures and a good Group-wide compliance culture, we currently consider the probability to be low, even though the potential impact could be relatively large. Alongside in-person training, one example of the measures taken to counter this risk is an e-learning tool that is mandatory throughout the Group. Among other things, this offers training on the main points of our Code of Conduct, which is published throughout the Group and on the Internet, and on compliance-relevant Group policies, notably also on antitrust law.

In the area of taxes, the risk of changes in tax legislation or the administrative interpretation of tax matters is material in general, but in our judgment, it poses a low net risk for us overall. Based on the guidelines and directives in force, our Corporate Taxes Department is involved in the legal assessment of such matters in Germany and abroad. We constantly monitor the situation to detect any changes early on. This allows us to take suitable measures to minimize risk and recognize provisions as appropriate. The current systematic and effective implementation of a tax compliance management system in our Group companies has the purpose of identifying and monitoring structures, work processes and circumstances within the Company that have or could have tax implications and, if necessary, of initiating adjustments.

ESG risks*

Although we primarily see opportunities for Klöckner & Co in the area of sustainability, the environment, social and governance (ESG) dimensions also entail many potential so-called ESG risks. Environmental risks in particular, but also human rights risks, are increasing focus along the entire supply chain. Based on our risk assessment, we do not currently see any significant climate-related risks for Klöckner & Co. In particular, we are able to mitigate the effects of physical climate risks, such as hurricanes in the southwestern United States, but also flooding or low water levels in rivers in western Germany, through our broad supplier base, decentralized site structure, and the maintenance of safety stocks. An exception here is the possibility of damage to individual sites, which is mostly covered by insurance. We address human rights risks in our supply chain with our CMS, including our Group-wide Supplier Code of Conduct and, in particular, our Human Rights Management System which was introduced in 2024. In general, however, we expect ESG risks to become increasingly relevant, and these could consequently become a significant risk factor for us at the Group level in the medium to long term – also in view of their impact on our customers and suppliers. We are therefore closely monitoring developments in this area.

As part of the risk identification and assessment process, ESG risks are systematically identified, analyzed and communicated to the Management Board and the Supervisory Board as part of the risk reporting. For this purpose, we divide sustainability risks into four risk fields:

- Transformation risks, such as premature closure of facilities or sites due to fundamental changes in the business environment and the resulting recognition of impairment losses
- Event risks, such as business interruptions due to prolonged heavy rainfall and flooding
- Regulatory risks, such as stricter environmental regulations with fines and sanctions
- Reputational risks, such as human rights abuses in the supply chain, which can affect the Company's image, revenues, business partnerships and financing options

Our measures to mitigate environmental and human rights risks in the procurement process are increasingly aligned with the core requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) and internationally recognized standards and guidelines, such as those of the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO). For further details, please refer to the sustainability reporting.

IT risks

Our business processes are heavily dependent on the installed IT systems. In addition to our administrative systems, these primarily include systems in the areas of procurement, sales and logistics. These IT systems are exposed to an increasing cyber risk. Rising geopolitical tensions exacerbate this risk through state-sponsored cyber attacks and the use of artificial intelligence (AI). Cyber risk is also growing with the increasing digitalization and automation of our internal processes and of our entire value chain from suppliers to customers, which is why we consider it to be a significant risk.

By cyber risk, we mean risks of adverse modification to, loss or misuse of or interruption to the availability, confidentiality and integrity of data or IT systems, and data breaches. These can be caused by viruses, targeted hacking, carelessness, deliberate data falsification or modification or IT system failures, for example due to ransomware. We counter potential damage from cyber risks by deploying appropriate resources and expertise in our globally structured Klöckner & Co IT, with a dedicated unit focused on cybersecurity. An increasing focus is on cyber resilience – the Company's ability to respond as effectively as possible to a cyber incident in order to minimize potential damage or disruptions to business continuity. In addition, a Group Data Protection Officer and a Chief Information Security Officer, with the support of local officers, ensure the appropriateness and effectiveness of the relevant processes and systems throughout the Group. We also deploy various technical and organizational preventive measures, including training and awareness campaigns – for instance, against system failures and employee negligence, but also on specific protection from cyberattacks.

Personnel risks

As a service provider, Klöckner & Co is highly dependent on the skills and experience of its employees. In the industry and the regions in which we operate, competition for highly qualified, motivated and dedicated specialists and executives is generally very strong, although it has recently eased somewhat in intensity. The cause is the increasing skills shortage which, in Germany especially, is exacerbated by demographic changes. This risk is made all the more significant by the image problem regarding blue-collar jobs in our industry. In stockholding in particular, it is becoming increasingly difficult to recruit and retain employees in the business. Companies from outside our industry are therefore increasingly aggressive competitors for scarce labor. On top of this, there is an increasing trend for low-skilled workers to no longer want to take up regular, permanent employment. The tendency of younger generations to switch jobs more frequently also increases employee turnover, recruitment and onboarding costs, and the risk of losses in productivity and know-how in the Company.

Efforts to address these trends include an initiative to further improve the image of the Klöckner & Co employer brand and to offer a more attractive workplace and career path for low-skilled workers. We also keep a close watch on current developments in the labor market, on market trends in salaries and wages and on HR KPIs such as employee turnover and age structure. This allows us to perform effective benchmarking and to detect and rapidly respond to emerging trends. In addition, Klöckner & Co offers two programs for the targeted career development of managers and employees with the potential to assume management responsibility: the Leadership Empowerment Program (LEMP) and the Emerging Leaders Program (ELP). The risk of skills shortages can also be addressed by operational measures, such as digitalizing and automating our processes or investing in increasingly automated processing equipment.

Overall statement on the risk situation of the Group

Overall, the risk situation showed a slight upward trend in the reporting year. The increase is mainly due to potentially long-term weak market conditions in our core customer sectors, particularly the European automotive industry, and to increased geopolitical and cyber risks. In what continues to be a volatile market environment, newly emerging risks were identified at an early stage and suitable countermeasures implemented wherever necessary or economically expedient. Given the measures described, in particular to ensure liquidity, and on the basis of a Group-wide analysis of risk-bearing capacity, the Management Board does not presently see any risks that, either individually or in combination with other risks, would cast doubt upon the Group's ability to continue as a going concern. Moreover, the Management Board believes that in preparing the financial statements, Klöckner & Co has adequately valued and correctly accounted for all risks which required balance sheet recognition.

Opportunities and opportunity management

Systematic identification, assessment, management and control of opportunities are the responsibility of management at country level and the Management Board on the basis of our "Klöckner & Co: Leveraging Strengths" strategy. The corporate departments provide support in driving forward strategic opportunities and in project management, monitoring and reporting. At Klöckner & Co, leveraging opportunities is built on a secure financing structure, effective procurement and inventory management, optimized sales processes and human resources management that promotes innovation. In addition, the Group benefits from strong digitalization expertise, which has been taken to a new level under the umbrella of kloeckner.i GmbH.

In the following sections, only the most significant opportunities currently available to us are described in detail. As our markets are dynamically changing and both our business environment and Klöckner & Co itself consequently continue to evolve, our assessment of opportunities is naturally also subject to change. It is therefore possible that the opportunities described may cease to apply or may not be realized to the extent expected.

Strategic opportunities

In recent years, Klöckner & Co has driven forward its digital transformation and laid the foundation for the "Klöckner & Co: Leveraging Strengths" strategy. The goal is to position Klöckner & Co as the leading one-stop shop for steel and metal products as well as higher value-added processing in North America and Europe, establish sustainable business models and reduce our environmental impact and carbon footprint. Key focus areas include process harmonization, upscaling, third-party integration and offering an expanded range, in particular of higher value-added products and services. In addition to striving for operational excellence, our evolutionary strategy is primarily directed at growing the customer base and the proportion of our customers' procurement volumes, the so-called "share of wallet."

As part of our strategy, we constantly search for opportunistic acquisition opportunities in our core markets that complement our business model and add value, i.e., by accelerating our growth, expanding our portfolio and increasing our market share. Following the acquisitions of National Material of Mexico (NMM) and Industrial Manufacturing Services (IMS) in 2023, which strengthened Klöckner & Co's market presence in North America and strategically expanded its product and service portfolio along the value chain, Klöckner & Co focused on organic growth in 2024 to develop its higher value-added processing and metalworking business in North America. During the reporting year, the Charlotte and Dallas sites have thus been systematically transformed from distribution centers into manufacturing and processing centers for higher value-added metal solutions. Particularly noteworthy is the recently approved investment in a new aluminum processing plant, which is scheduled to go into operation in 2026. It is located on the site of the aluminum flat rolling mill currently under construction for Aluminum Dynamics LLC (ADL) in Columbus, Mississippi (USA). The flat rolling mill specializes in the production of sheet metal, among other things for the automotive industry, and makes it possible to focus specifically on sustainable lightweight solutions and aluminum products that are increasingly gaining importance for the energy and automotive sectors. We also plan to achieve further organic growth in the higher value-added business in Europe, with the goal of reducing earnings volatility and increasing profitability. One example of this is the investment in a fully automated saw and drill line in Landsberg. In addition, the Kassel site has brought into operation one of Europe's most advanced laser cutting systems, enabling highly precise and efficient metal processing. These initiatives underscore the strategic focus on sustainable growth and the expansion of high value-added services. This enables Klöckner & Co to further expand its processing portfolio in order to benefit from the more profitable processing business and from being far less dependent on steel price trends.

On the other hand, we also make use of opportunities to optimize our portfolio and reduce costs across the entire organization. One significant opportunity results from the successful sale of the four European country organizations in France, the United Kingdom, the Netherlands and Belgium, which was completed in the first half of 2024. This has further enhanced Klöckner & Co's focus on higher value-added business such as multi-stage processing and fabrication while simultaneously reducing its exposure to the volatile commodity business. As a result, the regional focus has shifted to North America, which is by far the biggest market, and the attractive "DACH" region (Germany, Austria and Switzerland) in Europe. This strategic realignment not only improves Klöckner & Co's business performance but also creates new opportunities for future growth.

As part of the "Klöckner & Co: Leveraging Strengths" strategy, Klöckner & Co aims to reduce greenhouse gas emissions and establish sustainable business models in order to become a pioneer of a sustainable steel industry. The sustainability strategy includes the reduction of directly controllable emissions to net zero by 2040 and the almost complete elimination of Scope 3 emissions by 2050. In recognition of its sustainability performance, Klöckner & Co has won the German Sustainability Award for the second time in succession – Europe's most prestigious award for environmental and social commitment. This award confirms Klöckner & Co role as a pioneer in the sustainable transformation of the industry and highlights the successful integration of sustainability into the business model. Above all, we see the sustainable transformation of the steel industry as an opportunity to further grow our business and improve our margins. Under the Nexigen® umbrella brand, Klöckner & Co offers transparent, CO₂-reduced solutions in the areas of materials, processing, logistics, circularity solutions and sustainability advisory services. A six-level scale enables customers to transparently verify carbon emission levels for steel, stainless steel and aluminum. The Company also helps its customers decarbonize by providing CO₂-reduced steel and an individual product carbon footprint (PCF), which takes into account all emissions generated by a product, from raw material extraction to delivery at the customer's factory ("cradle to customer entry gate"). By using Nexigen® Data Services, customers can also view their carbon emission history and select alternative CO₂-reduced products. In this way, Klöckner & Co supports its customers in building sustainable supply chains and in achieving their decarbonization goals. For further information, please refer to our sustainability strategy in the management report.

Steel and metal distribution continues to be characterized by large numbers of intermediaries and a lack of transparency, which makes the industry inefficient. Increasing digitalization and automation therefore remain key levers in enhancing the transparency and efficiency of our supply chains. Our one-stop shop strategy gives our customers access to complementary products and services and focuses on the digitalization of the entire process from order placement to delivery. Automating sub-processes gives us a competitive advantage and enhances the scalability of our business model. This facilitates our integration of acquired companies and thus also provides a good foundation for long-term profitability. A key to these efforts is Kloeckner Assistant, which automates sales processes and reduces the number of manual interventions per order. Klöckner & Co is also pursuing the vision of “zero touch” by which value creation can be achieved with minimal manual effort. During the reporting period, the efficiency within the digital ordering processes of the relevant organizational units was further improved, leading to more than a 26% year-on-year increase in digital quotations. Overall, the purpose of all these projects and measures is to create synergies and increase the efficiency of our organization. We aim to become more agile in responding to market changes and to accelerate not only in terms of digitalization and automation, but also with regard to higher value-added business. Our Center of Excellence in Finance & Administration supports us in harmonizing internal administrative processes and streamlining the business structure. Procurement structures are also being optimized through data-driven decision-making and international collaboration. Digitalization helps to reduce carbon emissions by better anticipating steel demand and reducing emissions in logistics. Data management and automation minimize the lack of transparency and enable efficient resource management, thus benefiting the environment in the long term. With higher profitability and increased level of digitalization, we are paving the way for unlocking additional growth potential, including by taking a more active role in ongoing market consolidation should attractive opportunities arise.

Operational opportunities

Our “Klöckner & Co: Leveraging Strengths” strategy also presents numerous opportunities from operational measures. A case in point is the successful ongoing implementation of our digitalization and automation strategy, both internally and externally. Our external focus here is on further developing customer interfaces to enhance the customer experience. Internally, our processes are increasingly digitalized and automated. We aim to boost process speed and efficiency with seamless end-to-end process integration featuring a very high degree of digitalization and automation, and to implement data-driven decision-making along the entire value chain. This creates opportunities to reduce working capital requirements, leading to less volatility in profitability and to cash flow generation.

To establish ourselves as the leading one-stop shop for steel and metal products as well as higher value-added processing in North America and Europe, we have pooled our digitalization and IT capabilities in kloeckner.i GmbH. The company serves as a central internal point of contact, supports digital transformation and provides technical solutions. kloeckner.i GmbH is divided into five competency areas:

- **Strategy & Transformation:** Responsible for the digital transformation of the Company
- **Solution Design & Delivery:** Developing digital technologies such as the Kloeckner Assistant and ERP solutions
- **Infrastructure & Service Management:** Managing the global IT infrastructure
- **Cyber Security:** Ensuring IT security within the Group
- **Business Relationship Management:** Efficient collaboration and creation of synergies

The main goal of kloeckner.i GmbH is to develop process optimizations and ideally standardized solutions to reduce complexity in internal processes and the IT landscape and to thereby achieve a higher degree of automation, allowing us to better focus on our customers and their specific needs. These measures provide the foundation for a simplified IT landscape and the digitalization and automation of sales, material processing and warehousing processes. We also want to enhance the shopping experience for our customers, for example with real-time order tracking and supply chain transparency. A modernized and more homogeneous IT infrastructure increases efficiency and simplifies IT support. This provides Klöckner & Co a competitive advantage over smaller competitors and accelerates growth through acquisitions. Proven, more efficient processes can be implemented quickly, making it easier to enhance productivity in acquired businesses. Harmonizing the IT infrastructure also significantly reduces cyber risk, as a unified system structure minimizes security loopholes.

Kloeckner Assistant, a digital product of kloeckner.i GmbH, is an AI-driven application that can handle all major types of customer requests. In addition, we optimize the software we use to provide price recommendations for sales staff throughout the Group in order to improve the daily price calculations. Our pricing system generates automated, data-driven price recommendations which take into account customer behavior. The expansion of digital sales enables us to become even faster and more efficient by further reducing manual order processing effort and generating more data for better, data-driven decision-making. This enables a further scalability of our digital business.

Furthermore, through our venture capital entity kloeckner.v, we invest in start-ups that promote disruptive approaches to digitalization. These technologies help us to be faster and more agile and to deliver added value to our customers. We deploy digital tools across our country organizations to make processes more efficient along the entire value chain. One example is the progressive harmonization of procurement processes in order to enable strategic procurement decisions based on digital data.

By digitalizing our processes, we have rapidly adapted to the needs of "new work" – the changes in the workplace made possible by globalization and digitalization. For instance, we were early adopters of hybrid work arrangements to address the rising expectations of current and prospective employees towards Klöckner & Co as a modern employer. We see this as a key part of our employer branding so that going forward we can continue to attract the best specialists and talent and retain them in the long term. In early 2025, we also relocated our corporate headquarters to the Airport Garden at Düsseldorf Airport. The new premises meet our requirements for a modern and future-oriented working environment.

In terms of operational excellence, we constantly strive to improve processes, eliminate inefficiencies and increase profitability to ensure a lean cost structure and an intelligent allocation of resources. We achieve this by reducing administrative workloads, increasing automation and streamlining processes. In addition, we make increasing use of data-driven models in sales and procurement in order to optimize our net working capital. Our warehouses are largely paperless, which conserves natural resources and increases efficiency in transportation management. There is considerable scope for improvement in transportation costs as they make up a large proportion of logistics costs. Alongside a map-based transport planning tool with a route optimizer, logistics and transport managers use an app that lets truck drivers digitally confirm deliveries and collect better master data for planning. Key data such as wait times at customer premises or customer complaints are captured online and quickly made available to freight planning and sales. Online tour tracking, for example, makes it possible to respond quickly to deviations from plan. Exploiting opportunities in process optimization thus contributes to improving the earnings situation, while maintaining the priority focus on occupational safety.

A potential increase in import tariffs on steel and aluminum products imposed by the US administration could result in significantly higher prices, which would likely have a positive effect on the business performance of Klöckner Metals Corporation ("KMC"). Government infrastructure programs such as the Inflation Reduction Act (IRA) also have the potential to further stimulate growth in key customer industries, including the construction and manufacturing sectors. This would further strengthen KMC's market position and provide a promising foundation for sustainable and profitable growth in the North American market. In addition, our efficiency enhancement strategy is focused on further intensifying collaboration between sales and operating functions in order to provide customers with seamless service. This also applies to collaboration with the Mexican country organization, enabling us to provide our entire range of products and services from a single source within one regional structure. This allows us to realize the full sales potential of our customers across all products. We also leverage our extensive product knowledge to deliver market- and industry-specific customer growth based on market size, competitive environment and customer profiles.

To achieve greater differentiation from competitors, we intend to offer customers more higher value-added products and services alongside our already broad product portfolio. The prime focus here is on customers whose strong vertical integration provides greater potential for profitable higher value-added services. We are also increasingly supplying customers from our wider network rather than only from individual sites. This enables us to supply a broader portfolio of steel and metal products without a significant increase in inventory, thus setting us apart from smaller competitors. In procurement, we consistently use our size advantage to achieve significant economies of scale by combining procurement volumes and making intensive use of global procurement opportunities. This applies not only to the purchase of materials, but also to the procurement of other goods and services, which is optimized across national borders and locations.

Overall statement on the opportunity situation of the Group

The most significant opportunity for Klöckner & Co lies in becoming the leading one-stop shop for steel and metal products as well as higher value-added processing in North America and Europe. We see a further major opportunity as a pioneer in sustainability, which gives us a competitive advantage as it means we can provide customers with the best possible support in their growing need for sustainable solutions to fit their business model. Together with accelerated transformation, supported by selective acquisitions, Klöckner & Co is ideally positioned to take advantage of these opportunities. The portfolio optimization in Europe in particular should allow us to focus on higher-margin and less volatile business relationships by focusing on higher value-added products and services that result in long-lasting customer loyalty and a significant increase in contract business.

6. Group forecast

Since January 1, 2024, the Group has been divided into two operating segments: Kloeckner Metals Americas and Kloeckner Metals Europe. As before, headquarters functions not allocated to a segment are reported separately, together with consolidation adjustments, under "Holding and other group companies" or "consolidation."

Fiscal year 2024 was marked by a downtrend in demand in Europe and a steel price correction over large parts of the reporting period. In particular, significantly negative price effects as a result of this development in steel prices had a negative impact on Group operating income. Overall, we expect demand to pick up in our relevant markets of North America and Europe. Furthermore, as steel prices have stabilized at a low level, we do not expect the significant negative price effects to be repeated in 2025. Against this background, we forecast considerably higher shipments in both operating segments and at Group level compared to fiscal year 2024. We consequently also expect a considerably higher level of sales at Group level compared to the prior year.

Despite the above-mentioned ongoing challenging macroeconomic conditions and steel price corrections, operating income (EBITDA) of €136 million before material special effects was generated in the fiscal year under review. Based on the assumption of accelerating demand, the company's improved operational setup, and no repeat of the significant negative price effects seen in 2024, we expect a considerable year-on-year increase in EBITDA before material special effects in the current year in both operating segments and at Group level.

Following the strong and significantly positive cash flow from operating activities of €160 million thanks to consistent net working capital management in the 2024 reporting year, we expect another clearly positive cash flow from operating activities for the coming fiscal year 2025, forecast in total to be considerably above the level of the previous year in both segments as well as at Group level.

Forecast by segment	Shipments (Tto)		Sales (€ million)	
	2024	Forecast 2025	2024	Forecast 2025
Kloeckner Metals Americas	2,845	Considerable increase	3,917	Slight increase
Kloeckner Metals Europe	1,608	Considerable increase	2,715	Considerable increase
Holding and other group companies	-		-	
Group	4,453	Considerable increase	6,632	Considerable increase

	EBITDA before material special effects (€ million)		Cash flow from operating activities (€ million)	
	2024	Forecast 2025	2024	Forecast 2025
Kloeckner Metals Americas	154	Considerable increase	59	Considerable increase
Kloeckner Metals Europe	-18	Considerable increase	94	Considerable increase
Holding and other group companies including consolidation	-		7	
Group	136	Considerable increase	160	Considerable increase

"Constant" corresponds to a change of 0–1%, "slight" >1–5% and "considerable" >5%.

Duisburg, March 5, 2025

7. Corporate Governance Statement

The following Corporate Governance Statement pursuant to Section 289 f (1) sentence 1 and Section 315 d of the German Commercial Code (HGB) is issued jointly by the Management Board and the Supervisory Board, with the Management Board and the Supervisory Board each responsible for their respective parts. The Corporate Governance Statement also includes the report on the Company's corporate governance (see Principle 23 of the German Corporate Governance Code, [also referred to in the following as the "Code"]; except as otherwise indicated, all references relate to the German Corporate Governance Code in the version of April 28, 2022 published on June 27, 2022.)

The remuneration report for the reporting year, the auditor's report pursuant to Section 162 of the German Stock Corporation Act, the applicable remuneration system for the Management Board pursuant to Section 87 a (1) and (2) sentence 1 of the German Stock Corporation Act and the most recent remuneration resolution pursuant to Section 113 (3) of the German Stock Corporation Act are available on the Company's website at <https://www.kloeckner.com>. The remuneration report for the reporting year and the auditor's report in accordance with Section 162 of the Stock Corporation Act are also included in this Annual Report.

For further information on sustainability topics, including in relation to corporate governance, please refer to the sustainability reporting for fiscal year 2024.

Declaration of Conformity 2024 and Application of the German Corporate Governance Code

The Management Board and Supervisory Board of Klöckner & Co SE are required under Section 161 of the German Stock Corporation Act to submit an annual declaration stating that the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the Federal Gazette have been and continue to be complied with, or listing those recommendations that have not been or will not be complied with and, if applicable, the reasons why. In the year under review, the Management Board and Supervisory Board of Klöckner & Co SE once again paid close attention to meeting the recommendations and suggestions of the Code. The last annual Declaration was submitted in December 2024. It is reprinted below and is also available on the Klöckner & Co SE website. All Declarations of Conformity previously submitted are also permanently available on the website.

2024 Joint Declaration of Conformity by the Management Board and the Supervisory Board of Klöckner & Co SE pursuant to Section 161 of the German Stock Corporation Act on the German Corporate Governance Code

Except for the deviation listed below, Klöckner & Co SE had complied with all recommendations of the German Corporate Governance Code in the version of April 28, 2022 (published on June 27, 2022 in the Federal Gazette) since the last Declaration of Conformity dated December 8, 2023 and will comply with those in future:

C.10:

Pursuant to provision C.7 of the Code it may indicate a lack of independence with respect to the company if a member of the Supervisory Board belongs to it for more than 12 years. Prof. Vogel is a member of the Supervisory Board as of May 31, 2006, is its chairman and the chairman of its presidium (being the committee responsible for the remuneration of the Management Board). Albeit the Management Board and the Supervisory Board see no indication for a lack of independence with respect to Prof. Vogel, against the background of provision C.7 of the Code and as a matter of precaution, a deviation is declared with regard to Recommendation C.10.

In the view of the Management Board and the Supervisory Board it is in the interest of the company that Prof. Vogel is a member of the Supervisory Board of the company and serves as its chairman and the chairman of the presidium, even if the term stated in the Code is exceeded. The value of Prof. Vogel for the work of the Supervisory Board should be beyond any doubt. Beside his professional and personal qualifications as well as his experience, particularly as chairman of supervisory bodies, Prof. Vogel also has, due to the long term of his membership to the Supervisory Board, a notably deep knowledge of the company. Furthermore, the Management Board and the Supervisory Board appreciate the continuity represented by Prof. Vogel – particularly against the background of the personal changes within the Management Board during the last years.

Apart from that, with respect to Prof. Vogel, the Management Board and the Supervisory Board, both do not share the concern behind the provision C.7 of the Code that there is an increased risk of conflicts of interest the longer a person belongs to the Supervisory Board. The Supervisory Board continuously monitors the occurrence of potential conflicts of interest with regard to all of its members. Until now, with respect to Prof. Vogel no situation giving rise to a risk of conflict of interest has occurred and there is no reason at hand why such risk should be assumed solely because a certain term of membership is exceeded.

Duisburg/Germany, December 11, 2024

The Supervisory Board

The Management Board

APPLICATION OF THE GERMAN CORPORATE GOVERNANCE CODE

Responsible corporate governance is given high priority at Klöckner & Co. It is geared to sustainable value growth.

In applying the recommendations and suggestions of the Code as guidance, Klöckner & Co advances the Code's binding objective for German listed companies of promoting the confidence of international and national investors, customers, employees and the general public in the management and supervision of the Company. Except as set out above, the recommendations of the Code as most recently amended were complied with in the year under review. The Management Board and Supervisory Board fundamentally treat suggestions in the German Corporate Governance Code no differently from recommendations. All suggestions in the Code as most recently amended were complied with in the reporting year with the following exceptions:

Suggestion A.8 of the Code states that in the event of a takeover offer, the Management Board should convene an extraordinary general meeting at which shareholders will discuss the takeover offer and may decide on corporate actions. Convening a general meeting poses organizational challenges – even considering the reduced notification periods provided for in the Securities Acquisition and Takeover Act (WpÜG) – and ties up considerable personnel and financial resources. It appears questionable whether the expense involved would also be justified in those cases in which the Annual General Meeting is not required to vote on such matters. For this reason, extraordinary general meetings should be convened only in appropriate cases.

Description of Management Board and Supervisory Board procedures and of committee composition and procedures

Klöckner & Co SE is a European Company under German law whose Articles of Association stipulate a two-tier management system as for a German stock corporation (Aktiengesellschaft). The two-tier system is characterized by strict separation, with no shared membership, between the executive decision-making body (the Management Board) and the advisory and supervisory body (the Supervisory Board). The Management Board and Supervisory Board work closely together to promote the Company's interests. Maintaining a trusting, intensive and ongoing dialog between the two bodies provides a sound basis for responsible and efficient corporate management.

MANAGEMENT BOARD

The Management Board must act in accordance with the interests of the Company and work toward increasing enterprise value on a lasting basis. The Management Board of Klöckner & Co SE bears full responsibility for management of the Group and the Group holding company, taking into account the needs of all stakeholders. In this capacity, the Management Board sets the targets and the strategies for the segments, the holding company and other Group companies and defines the guidelines and principles for the resulting corporate policy; this also includes sustainability matters. Corporate strategy is developed by the Management Board in consultation with the Supervisory Board. The Management Board discharges its management responsibility as a collegiate body with joint responsibility for management of the Company. Notwithstanding the overall responsibility borne by all Management Board members, the individual members each manage their allotted responsibilities on their own within the framework of the Management Board resolutions. The members of the Management Board keep each other informed with regard to important measures and developments in their responsibilities. The Chairman coordinates the work of the Management Board and, in particular, organizes and chairs the Management Board meetings. Responsibilities of the Management Board include preparing the Company's interim reports and interim management statements, its annual financial statements and consolidated financial statements as well as the combined management report of Klöckner & Co SE and the Klöckner & Co Group. Moreover, the Management Board must ensure that all legal provisions, official regulations and corporate guidelines are adhered to and take steps to ensure that these are also adhered to by the Group companies (compliance). It also ensures an adequate risk management system (RMS) and risk control; it has additionally set up an internal control system (ICS). The ICS and RMS also cover sustainability-related targets and are described in greater detail in the section on risk and opportunities. In performing its process-independent audits in 2024, Internal Audit did not identify any systematic weaknesses in the ICS and the RMS. On the basis of these audits, and in other respects, the Management Board has no indication that the RMS and ICS are not adequate and effective in all material respects..

In the past fiscal year, the Management Board of Klöckner & Co SE comprised three members, who are appointed and dismissed by the Supervisory Board in accordance with the European Company Regulation, the German Stock Corporation Act and the Articles of Association: Chairman of the Management Board and CEO Guido Kerkhoff (also responsible for the European operating business), Chief Financial Officer (CFO) Dr. Oliver Falk, and John Ganem (responsible for the American business operations).

The work of the Management Board is governed, among other factors, by the Rules of Procedure and the schedule of responsibilities laid down by the Supervisory Board. The Rules of Procedure state the responsibilities in each Management Board portfolio, matters that are reserved for the full Management Board, decision-making procedures as well as the rights and obligations of the Chairman of the Management Board. They also contain rules on reporting to the Supervisory Board and a list of transactions for which the Management Board requires Supervisory Board approval. Such approval is necessary for all significant, high-risk or unusual transactions as well as for decisions of fundamental importance to the Company. The Rules of Procedure for the Management Board require the Management Board to hold meetings at least once a month, although it usually meets twice monthly. At such meetings, the Management Board coordinates its work and makes joint decisions. In addition, there is also an intensive exchange between the members of the Management Board outside of meetings.

In addition to 22 Management Board meetings in the reporting year, numerous coordination meetings were held between the members of the Management Board, as well as meetings and telephone conferences with the management of the larger country organizations in the segments; on two occasions, resolutions were also adopted by written procedure outside of Management Board meetings.

SUPERVISORY BOARD

The Supervisory Board of Klöckner & Co SE advises the Management Board and oversees the latter's management of the Company. The Supervisory Board approves the annual budget and financing arrangements and, taking into account the auditor's reports, the annual financial statements of Klöckner & Co SE and the Klöckner & Co Group, the combined management report and the remuneration report prepared jointly by the Management Board and the Supervisory Board, the Group non-financial report, any dependency report and the Corporate Governance Statement. In addition, the Supervisory Board is involved in monitoring the Company's adherence to legal provisions, official regulations and corporate guidelines (compliance), and dealing with the internal control system, the risk management system, data protection management and information security. Responsibilities of the Supervisory Board also include the appointment and dismissal of members of the Management Board, Management Board remuneration, and allocating areas of responsibility among the members of the Management Board. The Supervisory Board also deals with sustainability topics, in particular in the context of strategy, the review of sustainability reporting and the setting of sustainability-related targets for Management Board remuneration (see also the relevant information in the Group non-financial report). Within the Supervisory Board, the Audit Committee serves as Sustainability Committee, at whose meetings the Management Board regularly reports on sustainability topics and projects.

The Supervisory Board of Klöckner & Co SE comprises six members, all of whom represent shareholders and are generally elected by the Annual General Meeting. The Chairman of the Supervisory Board is Prof. Dr. Dieter H. Vogel; his deputy is Dr. Ralph Heck. As with all members of the Supervisory Board, both have extensive experience in managing and/or supervising international corporations and possess the high level of professional expertise required to carry out their duties. Reasonable costs for external training of Supervisory Board members are borne by the Company. The following Supervisory Board members were considered independent within the meaning of Recommendation C.6 of the Code in the reporting year: Dr. Ralph Heck, Prof. Dr. Tobias Kollmann, Uwe Röhrhoff, Dagmar Steinert (Supervisory Board member since May 23, 2024) and Ute Wolf (resigned on May 23, 2024). As the sole shareholder of SWOCTEM GmbH, which is a major shareholder in the Company, Prof. Dr. E.h. Friedhelm Loh is not to be considered independent of a controlling shareholder. Solely as a precaution, due to his membership of the Supervisory Board for more than 18 years, Prof. Dr. Dieter H. Vogel is deemed not to be independent of the Company and of the Management Board, although the Supervisory Board does not see any risk of conflicts of interest. In fact, it is in the interest of the Company for Prof. Dr. Dieter H. Vogel to serve on the Company's Supervisory Board even if the 12-year term stated in the Code (see Recommendation C.7 of the Code) is exceeded (see the further information in the Declaration of Conformity). No members of the Supervisory Board are former members of the Company's Management Board.

The Supervisory Board is directly involved in decisions of fundamental importance to the Company. It also consults with the Management Board on the Company's strategic positioning and regularly discusses with it the development and the status of strategy implementation, including sustainability questions. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and chairs the meetings of the plenary Supervisory Board. Within reasonable bounds, he conducts discussions with investors on Supervisory Board-related matters. In the reporting year, meetings of the Supervisory Board were generally conducted in English, with parts of meetings when the Management Board was not in attendance generally conducted in German; all committee meetings were conducted in German. The Supervisory Board maintains an ongoing, intensive dialog with the Management Board to ensure that it stays abreast of business policy and the business situation, corporate planning and strategy.

Moreover, the Management Board provides regular, timely and comprehensive written and verbal reports to the Supervisory Board. Written reporting centers around the monthly Board Reports, which provide information on the financial position, cash flows and financial performance of the Group and its segments. The reports also cover capital market developments, macroeconomic indicators relevant to Klöckner & Co SE, an assessment of the Company's situation compared with the rest of the industry as well as trends in demand and in steel and metal prices. The Supervisory Board regularly reviews the structure of Board reporting agreed with the Management Board. Where considered necessary or expedient, it has been or will be adjusted accordingly. Items on the agenda at Supervisory Board meetings regularly include the overall economic situation, the industry situation, the business performance of the Group and its operating segments and the performance of Klöckner & Co's share price relative to industry peers. Further information on the work of the Supervisory Board in the reporting year can be found in the Report of the Supervisory Board in this Annual Report.

In accordance with the Supervisory Board's Rules of Procedure, resolutions are adopted by simple majority unless otherwise stipulated by law or by the Articles of Association. All resolutions were adopted unanimously.

SUPERVISORY BOARD SELF-ASSESSMENT

Once a year, the Supervisory Board evaluates and reviews the efficiency of its activities in the form of a self-assessment, with a detailed evaluation every two years. As the last detailed evaluation was carried out in fiscal year 2022, a detailed self-assessment took place according to schedule in the reporting year. This was carried out – without the support of an outside advisor – in the form of a combination of a detailed assessment questionnaire to be filled out by the members of the Supervisory Board and individual discussions between the Chairman of the Supervisory Board and the individual Supervisory Board members. The results were evaluated by the Chairman of the Supervisory Board. They were discussed at the December meeting of the Presidium and of the plenary Supervisory Board. The Supervisory Board does not consider any changes to be necessary in the preparation, procedure or agendas of its meetings, or in the manner in which tasks are delegated between the plenary Supervisory Board and its committees. The Supervisory Board considers the division of its work to be well balanced between strategic issues, advisory activities and supervisory duties. Discussions also covered the reporting on digitalization matters and the future more international composition of the Supervisory Board. The Supervisory Board prepares detailed annual reports for the Annual General Meeting on its work and the main focus of its activities for each reporting year (see also page 10 et seq.).

SUPERVISORY BOARD COMMITTEES

The plenary work of the Supervisory Board is supplemented by its committees. The Supervisory Board has established the following committees: a three-member Audit Committee and a Presidium, which also has three members. The Presidium additionally serves as Nomination Committee and Personnel Committee, and the Audit Committee as Sustainability Committee. No additional committees have been established in view of the relatively small number of Supervisory Board members and the resulting high level of efficiency in plenary work. The committees' chairpersons report regularly and comprehensively to the plenary Supervisory Board on the agendas and outcomes of the committee meetings.

PRESIDIUM

The Presidium is composed of the Chairman of the Supervisory Board as Committee Chairman, his Deputy Chairman and one additional member. Thus, the Chairman of the Presidium is Supervisory Board Chairman Prof. Dr. Dieter H. Vogel. The remaining members of the Presidium are Dr. Ralph Heck, Deputy Chairman of the Supervisory Board, and Prof. Dr. E.h. Friedhelm Loh.

In accordance with the Rules of Procedure, the Presidium also acts as a Personnel Committee for the purpose of preparing staffing decisions at Management Board level. The Presidium proposes suitable candidates to the Supervisory Board for appointing them as members of the Management Board and in particular makes proposals with regard to their remuneration and the Management Board remuneration system as a whole. It also advises on long-term succession planning for the Management Board (for detailed information, see under "LONG-TERM SUCCESSION PLANNING"). It furthermore fulfills the function of a Nomination Committee, in which capacity it proposes suitable candidates to the plenary Supervisory Board for election to the Supervisory Board at the Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee deals in particular with the review of accounting, monitoring of the accounting process including the process of the sustainability reporting, the provision of reports of accredited independent third parties as annex to the management report or by any other publicly accessible means, the effectiveness of the internal control system, of the risk management system and of the internal audit system, the audit of the financial statements and the audit of the sustainability report (in both cases, in particular the pre-selection, the engagement and the examination of the independence of the auditor, the quality of the audit, the additional services rendered by the auditor, the issuance of the engagement letter, the determination of key audit matters, and the fee arrangement) and compliance. The Supervisory Board has also entrusted the Audit Committee with discussing the half-year financial report and the quarterly statements with the Management Board ahead of publication and preparing the Supervisory Board resolution on approval of the annual and consolidated financial statements including the sustainability report and any dependency report. The Audit Committee discusses with the auditor the assessment of audit risk, the audit strategy and planning and the audit results. The Chairman of the Audit Committee regularly exchanges information with the auditor regarding the progress of the audit and reports on this to the Audit Committee. The Audit Committee consults regularly with the auditor, without the Management Board's involvement. In addition, the Audit Committee (acting as Sustainability Committee) supports the Supervisory Board in monitoring the implementation of the sustainability strategy.

The Chairman of the Audit Committee is Uwe Röhrhoff (regarding the independence of the Chairman of the Audit Committee, see "PROFILE OF SKILLS AND EXPERTISE/OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD/ REQUIREMENTS PROFILE FOR SUPERVISORY BOARD MEMBERS" on page 83). Alongside Uwe Röhrhoff, the other members of the Audit Committee are Supervisory Board Chairman Prof. Dr. Dieter H. Vogel and Dagmar Steinert.

In the opinion of the Supervisory Board of Klöckner & Co SE, the Audit Committee meets the requirements under the law and the Code. All members of the Audit Committee have expertise in the field of auditing (that is, special knowledge and experience in the auditing of financial statements, including the auditing of the sustainability reporting). Uwe Röhrhoff (as committee chairman) and Dagmar Steinert additionally have expertise in the field of accounting within the meaning of the German Stock Corporation Act and the Code (that is, special knowledge and experience in the application of accounting principles and internal control and risk management systems, including sustainability reporting):

- Uwe Röhrhoff (Chairman of the Audit Committee) has relevant expertise in both fields, including sustainability reporting and its audit, as a result of his many years of experience in various operational positions as Chief Executive Officer (CEO) and previously as Chief Financial Officer (CFO) and in the field of controlling and finance, and also as a member of various supervisory bodies and of the Company's Audit Committee.
- Due to her experience as Chief Financial Officer (CFO) of listed companies and prior to that as qualified tax consultant (Steuerberaterin) and chartered accountant (Wirtschaftsprüferin), Dagmar Steinert has special knowledge and experience in both fields, including sustainability reporting.
- Prof. Dr. Dieter H. Vogel has more than 40 years of experience in executive and supervisory board positions and is a long-standing member of the Company's Audit Committee. He therefore has corresponding special knowledge and experience in the field of auditing, including sustainability reporting and its audit.

The Supervisory Board has formally named – as "financial expert" – Dagmar Steinert as a member of the Supervisory Board and Audit Committee who has expertise in the field of accounting and Uwe Röhrhoff as a member of the Supervisory Board and Audit Committee who has expertise in the field of auditing. In each case, this includes sustainability reporting and its audit. Both individuals are also independent of the Company. The Supervisory Board and the Audit Committee possess the requisite sectoral knowledge.

MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board holds at least four, and the Presidium usually three regular meetings each year. The Audit Committee regularly meets five times a year, but no fewer than four times. Three of those meetings are held to discuss the half-year financial report and the quarterly statements. The bodies also hold meetings on an ad-hoc basis as needed. The relevant documentation is always made available for the meetings of the Supervisory Board and its committees. The Supervisory Board held four meetings in the year under review, the Presidium four and the Audit Committee five.

PROFILE OF SKILLS AND EXPERTISE/OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD/REQUIREMENTS PROFILE FOR SUPERVISORY BOARD MEMBERS

In accordance with Principle 11 of the Code, the Supervisory Board is to be composed in such a way that its members collectively possess the knowledge, skills and professional experience required to properly perform their duties and in compliance with the statutory gender quota.

To this end, the Supervisory Board has prepared a profile of skills and expertise and specific objectives regarding its composition. The profile is intended to ensure that Supervisory Board members collectively have the skills and professional expertise that are essential for the Company's activities. Such skills and expertise include, amongst others, knowledge and experience in respect of the management of a large or mid-sized international company, knowledge and experience in respect of trading/distribution, digitalization/e-commerce, auditing of financial statements, accountancy and accounting (with respect to auditing and accounting including sustainability reporting and its audit), controlling and risk management or internal audit as well as with respect of compliance and the sustainability issues relevant to the Klöckner & Co Group.

Taking into account the best interests of the Company, diversity is also aimed for in the composition of the Supervisory Board. The Supervisory Board should therefore also include members who fulfill one or several of the following requirements: (a) are female; (b) have their professional or private principal residence in a country (other than Germany) that is of particular relevance to the Klöckner & Co Group; (c) are under the age of 60; and/or (d) meet the criteria of Section 100 (5) of the German Stock Corporation Act (see also under "ACT ON EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADERSHIP POSITIONS" on page 85 and "DIVERSITY POLICY FOR COMPOSITION OF THE SUPERVISORY BOARD; OBJECTIVES OF THE DIVERSITY POLICY" on page 88).

Another objective laid out in the Rules of Procedure is that an appropriate number of the members of the Supervisory Board should be independent within the meaning of Recommendation C.6 of the Code, taking into account the ownership structure. The Supervisory Board determines what it considers to be an appropriate number for this purpose on the basis of its own assessment and provides information in this regard in the Corporate Governance Statement. At its meeting on December 13, 2021, the Supervisory Board determined that at least four of its members are to be independent of the Company and its Management Board and that at least one member is to be independent of any controlling shareholder. In assessing the independence of its members, the Supervisory Board takes into consideration the aspects referred to in Recommendation C.7 of the Code and the criteria specified in the European Commission Recommendation of February 15, 2005 (see Annex 2 to Commission Recommendation of February 15, 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board [2005/162/EC]). Additionally, in order to avoid potential conflicts of interest, Supervisory Board members are not to be members of governing bodies of, or exercise advisory functions at, significant competitors of the enterprise, and are not to hold any personal relationships with a significant competitor. Furthermore, no more than two former members of the Company's Management Board should be part of the Supervisory Board and the Supervisory Board member who chairs the Audit Committee must be independent and must not be a former member of the Company's Management Board whose appointment ended less than two years earlier.

Finally, Supervisory Board members should usually not be appointed beyond the age of 75. The overall term of service as a Supervisory Board Member shall generally not exceed 15 years.

The requirements for nomination to membership on the Supervisory Board depend among other factors on which of the above objectives and criteria are to be prioritized in light of the Supervisory Board's current composition.

STATUS OF IMPLEMENTATION OF THE PROFILE OF SKILLS AND EXPERTISE AND OF COMPOSITION TARGETS/INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD

In the opinion of the Supervisory Board, the criteria and objectives set out above as well as the profile of skills and expertise for the entire Supervisory Board are met with the current composition of the Supervisory Board. The members of the Supervisory Board possess the requisite knowledge, skills and professional experience; the Supervisory Board as a whole has the necessary sectoral knowledge. On the basis of a self-evaluation most recently carried out in fiscal year 2024, which consisted of a self-assessment by the individual members of the Supervisory Board and a subsequent evaluation by the Chairman of the Supervisory Board as well as individual discussions between the Chairman of the Supervisory Board and the various members of the Supervisory Board, the implementation status is presented in the form of a matrix, as shown below (see the fifth sentence of Recommendation C.1 of the Code); this qualification matrix was updated by the Supervisory Board at its meeting in December 2024 and confirmed for the reporting year at the meeting on March 5, 2025 in the resolution on this Corporate Governance Statement:

Competencies	Prof. Dr. Dieter H. Vogel (Chairman)	Dr. Ralph Heck (Deputy Chairman)	Prof. Dr. Tobias Kollmann	Prof. Dr. E.h. Friedhelm Loh	Uwe Röhrhoff	Dagmar Steinert
Management of a large or mid-sized international company	x	x		x	x	
Trading/Distribution	x	x		x		
Digitalization/ e-commerce			x	x		x
Auditing of financial statements (including sustainability reporting)	x	x			x	x
Accountancy and accounting (including sustainability reporting)	x				x	x
Controlling	x	x		x	x	x
Risk management and internal audit (IKS)					x	x
Compliance	x	x	x			x
Sustainability						
– Environment		x	x	x	x	x
– Social	x	x	x	x	x	x
– Governance	x	x			x	x

Almost all members of the Supervisory Board are or have been in management positions at large or mid-sized internationally operating companies, and hold or have held roles in various areas of responsibility including trading/distribution, auditing of financial statements, accountancy and accounting, controlling, risk management, internal audit and compliance. The Supervisory Board also possesses the expertise recommended by the Code on sustainability issues relevant to the Company. This is based on the activities of the respective members of the Supervisory Board outside the Supervisory Board or prior to their membership of the Supervisory Board and on knowledge acquired in the Company's Supervisory Board. In addition, the members of the Supervisory Board were provided with training by an audit firm during the reporting year on questions of sustainability reporting based on the CSRD, taking into account the results of the materiality assessment performed for Klöckner. Prof. Dr. Tobias Kollmann is also regarded as a recognized digitalization expert. The diversity criterion of internationality has also been met (see page 89). Uwe Röhrhoff and Dagmar Steinert additionally meet the requirements of a "financial expert" (see above).

All members of the Audit Committee have expertise in the field of auditing within the meaning of the German Stock Corporation Act and the Code. Uwe Röhrhoff and Dagmar Steinert additionally have expertise in the field of accounting within the meaning of the German Stock Corporation Act and the Code (see above). In each case, this includes sustainability reporting and its audit. The requisite sectoral knowledge is fulfilled in the Supervisory Board and the Audit Committee (see above under the heading "Description of Management Board and Supervisory Board procedures and of committee composition and procedures").

Finally, the Supervisory Board also has an appropriate number of independent members. In the Supervisory Board's assessment, Dr. Ralph Heck, Prof. Dr. Tobias Kollmann, Uwe Röhrhoff and Dagmar Steinert are currently independent within the meaning of Recommendation C.6 of the Code (see page 80). This corresponds to the number determined by the Supervisory Board (see above under the heading "PROFILE OF SKILLS AND EXPERTISE/OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD/REQUIREMENTS PROFILE FOR SUPERVISORY BOARD MEMBERS" on page 83: at least four members are to be independent of the Company and its Management Board and at least one member is to be independent of any controlling shareholder). The requirement that the Chairman of the Audit Committee should be independent is also met. Due to the fact that SWOCTEM GmbH is to be qualified as a controlling shareholder, Prof. Dr. E.h. Friedhelm Loh is not to be considered independent of a controlling shareholder. Solely as a precaution (see above), Prof. Dr. Dieter H. Vogel is declared not to be independent of the Company and of the Management Board within the meaning of Recommendation C.7 of the Code. The Code requirement in this regard that over half of all Supervisory Board members be independent of the Company and of the Management Board is therefore likewise satisfied. In percentage terms, the ratio is 66.67% independent to 33.33% non-independent members.

ACT ON EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADERSHIP POSITIONS

Pursuant to the German Act on Equal Participation of Women and Men in Leadership Positions (as recently amended in 2021 by the Act Supplementing and Amending the Provisions on Equal Participation of Women in Leadership Positions), (i) the Supervisory Board is required to establish a target for women on the Supervisory Board and the Management Board and (ii) the Management Board is required to establish targets for women at the upper two leadership levels below Management Board level.

In fiscal year 2022, the Supervisory Board set new targets for the quota of women on the Supervisory Board and the Management Board, to be met until June 30, 2027: 33.33% (i.e., with six members, two members) for the Supervisory Board and 25% (i.e., with currently three members, one member) for the Management Board. The new targets are both to be met until June 30, 2027. The current quota of women is 16.67% on the Supervisory Board and 0% on the Management Board. The Supervisory Board will take account of the aforementioned target quotas in the next Supervisory Board elections, with the next regular elections due to take place no later than 2026, as well as in the event of any changes or new appointments to the Management Board.

In fiscal year 2022, the Management Board set new targets for the quota of women in the first two management levels below the Management Board: 33.3% for level 1 and 20% for level 2. Both targets are to be met by June 30, 2027. Level 1 generally comprises head of corporate department functions, while level 2 consists of department head functions. As of December 31, 2024, the quota of women was 10% at level 1 and 9% at level 2. The targets were therefore not yet met in the 2024 reporting year. However, they were only set in fiscal year 2022 with an implementation period of five years.

DIVERSITY POLICY FOR COMPOSITION OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD

Diversity plays a key role in Klöckner & Co's personnel policy. This also applies to the composition of the Management Board and Supervisory Board. This aspect is already stipulated either by law (in the Act on Equal Participation of Women and Men in Leadership Positions – see above) or in the Code. Klöckner & Co's diversity policy for the Management Board and Supervisory Board is described in the following.

DIVERSITY POLICY FOR COMPOSITION OF THE MANAGEMENT BOARD; OBJECTIVES OF THE DIVERSITY POLICY

The diversity policy for the composition of the Management Board takes into account the following diversity aspects, although it should be noted that, on new appointments, account naturally has to be given to executive market conditions with due regard for industry-specific circumstances.

Age:

In accordance with the Supervisory Board's Rules of Procedure, members of the Management Board should generally not be appointed beyond the age of 67. The Supervisory Board has additionally resolved that, on reappointment of Management Board members who have reached the age of 60 at the time of reappointment, appointments are to be limited to one year as a rule, with members permitted to be reappointed multiple times. This ensures an appropriate and balanced age structure on the Management Board.

Gender:

The target for the percentage of women on the Management Board has been introduced in accordance with the Act on Equal Participation of Women and Men in Leadership Positions. The current target is 25% (i.e. with the current three members, one member) (see also the section "ACT ON EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADERSHIP POSITIONS" on page 85).

Educational/professional background:

By law, the Articles of Association and the Rules of Procedure, the Management Board is tasked with orderly management of the business. This gives rise to certain requirements that must be satisfied by the Management Board as a whole and by the individual Management Board members. These notably include management experience and leadership skills. Further requirements may also arise from each role. Diversity with regard to educational and professional background therefore necessarily follows from the differing responsibilities of the respective Management Board members. This is supplemented by individual educational and professional backgrounds. In the opinion of the Supervisory Board, the resulting diversity is of value for the work of the Management Board.

Internationality:

A further aspect of diversity is internationality. This can already be part of the educational/professional background where a Management Board member has spent part of his or her career and/or education abroad.

Internationality must notably be seen against the backdrop of Klöckner & Co SE's global activities with its core markets in Europe and North America.

The aforementioned criteria and the related objectives are generally to be construed relative to, and met by, the Management Board as a whole. Given the size and structure of the Management Board, the Supervisory Board does not consider it appropriate to set specific targets with the exception of the target for the quota of women on the Management Board.

IMPLEMENTATION OF THE DIVERSITY POLICY FOR COMPOSITION OF THE MANAGEMENT BOARD

The Management Board is appointed by the Supervisory Board. In this connection, the Supervisory Board's supervisory and advisory function, ongoing dialog with the Management Board and, in particular, its involvement in strategy place it in a position to include the strategic, economic and factual situation of the Company in its assessment.

Within the Supervisory Board, human resources and succession planning is the responsibility of the Presidium which, acting in its capacity as Personnel Committee, submits proposals to the plenary Supervisory Board. To the extent required by the composition of the Management Board, the Presidium and the Supervisory Board regularly consult with the Chairman of the Management Board on any suitable internal and external candidates, including with a view to successions. Detailed information is provided under "LONG-TERM SUCCESSION PLANNING." Alongside other requirements in terms of personality and qualifications, and to the extent that the executive market allows, the above-mentioned diversity aspects for Management Board appointments are also taken into consideration in Supervisory Board decisions with regard to succession planning.

OUTCOMES FOR THE MANAGEMENT BOARD IN FISCAL YEAR 2024

In the opinion of the Supervisory Board, the current members of the Management Board ensure an appropriate degree of diversity on the Management Board, in particular through their careers as well as their respective educational and professional backgrounds. With regard to internationality, the Management Board has already had a US citizen among its ranks since 2019 in the person of John Ganem being responsible for the Kloeckner Metals Americas segment, while Guido Kerkhoff has extensive international experience from past positions. In terms of length of service, Management Board members Dr. Oliver Falk and John Ganem have been in office since 2019 and Guido Kerkhoff since 2020. Guido Kerkhoff has relevant sectoral knowledge by virtue of his previous service at thyssenkrupp. Dr. Oliver Falk and John Ganem have been with Klöckner & Co and with Group companies, respectively, for decades. They both consequently have profound knowledge both of the industry and of the activities of the Klöckner & Co Group. With regard to age structure, Guido Kerkhoff's assumption of office as CEO and the departure of Gisbert Rühl in fiscal year 2021 reduced the average age on the Management Board. The renewal of Dr. Oliver Falk's appointment by three years until 2028 when he reaches the age of 66 was decided in the reporting year having due regard to the reappointment rule referred to earlier. With regard to the percentage of women on the Management Board, the current target of 25% is not yet met. This new (and higher) target percentage was nevertheless only set in fiscal year 2022 (with an implementation period of five years, i.e. by June 30, 2027) and there have since been no new appointments to the Management Board. The Supervisory Board considers continuity in the composition of the Management Board to be an important aspect in view of the current and future challenges facing Klöckner & Co. However, it will take the new target quota into account in connection with future changes in the composition of and appointments to the Management Board.

In percentage terms, the diversity of the Management Board as of the reporting date is as follows in terms of gender, age and internationality: Gender: 100% male; age: 66.67% under 60 years and 33.33% over 60 years (60–70 years); internationality: 66.67% with principal residence in Germany and 33.33% with principal residence in another country (USA).

Further information on the members of the Management Board is provided in the CVs on the Company's website.

LONG-TERM SUCCESSION PLANNING

Long-term succession planning for the Management Board is the responsibility of the Presidium and the Supervisory Board and is carried out jointly with the Management Board, taking into account the profile of skills and expertise for the Management Board. The Presidium discusses long-term succession planning at regular intervals and coordinates on it with the existing Management Board. Long-term succession planning takes into account, in particular, corporate strategy, the existing composition of the Management Board, and the aspect of diversity. Both internal and external candidates are normally considered for future appointments. In-house candidates comprise various members of the first management level below the Management Board. From time to time, the Presidium prepares profiles of requirements and, on that basis, shortlists internal candidates or initiates a search for external candidates. In the next step, candidates are invited for structured interviews. The Presidium then provides the Supervisory Board with its nominations for candidates. If deemed necessary, the Presidium may make use of outside consultants when compiling profiles of requirements and selecting candidates.

DIVERSITY POLICY FOR COMPOSITION OF THE SUPERVISORY BOARD; OBJECTIVES OF THE DIVERSITY POLICY

In accordance with the Supervisory Board's Rules of Procedure, its members must, as a general rule, possess the knowledge, skills and professional experience required for the proper execution of their duties. Taking into consideration the interests of the Company, the aspect of diversity also has to be taken into account, with the aim of attaining a Supervisory Board that is as diverse as possible in terms of age, gender and internationality as well as educational and professional background. The requirements profile for nomination of a Supervisory Board member is largely driven by which of the above objectives and criteria are to be prioritized in light of the Supervisory Board's composition at the time (see also the section, "PROFILE OF SKILLS AND EXPERTISE/OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD/REQUIREMENTS PROFILE FOR SUPERVISORY BOARD MEMBERS" on page 83). Furthermore, specific characteristics of the Company and its ownership structure must be taken into account as appropriate.

The age limit and regular length of service are geared to ensuring a balanced age structure and also to the objective of finding and retaining suitable candidates with sufficient professional experience and personal aptitude for office. A further aspect is the requisite continuity with a view to ongoing support for corporate development.

With regard to the participation of women in leadership positions, the Supervisory Board set a new target of 33.33% (i.e. with six members, two members) in fiscal year 2022 (see also above in the section "ACT ON EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADERSHIP POSITIONS" on page 85).

IMPLEMENTATION OF THE DIVERSITY POLICY FOR THE SUPERVISORY BOARD

Members of the Supervisory Board are elected by the Company's Annual General Meeting. For this purpose, the Supervisory Board makes nominations for election that are in turn prepared by the Presidium (acting in its capacity as Nomination Committee).

In this connection, the Supervisory Board gives consideration to the aforementioned diversity aspects – taking into account the interests of the Company and the individual circumstances (in particular the available candidates), as well as the requirements of the law, the Code and the Rules of Procedure.

The Supervisory Board also carries out a regular self-evaluation that includes aspects relating to its composition.

OUTCOMES FOR THE SUPERVISORY BOARD IN FISCAL YEAR 2024

There is currently one female member of the Supervisory Board in the person of Dagmar Steinert, thus equating to a female quota of 16.67%. The current target of 33.33% for the percentage of women on the Supervisory Board is currently not met. However, it was only set in fiscal year 2022 with an implementation period of five years, i.e. by June 30, 2027. The Supervisory Board will take the new target percentage into account in future appointments to the Supervisory Board and also aims to increase diversity on the Supervisory Board in the long term.

With respect to the age structure of the Supervisory Board, Prof. Dr. Dieter H. Vogel exceeds the regular age limit of 75 and has also been a member of the Supervisory Board for over 15 years. However, allowance must be made for the fact that these limits are merely intended as a guide and that there were extensive changes in the composition of the Supervisory Board between 2015 and 2018 and also of the Management Board between 2017 and 2023. In this light, the continuity represented by Prof. Dr. Dieter H. Vogel is to be welcomed. His professional and personal qualifications are beyond any doubt. The same applies to Prof. Dr. E.h. Friedhelm Loh, who has also exceeded the above-mentioned regular age limit. His status as controlling shareholder also has to be taken into account in this connection.

From the point of view of the Supervisory Board, its composition meets the selected diversity targets (subject to the target newly set in fiscal year 2022 for the percentage of women on the Supervisory Board, which, however, does not have to be met until June 30, 2027). In particular, its members present a welcome mix both of industries and of educational and professional backgrounds, as can be seen from their CVs, which are published on the Company website and updated annually. The diversity criterion of internationality has also been met:

Dr. Ralph Heck is a Belgian national whose permanent residence is in Switzerland, while Uwe Röhrhoff has served and continues to serve in various parts of the world in both professional roles and in offices held. The Supervisory Board has a balanced age structure (ages 54 to 83) and length of service (from approximately one to 18 years). The Supervisory Board will take the new target quota for the number of female members into account in future decisions on changes to the Supervisory Board and also aims to increase diversity on the Supervisory Board in the long term (including with regard to internationality – see above).

In percentage terms, the diversity of the Supervisory Board as of the reporting date is as follows in terms of gender, age and internationality: Gender: 83.33% male and 16.67% female; age: 16.67% under 60 years, 50% from 60–70 years and 33.33% over 70 years; internationality: 83.33% with principal residence in Germany and 16.67% with principal residence in another country (Switzerland).

Further information is provided in the CVs on the Company's website.

ANNUAL GENERAL MEETING

The shareholders of Klöckner & Co SE exercise their rights, including their voting rights, at the Annual General Meeting. The most recent Annual General Meeting took place in Düsseldorf on May 23, 2024. As in fiscal year 2023, the 2024 Annual General Meeting was held in person.

The next Annual General Meeting is scheduled for May 28, 2025. The Company currently plans to hold the 2025 Annual General Meeting in person. The Management Board and Supervisory Board have resolved that the shareholders are to receive all support and information in accordance with the law, the Articles of Association and the recommendations and suggestions contained in the Code. Klöckner & Co SE publishes the invitation of the Annual General Meeting together with all requisite reports and documents in German and English on its website. The entire Annual General Meeting will also be broadcast live for our shareholders. The opening of the Annual General Meeting by the Chairman of the Meeting, the Chairman of the Management Board's speech and the report by the Supervisory Board will also be broadcast live online and will subsequently be made available on the Company website in recorded form. Possible additional "hybrid" elements are currently still being examined and the relevant developments in the capital market are being closely monitored.

MANAGERS' TRANSACTIONS (PREVIOUSLY: DIRECTORS' DEALINGS)

Under Article 19 of the Market Abuse Regulation (EU) No 596/2014, members of the Management Board and Supervisory Board as well as individuals and legal entities closely associated with such members are required by law to disclose to Klöckner & Co SE and to the German Federal Financial Supervisory Authority (BaFin) all purchases and disposals of shares or related financial instruments, notably derivatives, insofar as the value of the transactions reaches or exceeds a total of €20,000 (status as of February 14, 2025) in a single calendar year. All such disclosures are published immediately by the Company. Klöckner & Co sends the corresponding documentation to BaFin; the information is furthermore saved in the company register. The reports are also available on the Company's website at <https://www.kloeckner.com/en/investors/legal-announcements/managers-transactions.html>.

FINANCIAL REPORTING AND AUDIT OF THE FINANCIAL STATEMENTS

Financial reporting by the Klöckner & Co Group is performed in accordance with International Financial Reporting Standards (IFRS). The financial statements of Klöckner & Co SE are prepared in accordance with the German Commercial Code (HGB). For reasons of simplicity and clarity, the management report takes the form of a combined management report covering the annual and consolidated financial statements. By law, the auditor of the annual and consolidated financial statements is elected by the Annual General Meeting. We also ensure adherence to auditor independence stipulations. The auditor and Group auditor appointed by the Annual General Meeting 2024 for fiscal year 2024 is PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf. German public auditors (Wirtschaftsprüfer) Antje Schlotter (since 2023, two signatures) and Verena Polzer (since 2023, two signatures) are the key audit partners. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, has been the auditor of Klöckner & Co SE since fiscal year 2023. The previous auditor was KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (or, until 2009, KPMG Hartkopf + Rentrop Treuhand KG, Wirtschaftsprüfungsgesellschaft, Cologne). The change of auditor was preceded by an invitation to tender for the audit and a selection procedure in accordance with Article 16 (3) of the EU Audit Regulation. Further information on the proposal made to the Annual General Meeting on the election of the auditors of the annual financial statements and consolidated financial statements for fiscal year 2025 will be published together with the invitation of the 2025 Annual General Meeting on our website at www.kloeckner.com. Information on the audit of the sustainability reporting can be found in the Group non-financial report.

The audit mandate for the annual and consolidated financial statements is prepared by the Audit Committee and then discussed and issued by the Supervisory Board.

TRANSPARENCY

Reporting on the Group's situation and on significant events relating to the Group is provided in the Annual Report containing the financial statements and the management report as well as other statutory and voluntary disclosures. Other elements of reporting include the half-year financial report and the quarterly statements published after the first and third quarters. We hold conference calls for journalists, analysts and investors on publication of the annual financial statements, quarterly statements and half-year report. In addition, we organize events and numerous consultations with financial analysts and investors in Germany and internationally, as well as with journalists. Regular dates and events relating to Klöckner & Co SE are listed in the financial calendar on our website. We use the Internet as our main channel of communication for providing shareholders and the public with equal access to timely, comprehensive information. Presentations used during events for financial analysts and investors are promptly made available to the general public on our website. We also publish press releases as needed. Information directly related to Klöckner & Co SE that is likely to have significant influence on the price of Klöckner & Co shares or other financial instruments issued by or associated with the Company is additionally published in ad-hoc announcements as required by the Market Abuse Regulation (EU) No 596/2014. Such matters are governed by a Group policy and an internal committee of experts (ad-hoc committee) who obtain outside advice, particularly on legal issues, as needed.

COMPLIANCE

Ensuring adherence to international regulations and fair conduct toward our business partners and competitors is one of our Company's guiding principles. Klöckner & Co SE considers itself to be bound in this connection not only by statutory and other legal provisions. Voluntary obligations and ethical principles are likewise integral to our corporate culture.

A Compliance Management System (CMS) with an associated compliance organization is installed to ensure compliance.

COMPLIANCE ORGANIZATION

The Company's corporate compliance organization consists of the Chief Governance Officer, the Corporate Compliance Office (CCO), the Compliance Committee and the National Compliance Offices (NCOs).

The CCO is part of the Company's GRC organization. This consists of the Compliance, Data Protection, Information Security, Risk Management and Internal Control System departments.

Compliance officers at the NCOs keep local employees informed at regular intervals about relevant applicable legal provisions and internal policies. They serve as initial points of contact for individual questions in the country organizations.

BASIC ELEMENTS OF THE CMS

Klößner & Co SE's CMS is divided into three elements:

- Prevention
- Detection
- Reporting and reaction

The appropriateness, implementation and effectiveness of the CMS are regularly reviewed by both the Corporate Internal Audit Department and an outside expert (most recently in November 2024).

PREVENTION

Prevention is the most important fundamental element of the CMS. It aims to raise awareness of compliance risks within the Company, enabling early identification and avoidance of these risks through various compliance tools.

"TONE FROM THE TOP" AND "ZERO TOLERANCE POLICY"

The Company's Management Board has unequivocally expressed its policy with regard to compliance violations in "Tone from the Top". This is published both on the Company website and the intranet. Breaches of the law, in particular antitrust, anti-corruption, anti-money laundering and human rights violations, are not tolerated in any way and result in sanctions against the offending governing bodies, employees or business partners ("Zero Tolerance Policy").

COMPLIANCE RISK ASSESSMENT

To identify and assess potential compliance risks within the focal areas, the CCO regularly conducts compliance risk assessments with the country organizations. Together with the respective country organization CEOs, the CCO assesses the individual compliance risks in terms of relevance and probability of occurrence for the specific business model together with potential legal and financial impacts on the country organization. On the basis of these assessments, precautionary measures are taken and, where necessary, adjustments made to the CMS.

COMPLIANCE COMMUNICATION AND COMPLIANCE PLATFORM

For compliance communication, the CCO makes use of the Microsoft Viva Engage communication platform and the Microsoft Teams chat-based virtual workspace. These are used to publish compliance-relevant matters and warnings, for example of current cases of identity fraud. From them, all employees can also directly access the compliance platform.

The compliance platform comprises several modules: "Ask Compliance" for requests and approvals, business partners due diligence, the whistleblower system "Let us know", the Compliance SharePoint and the integrated Case Management Tool. The Compliance SharePoint serves as a "single point of truth" providing all relevant compliance documents, and is administered centrally by the CCO.

CODE OF CONDUCT, GUIDELINES AND PROCEDURES

The Code of Conduct published on the Company website and elsewhere sets out basic rules and principles as a framework for our business activities and social engagement. Members of the Management Board and all managerial personnel are required to lead by example and have heightened responsibility for ensuring that the Code of Conduct is put into practice. Moreover, all employees are called upon to contribute actively in applying and adhering to these principles across their areas of responsibility and to act with integrity in their work within our Company. In the interest of all employees and to avert damage to the Company, directives and procedural instructions are provided that detail permissible conduct. The country organizations publish the Group guidelines and procedural instructions in their area of responsibility and adopt the measures needed to implement the respective requirements.

COMPLIANCE TRAINING

All Group employees are required to participate in a Group-wide training program to raise awareness of our Code of Conduct. The training program is additionally divided into various modules for the different target groups, whose knowledge is kept up to date through regular refresher training sessions. Mandatory training modules are assigned to employees and completion is monitored in an IT-based learning management system.

BUSINESS PARTNER SCREENING AND MONEY LAUNDERING PREVENTION

To prevent corruption risks, the Company has established strict rules on engaging intermediaries, whose integrity is assessed with the aid of an external service provider before entering into any contract. This review is repeated at regular intervals according to risk.

All customer and supplier relationships are screened against sanction lists relevant to the Company. For this purpose, the Company uses software from an external service provider.

To prevent money laundering, the Company has severely restricted cash payments. Compliance with due diligence requirements under money laundering legislation is monitored by means of organizational measures and IT-based checks.

MANAGEMENT INTEGRITY SCREENING

The top three levels of management and all board members are subject to integrity screening before engagement or appointment.

SUPPLY CHAIN COMPLIANCE

Further measures relate among other things to supply chain compliance. The Company ensures compliance with supply chain due diligence requirements for raw materials from conflict-affected and high-risk areas and restricts the use of certain hazardous substances in electrical and electronic equipment. Dual-use goods and related foreign trade regulations are centrally monitored with systemic controls in the IT systems.

CAPITAL MARKET COMPLIANCE

Statutory provisions prohibiting insider trading and personal account trading by executives are supplemented by a Group insider-trading policy governing dealings with information that could potentially impact the price of Klöckner & Co SE shares as well as transactions in Company securities by board members and employees. Individuals who receive access to insider information as part of their work are registered from that point onwards on an insider list as stipulated in the Market Abuse Regulation.

DETECTION

Potential compliance violations can be reported anonymously to the CCO. Employees and external parties can report potential violations of our Code of Conduct on the compliance platform's landing page and the Company website. A free-of-charge telephone hotline is also available 24/7 worldwide in the relevant national language.

As part of regular ICS auditing, compliance-relevant audit areas are audited in compliance audits under the leadership of the Corporate Internal Audit Department. Compliance audits are also carried out on an ad-hoc basis together with the Corporate Internal Audit Department – in some cases with the additional involvement of third-party subject-matter experts – in order to detect potential compliance violations.

REPORTING AND REACTION

In a regular reporting cycle and in urgent cases on an ad-hoc basis, the Chief Governance Officer (CGO) and the head of CCO report to the entire Management Board and Supervisory Board of Klöckner & Co SE on current compliance-related developments in the Group. Finally, compliance activities for both bodies are summarized once a year in the annual compliance report.

The CEO, functionally responsible for the division Compliance, is continuously informed about relevant matters through reporting on Compliance Risk Assessments and Compliance Audits as well as during monthly compliance meetings.

In line with the Management Board's Zero Tolerance Policy, compliance violations are strictly pursued and sanctioned.

DATA PROTECTION

Ensuring data protection is a key priority for us, and we aim to meet the strict and constantly evolving legal requirements for the protection of personal data, particularly with a view to the constant advance of digitalization.

In order to meet data protection requirements of the countries in which our companies operate, Klöckner has a risk-oriented data protection management system that is continually adapted to changes in the Group.

Group Data Protection is a stand-alone department within Governance, Risk & Compliance. Together with the Group Data Protection Officer and local data protection managers, it ensures compliance with the EU GDPR and local laws. The Group Data Protection Officer has a direct reporting line to the Management Board.

A rolling international training program and extensive communication on data protection issues through our internal social network, intranet and training systems, supplemented by clear "tone from the top" communication from corporate management, ensure that our employees have a high level of data protection awareness. This is also reflected in the large number of requests for advice, which evidences a high level of awareness among employees with regard to data protection.

Work has also begun on updating deletion policies in both organizational and technical terms. In addition to ensuring ongoing compliance with data protection law, this also contributes to sustainable business development by saving storage space and computing power.

We have likewise tightened our privacy policies, notably with regard to transparency. These can be viewed at any time on a dedicated data transparency page on our website (<https://www.kloeckner.com/en/group/data-transparency.html>).

Finally, we reviewed new regulatory requirements in the areas of data governance and artificial intelligence, which complement data protection requirements, and identified and implemented risk-appropriate measures as a result.





Sustainability Reporting

Klöckner & Co SE

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General disclosures

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Klöckner & Co SE Sustainability Reporting 2024

General basis for preparation of the Group non-financial report

This sustainability reporting for 2024 includes the separate Group non-financial report of Klöckner & Co SE in accordance with Sections 315b to 315c of the German Commercial Code (HGB) and the disclosures in accordance with the EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council and the delegated acts adopted in this respect, as well as the interpretation presented in the section titled "EU Taxonomy" of the Group non-financial report.

In the Group non-financial report, we present the sustainability topics that are material to our business activities, and the impact of our business activities on people and the environment. We take the value chain into account, from resource extraction and production to processing and delivery to the customer.

Klöckner & Co SE is a listed corporation whose registered domicile is Duisburg, Germany. It is entered in the commercial register of Duisburg Local Court under HRB 20486. Since January 2025, the administrative headquarters of Klöckner & Co SE has been located at Peter-Müller-Straße 24, Düsseldorf, Germany. The reporting period for the Group non-financial report is fiscal year 2024. The scope of consolidation for the Group non-financial report includes all subsidiaries of the Group. Unless otherwise specified, the disclosures cover all fully consolidated companies of the Klöckner & Co Group. In preparing our Group non-financial report, we have partially used the European Sustainability Reporting Standards (ESRS) as a framework, in accordance with Section 315c (3) in conjunction with Section 289d of the German Commercial Code (HGB). Our Group non-financial report complies with the ESRS with the exception of the ESRS disclosure requirements listed below:

- Selected disclosures on CAPEX and OPEX under E1-1 – Transition plan for climate change mitigation
- Selected disclosures on CAPEX and OPEX under E1-3 – Actions and resources in relation to climate change policies
- S1-10 – Adequate wages
- S1-14 – Health and safety metrics
- S1-16 – Remuneration metrics (pay gap and total remuneration)
- Use has also been made of the phase-in provisions in accordance with Appendix C of ESRS 1
- Contrary to ESRS 1, the Group non-financial report is not included in the Group management report

The first, albeit partial, use of the ESRS as a framework reflects the importance of the ESRS as the reporting standards adopted by the European Commission for sustainability reporting.

In order to meet our reporting obligations under German commercial law in accordance with Section 289c (2) HGB, we declare that the Group non-financial report covers the following matters: (1) Environmental matters (see the Environment section); (2) employee matters (see the Social section, in particular under "Adequate wages," "Health and safety", "Gender equality and equal pay for work of equal value" and "Workers in the value chain"); (3) Social matters (see the Social section, in particular under "Affected communities"); (4) Respect for human rights (see the Social section); and (5) Anti-corruption and bribery. It is one of Klöckner & Co's fundamental principles that our employees act in accordance with prevailing competition law. We are committed to free competition and the recommendations of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of December 17, 1997. Klöckner & Co also endeavors to comply with all anti-corruption laws of the countries in which we do business. The topic of corruption and bribery was identified in the double materiality assessment as not material, therefore no separate concept is described in this report.

There are no significant risks arising from our own operations, business relationships, products or services that are highly likely to have, or to be capable of having, a material negative impact on the non-financial matters listed in Section 289c HGB.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was engaged to provide a limited assurance review of our Group non-financial report for the period January 1, 2024 to December 31, 2024.

Klöckner & Co has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation. Furthermore, the Company has not used the exemption from disclosure of impending developments or matters in the course of negotiation, as provided for in Articles 19a (3) and 29a (3) of Directive 2013/34/EU.

Disclosures in relation to specific circumstances

To be consistent with the time horizons already used in risk management, we use the following time horizons in this Group non-financial report: short-term (up to 1 year), medium-term (1–3 years) and long-term (more than 3 years).

We use estimates when reporting on our carbon emissions. Detailed information is provided under "Climate change." The calculation of carbon emissions, especially with respect to the entire upstream and downstream value chain, is always subject to a degree of uncertainty. This is mainly due to factors such as data availability and accuracy, the complexity of supply chains, different calculation methods and changes in emission factors.

We have incorporated the following information by reference in our Group non-financial report: ESRS 2 GOV-3, in which we refer to our remuneration report, and ESRS 2 GOV-5, in which we refer to the section on risks and opportunities in the management report.

Role of the administrative, management and supervisory bodies, and information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The following information on governance matters relates to the disclosures required for and/or pertinent to this Group non-financial report. Please also refer to the Corporate Governance Statement, which forms part of the management report, and the report of the Supervisory Board.

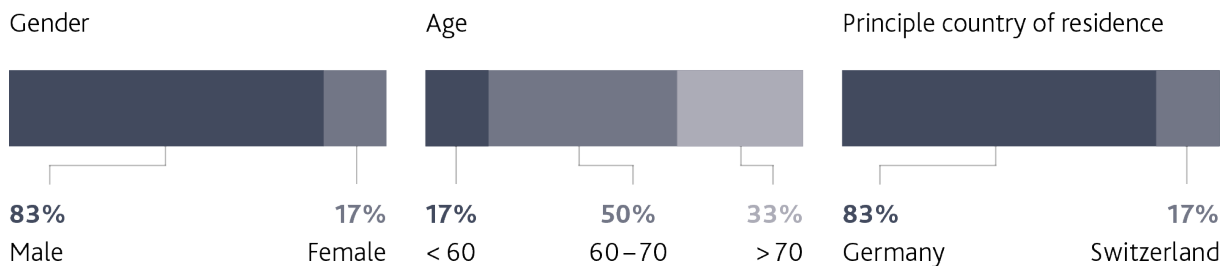
Supervisory Board

The Supervisory Board of Klöckner & Co SE comprises six members, all of whom represent shareholders and are generally elected by the Annual General Meeting. In the view of the Supervisory Board, the members of the Supervisory Board possess the requisite knowledge, skills and professional experience; the Supervisory Board as a whole has sectoral knowledge and knowledge of our locations. Almost all members of the Supervisory Board are or have been in management positions at large or medium-sized international companies, and hold or have held roles in various areas of responsibility including distribution/sales, auditing, accounting, financial control, risk management, internal audit and compliance. The Supervisory Board also possesses expertise on sustainability issues of relevance to the Company. Furthermore, Prof. Dr. Tobias Kollmann is regarded as a recognized digitalization expert. Uwe Röhrhoff and Dagmar Steinert additionally meet the requirements of a "financial expert."

The qualification matrix below shows the distribution of the individual skills as of the reporting date on the basis of a self-evaluation most recently carried out in fiscal year 2024.

Competencies	Prof. Dr. Dieter H. Vogel (Chairman)	Dr. Ralph Heck (Deputy Chairman)	Prof. Dr. Tobias Kollmann	Prof. Dr. E.h. Friedhelm Loh	Uwe Röhrhoff	Dagmar Steinert
Management of large or mid-sized international company	x	x		x	x	
Trading/Distribution	x	x		x		
Digitalization/ e-commerce			x	x		x
Auditing of financial statements (including sustainability reporting)	x	x			x	x
Accountancy and accounting (including sustainability reporting)	x				x	x
Controlling	x	x		x	x	x
Risk management and internal audit (IKS)					x	x
Compliance	x	x	x			x
Sustainability						
– Environment		x	x	x	x	x
– Social	x	x	x	x	x	x
– Governance	x	x			x	x

In accordance with its Rules of Procedure, the Supervisory Board also takes diversity aspects into account in its composition. This follows from the Rules of Procedure of the Supervisory Board and the diversity policy. In percentage terms, the diversity of the Supervisory Board in terms of gender, age and principle country of residence is as follows:



With regard to the independence of members of the Supervisory Board, the percentage ratio is 66.67% independent to 33.33% non-independent members. The following Supervisory Board members are declared to be non-independent:

As the sole shareholder of SWOCTEM GmbH, which is a major shareholder in the Company, Prof. Dr. E. h. Friedhelm Loh is not to be considered independent of a controlling shareholder. Solely as a precaution, due to his membership in the Supervisory Board of more than 18 years, Prof. Dr. Dieter H. Vogel is not deemed to be independent of the Company and the Management Board, although the Supervisory Board does not see any risk of conflicts of interest. Instead, it is in the interest of the Company for Prof. Dr. Dieter H. Vogel to serve on the Company's Supervisory Board even if the 12-year term stated in the Code (see Recommendation C.7 of the Code) is exceeded (see the further information in the Declaration of Conformity).

The Supervisory Board deals with sustainability topics and the matters identified as material in the double materiality assessment, particularly in relation to strategy, the review of sustainability reporting and Management Board remuneration (the setting of sustainability targets). It also monitors the effectiveness of the risk management system, responsibility for which lies with the Management Board, and internal control system (in particular as represented by the Audit Committee – see below). The Supervisory Board receives an annual report on compliance, data protection and information security as part of a Governance, Risk and Compliance (GRC) report.

Supervisory Board committees

The plenary work of the Supervisory Board is supplemented by its committees. The Supervisory Board has established the following committees: a three-member Presidium and an Audit Committee, which also has three members.

Presidium

In accordance with the Rules of Procedure, the Presidium also acts as a Personnel Committee for the purpose of preparing staffing decisions at Management Board level. The Presidium proposes suitable candidates to the Supervisory Board for appointing them as members of the Management Board and in particular makes proposals with regard to their remuneration and the Management Board remuneration system as a whole. It also advises on long-term succession planning for the Management Board. It furthermore fulfills the function of a Nomination Committee, in which capacity it proposes suitable candidates to the plenary Supervisory Board for election to the Supervisory Board at the Annual General Meeting.

Audit Committee/Sustainability Committee

The Audit Committee, which also serves as the Sustainability Committee, deals in particular with issues relating to the Company's financial reporting, auditing and internal control systems. This also includes sustainability reporting. In addition, the Audit Committee (acting as the Sustainability Committee) supports the Supervisory Board in monitoring the implementation of the sustainability strategy. Sustainability topics are regularly reported on in the meetings of the Audit Committee. The Chairman of the Audit Committee, in turn, reports in meetings of the Supervisory Board on the work of the Audit Committee and the subject matter of its meetings. Finally, the Audit Committee is involved in the risk management process through regular reporting and also assesses the risk strategy and the risk management system. In this connection, the committee is also responsible for reviewing the risk report.

The aforementioned roles and responsibilities follow from the law and the Articles of Association of Klöckner & Co SE, the Rules of Procedure of the Supervisory Board and the Rules of Procedure of the Audit Committee (e.g., the Audit Committee's function as Sustainability Committee; risk-related responsibilities). Operational oversight with regard to sustainability-related impacts, risks and opportunities is the responsibility of the Management Board. The Supervisory Board exercises oversight and control in particular on the basis of reporting by the Management Board and in connection with the external audit (submission of audit reports and dialogue with the auditor). The strategy developed by the Management Board, including the sustainability strategy, is discussed and agreed with the Supervisory Board. Implementation of the agreed strategy is subject to interim milestones and is regularly discussed in meetings of the Supervisory Board. The achievement of sustainability-related targets is included in variable remuneration incentives for the Management Board.

The existing remuneration system provides for numerous non-financial targets that are of importance to the strategic and sustainable development of the Company, including its corporate social responsibility and ESG criteria. Among them are compliance and risk management targets as well as other targets such as customer satisfaction, employee-related targets (including health and satisfaction), diversity, advancements in innovation, succession planning, limiting carbon emissions and responsible use of resources. When setting the targets for the remuneration of the Management Board, these sustainability-related targets are set at the same time. The performance achieved is presented in the remuneration report together with the annual financial statements, and the respective target achievement is discussed. In addition, estimates of the expected level of target achievement for the current fiscal year are presented and discussed as a rule at the last meeting of the fiscal year.

A self-evaluation was carried out in the reporting year on the implementation of the profile of skills and expertise. This covers the requirements of importance to Klöckner & Co and includes "sustainability issues relevant to the Group" divided into "environmental," "social" and "governance" matters. This self-evaluation consisted of a self-assessment by the individual members of the Supervisory Board and a subsequent evaluation by the Chairman of the Supervisory Board, as well as individual discussions between the Chairman of the Supervisory Board and the various members of the Supervisory Board. In addition, a training event on sustainability topics tailored to Klöckner & Co by a leading audit firm was held for all Management and Supervisory Board members during the reporting year. The topics covered included the sustainability reporting requirements under the CSR Directive and the results of the double materiality assessment performed by Klöckner & Co. Furthermore, the members of the Supervisory Board, and in particular the members of the Audit Committee, continuously develop their knowledge of Company-specific sustainability issues through their committee work at Klöckner & Co and in other external mandates.

The Supervisory Board maintains an ongoing, intensive dialog with the Management Board on business policy as well as the business situation, corporate planning and strategy. Moreover, the Management Board provides regular, timely and comprehensive written and verbal reports to the Supervisory Board. The focus of the written reporting is the monthly Board reporting. Certain sustainability metrics are included in the regular reporting to the Supervisory Board. These relate to matters such as occupational safety. Additional information is provided as the need arises, such as when setting non-financial targets for the Management Board or determining target achievement by the Management Board. Furthermore, the Management Board reports to the Supervisory Board on risk management issues, which are also regularly handled by the Audit Committee. In addition, the topic of sustainability, together with other governance matters, is regularly discussed at the meetings of the Audit Committee (acting as the Sustainability Committee), where sustainability issues and projects are reported on. Finally, the Supervisory Board and – in preparation, the Audit Committee (acting as the Sustainability Committee) – review the Group non-financial report. Information from interactions with the auditor is incorporated in this review. Where sustainability topics that constitute material impacts, risks or opportunities are relevant to matters that are discussed and/or decided on by the Management Board, the Supervisory Board or its committees, they are duly taken into account in the discussion and/or the decision-making. Examples include the specification of non-financial targets for Management Board remuneration, the development of the corporate strategy and the review of sustainability reporting. This can also relate to individual projects or transactions. Moreover, the risk management process is regularly discussed by the Audit Committee and reported on to the Supervisory Board.

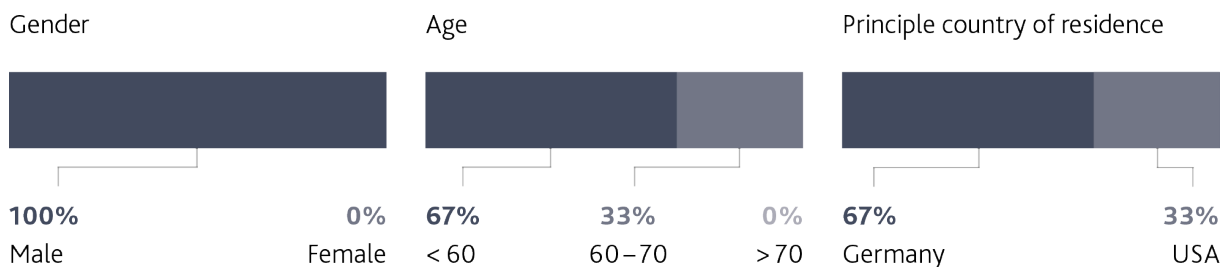
As part of the aforementioned activities, the sustainability matters identified as material to Klöckner & Co were discussed by the Supervisory Board and the Audit Committee (acting as the Sustainability Committee) at their meetings during the reporting year.

Management Board

The Management Board of Klöckner & Co SE comprises three members, who are appointed and dismissed by the Supervisory Board in accordance with the SE Regulation, the German Stock Corporation Act and the Articles of Association: Chairman of the Management Board and CEO Guido Kerkhoff (also responsible for the European operating business), Chief Financial Officer (CFO) Dr. Oliver Falk, and John Ganem (responsible for the American business operations).

Collectively, the Management Board possesses a broad range of expertise, skills and experience relevant to our business, corporate strategy, material impacts, opportunities and risks, and global activities and locations. This notably includes management experience, leadership skills and profound industry knowledge. In addition, the three members of the Management Board possess specialist knowledge in their respective areas of responsibility and related sustainability topics. The Management Board's experience in relation to environmental and climate change issues and social responsibility initiatives enables us to address key shareholder concerns as to sustainability and corporate responsibility.

Diversity plays a key role in Klöckner & Co's personnel policy. This also applies to the composition of the Management Board and Supervisory Board. Klöckner & Co is committed to further improving diversity within the Group. With regard to the diversity criteria set out above, the position with regard to the Management Board is as follows:



The Management Board sets the targets and the strategies for the segments, the holding company and other Group companies and defines the guidelines and principles for the resulting corporate policy. Corporate strategy is developed by the Management Board in consultation with the Supervisory Board. It also ensures an adequate risk management system and risk control; it has additionally set up an internal control system (ICS). The risk management system and the ICS also cover sustainability-related targets.

Notwithstanding the overall responsibility borne by all Management Board members, the individual members each manage their allotted responsibilities on their own within the framework of the Management Board resolutions. The CEO has functional responsibility for the area of sustainability and keeps the remaining members of the Management Board informed with regard to important measures and developments related to sustainability. The Rules of Procedure for the Management Board require the Management Board to hold meetings at least once a month, although it usually meets twice monthly. The Management Board also participates in the regular meetings of the Audit Committee.

Responsibility for sustainability management, coordinating all sustainability activities and compiling the Group sustainability report lies with the Corporate Strategic Sustainability Department. The teams established under the internal Sustainability and Human Rights Committee consist of managers from the corporate departments Sustainability, Investor Relations, Legal, Compliance, Human Resources, Risk Management, Logistics and Procurement, together with key sustainability stakeholders within the Group. These interdisciplinary and cross-functional teams determine the main pillars of the sustainability strategy and coordinate their activities closely with the respective segments and their departments within the Klöckner & Co Group regarding the implementation of sustainability initiatives. The Head of Strategic Sustainability reports to the CEO directly and on an ongoing basis as the need arises.

As well as the members of the Supervisory Board, the members of the Management Board also took part in specially provided training by a leading audit firm. This focused on the requirements for sustainability reporting under the CSRD and on the results of the Company's double materiality assessment. The members of the Management Board also continuously develop their knowledge of Company-specific sustainability issues through their committee work at Klöckner & Co and their activities outside of the Company.

The Management Board and the Supervisory Board were informed about the results of the double materiality assessment performed by Klöckner & Co and provided with an update on the upcoming new responsibilities under the CSRD, which include the identification and assessment of impacts on people and the environment and of sustainability-related opportunities and risks.

Integration of sustainability-related performance in incentive schemes

The ESRS 2 GOV-3 disclosures on the integration of sustainability-related performance in incentive schemes are included in the disclosures marked as such in the remuneration report under "1.2 Management Board remuneration" (see pages 176-188) and "1.3 Supervisory Board remuneration" (see page 199) and are also an integral part of this Group non-financial report.

Statement on due diligence

Conducting thorough due diligence not only promotes sustainable and responsible business practices, but also integrates human rights and environmental issues into our business activities and business conduct. The following table shows how the core elements and steps of our due diligence process are covered in our Group non-financial report.

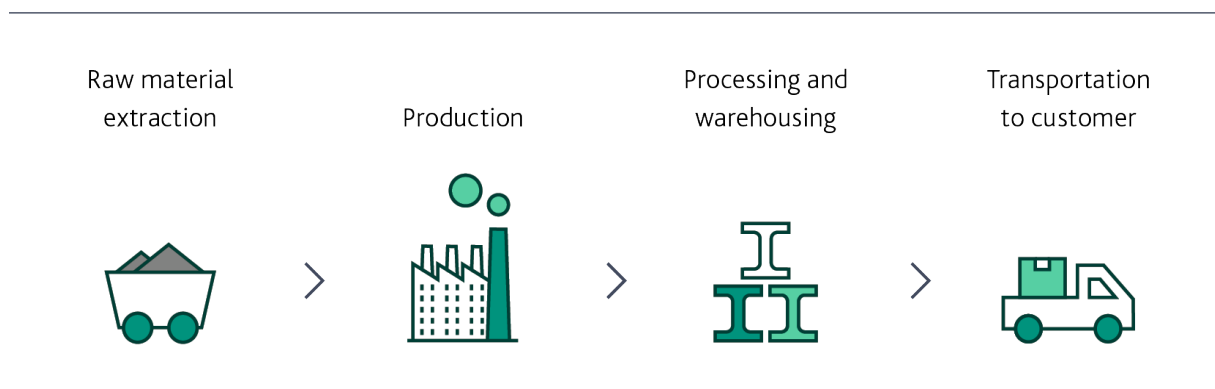
Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	ESRS 2 (GOV-1, GOV-2, GOV-3 and SBM-3), pages 100 et. seq.
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 (GOV-2, SBM-2 and IRO-1), pages 100 et. seq.
c) Identifying and assessing adverse impacts	ESRS 2 (IRO-1, IRO-2 and SBM-3), pages 110 et. seq.
d) Taking actions to address those adverse impacts	Chapter „Environment“, pages 124 et. seq.; Chapter „Social“, pages 148 et. seq.
e) Tracking the effectiveness of these efforts and communicating	Chapter „Environment“, pages 124 et. seq.; Chapter „Social“, pages 148 et. seq.

Risk management and internal controls over sustainability reporting

The ESRS 2 GOV-5 disclosures on risk management and internal controls over sustainability reporting are included in the disclosures marked as such in the management report under "5.3 Risks and opportunities" (see pages 58-61, 63 and 68) and are also an integral part of this Group non-financial report.

Strategy, business model and value chain

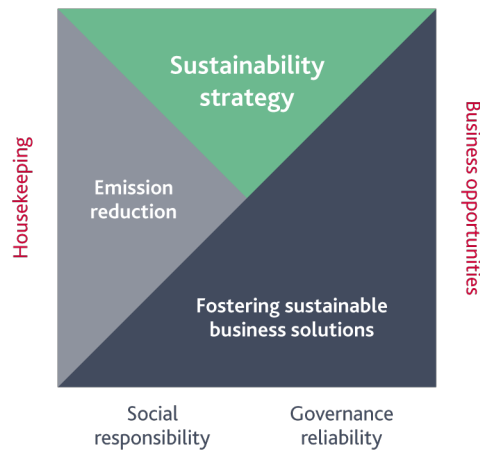
Klöckner & Co is one of the largest producer-independent distributors of steel and metal products worldwide. As we are not tied to any particular steel producer, customers benefit from our centrally coordinated procurement and wide range of national and international sourcing options from around 40 key suppliers across the globe. These include the world's largest steel producers. Responsible conduct plays a central role in relation to our business model and our self-perception as a tradition-rich company. For us, responsibility means aligning all our business activities with good ethics, social responsibility, environmental stewardship and commercial success. Sustainability along the value chain is an issue of special importance and is a core element of our "Klöckner & Co: Leveraging Strengths" strategy. As a distributor and important link in the value chain, we see it as our duty to continuously improve processes in order to minimize the negative and maximize the positive impacts of our business activities. A key driver in communicating our sustainable transformation both internally and externally is our purpose statement: "We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow." This guides us in our day-to-day work. It provides direction for our employees and tells our customers and business partners what they can count on. In condensed form, it is expressed in our slogan, "Your partner for a sustainable tomorrow."



Our approximately 6,300 employees (for further characteristics of our workforce, see in the "Social" section under "Characteristics of the Klöckner & Co workforce") apply their skills and commitment to meeting our customers' needs. We provide customers with an end-to-end solution from procurement through logistics to processing, including individual delivery and 24-hour service – processes we are increasingly digitalizing and automating. We use a variety of digital tools and applications to enable us to provide our customers and business partners with an even broader spectrum of steel and metal products as well as services. Through our distribution and logistics network with around 120 distribution and service locations in Europe and North America, we serve over 60,000 customers. Concentrated mainly in the construction, the machinery and mechanical engineering industries, the transportation industry and other metal transforming companies, our customer base consists primarily of small to medium-sized steel and metal consumers as well as larger customers, particularly in North America. As all of Klöckner & Co's business activities fall within the metals industry or wholesale sectors, the stated revenue of Klöckner & Co comes from activities in these sectors.

We embrace our responsibility for the environment, safety and our community. This commitment must be reflected in all our actions and decisions. Safety standards ensure a working environment that protects our employees. For a transparent presentation of our position as a company, we report on the sustainability matters identified in our double materiality assessment as being material to Klöckner & Co. We demonstrate accountability and commitment to our decisions and actions, and are dedicated to a culture of dealing openly with faults.

We view our dedicated sustainability strategy from an overarching environmental, social and governance (ESG) perspective and purposefully integrate that perspective. Social responsibility and reliable corporate governance are integral elements here alongside environmental aspects.



We believe that in particular innovation, technology and new business models will enable the steel and metal industry's successful transformation to sustainability. As part of our Group strategy, we are working as a pioneer of a sustainable steel industry to establish innovative business models by creating a comprehensive portfolio of sustainable customer solutions. By expanding our product and service portfolio, we are seizing the strategic opportunity to integrate the attractive new business area of sustainable solutions into our business model. We see this transformation as a unique growth opportunity – not just in the future, but already today.

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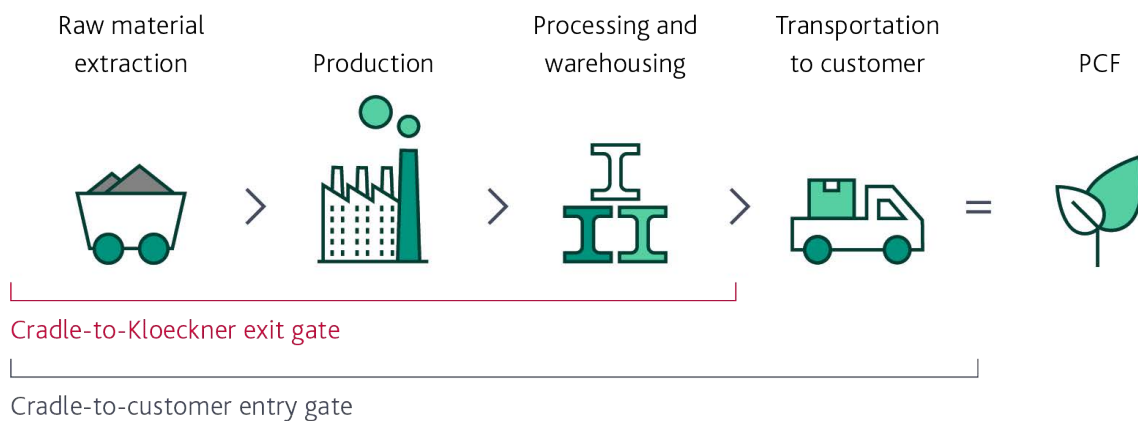
Under our Nexigen® umbrella brand, we have focused our sustainable product and service portfolio across the Group, providing transparent, carbon-reduced solutions in the categories of materials, processing, logistics, circularity (closed-loop) solutions and comprehensive Sustainability Advisory Services for sustainable customer solutions. In this way, we are already helping customers to source carbon-reduced steel and metal products, while our smart software solutions give them visibility into the carbon footprint of the products they buy. To provide our customers with optimum support in establishing sustainable value chains, we have introduced rating scales for our CO₂-reduced steel, stainless steel and aluminum products. The calculation methodology is rooted in international, science-based standards and categorizes the CO₂-reduced materials according to their certifiably calculated emissions along the entire value chain from resource extraction to production and processing, or "cradle to Kloeckner exit gate." Our scales serve customers as a guide and a comparison tool for determining the carbon footprint of end products. Through partnerships, we already offer our customers CO₂-reduced steel and metal products today.



Categorization for carbon steel, in kg CO₂e per ton of steel.

In addition, we provide customers with an individual product carbon footprint (PCF) for almost every item in our product portfolio. This allows customers to reliably, transparently and easily verify the carbon footprint of a product purchased from Klöckner & Co. With the Nexigen® PCF Algorithm, we have developed an innovative tool whose automated PCF calculation methodology is certified by TÜV SÜD. The Nexigen® PCF Algorithm's methodology for calculating the PCF follows the internationally recognized Greenhouse Gas Protocol (GHG Protocol) and ISO 14067, ref. 14040 and 14044, and calculates the product's cradle-to-customer entry gate emissions in accordance with those standards. As a result, customers have information about the carbon footprint of their materials, thus enabling them to make more sustainable product decisions.

Nexigen® PCF Algorithm



With the introduction of Nexigen® Data Services for the active management of product carbon emissions, we have made a further major step towards decarbonizing the steel and metal industry. This digital technology solution enables customers to view, at a glance, the cradle-to-customer entry gate carbon emission history of all products sourced through Klöckner & Co, and automatically receive suggestions for alternative carbon-reduced products and therefore their potential for reduction in comparison to past orders.

Nexigen® Data Services

In recognition of our contribution to the decarbonization of the steel industry, we won the prestigious German Sustainability Award for the second time. Winning the award again highlights the fact that Klöckner & Co has successfully integrated sustainability into its business model and is making an effective contribution to long term transformation.



Interests and views of stakeholders

Klöckner & Co has assessed the impacts, risks and opportunities of ESG matters and their interaction with our strategy and business model. This assessment is based on the engagement with internal and external stakeholders with regard to both impacts and financial materiality. External stakeholder groups were represented by internal representatives. The result is an overview of our material impacts, risks and opportunities along our entire value chain. For further details, please refer to the separate disclosures in the Environment, Social and Business conduct sections. Details of the process steps taken in the double materiality assessment are provided in this section under "Description of the processes to identify and assess material impacts, risks and opportunities."

We recognize the importance of engaging with our stakeholders and regularly communicate with various stakeholders on a range of topics. We actively create opportunities for stakeholders to express their interests and views, for example through regular dialogues, employee surveys, network meetings or virtual discussion groups. Our departmental experts are in constant contact with their key stakeholders, fostering open dialogue to understand the expectations they have of our Company and to keep them informed of our initiatives. Our corporate website is regularly updated and provides transparent and comprehensive information about our strategy, business model and activities.

We use input from our stakeholders to manage our strategic priorities and sustainability efforts. We therefore ensured that our double materiality assessment involved a wide range of stakeholders in order to incorporate their needs and expectations into our sustainability management and sustainability reporting. The Management Board of Klöckner & Co SE is provided with regular information on employee interests – including the interests of workers in the value chain – through reports from local management levels, the results of the annual Group-wide employee survey, and stakeholder dialogues with trade unions and employee representatives about the opinions and views of employees.

For further information on Klöckner & Co's key stakeholders and the organization of stakeholder engagement, please refer to the table below.

Shareholders, analysts, investors	<ul style="list-style-type: none"> ▪ Annual General Meeting ▪ Annual and quarterly reporting ▪ Press releases ▪ Investor events ▪ Roadshows ▪ Face-to-face and digital meetings ▪ Emails and phone calls 	<ul style="list-style-type: none"> ▪ Corporate performance, Group strategy and sustainability strategy ▪ M&A activities 	<ul style="list-style-type: none"> ▪ Annual ▪ Annual/quarterly ▪ Regular/continuous
Employees	<ul style="list-style-type: none"> ▪ Group-wide employee survey ▪ Performance evaluations ▪ Internal magazine ▪ Cooperation with trade unions and works councils ▪ Intranet and Viva Engage internal social network ▪ Social events ▪ "Let us Know" compliance channel ▪ LGBTQ+ and women's network 	<ul style="list-style-type: none"> ▪ Health and safety ▪ Skills development and good leadership ▪ Working conditions and other work-related rights ▪ Perspectives of minority groups 	<ul style="list-style-type: none"> ▪ Annual ▪ Six-monthly ▪ Regular/continuous
Customers	<ul style="list-style-type: none"> ▪ Customer surveys ▪ Customer meetings ▪ Trade fairs ▪ Customer days 	<ul style="list-style-type: none"> ▪ Green steel product solutions ▪ Sustainable supply chain, e.g. human rights 	<ul style="list-style-type: none"> ▪ Regular/continuous
Suppliers	<ul style="list-style-type: none"> ▪ Supplier meetings ▪ "Let us Know" compliance channel ▪ Supplier due diligence 	<ul style="list-style-type: none"> ▪ Product quality and process technology ▪ CO₂-reduced product solutions for steel/aluminum ▪ Sustainable supply chain, e.g. human rights ▪ Circular economy 	<ul style="list-style-type: none"> ▪ Regular/continuous
Industry and sustainability associations	<ul style="list-style-type: none"> ▪ Events ▪ Seminars, panels, awards 	<ul style="list-style-type: none"> ▪ Joint initiatives and programs ▪ Workshops and knowledge sharing 	<ul style="list-style-type: none"> ▪ As the need arises

Description of the processes to identify and assess material impacts, risks and opportunities

The double materiality assessment was used to identify material sustainability matters in regard to their impact materiality and financial materiality.

First, we identified the potential and actual, positive and negative impacts on people and the environment arising from our own operations and the upstream and downstream value chain. All sub-topics and sub-sub-topics were discussed that are listed in ESRS 1 AR 16 were discussed, as well as potential entity-specific topics. Those that have a potential impact on our business model were subjected to further assessment and described in detail. The process was supported by engagement with relevant stakeholders and by the use of studies and tools. Throughout the process, negative impacts were prioritized over positive impacts. Following this overall analysis, the impacts considered relevant were identified and assessed on the basis of stakeholder engagement, taking into account the respective part of the value chain, the time horizon and the key stakeholders involved.

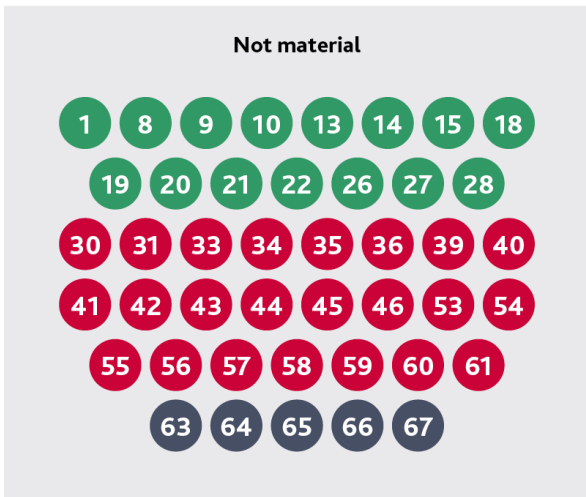
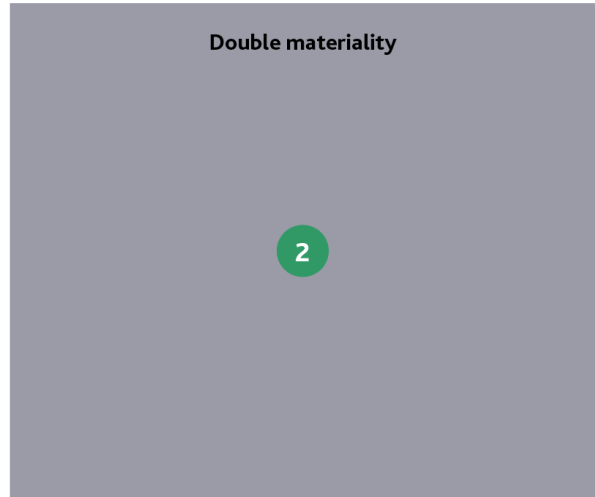
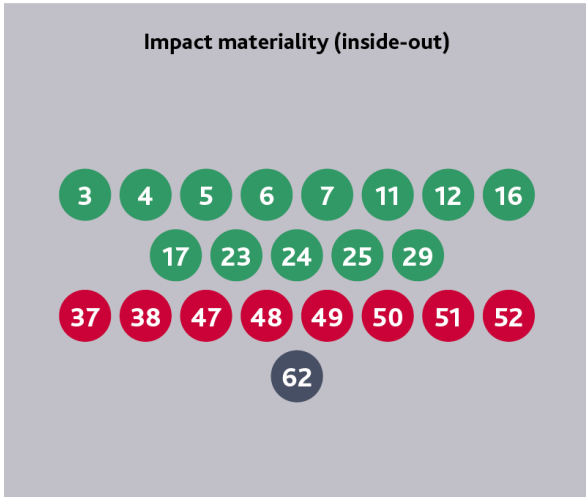
The materiality of each identified (potential and actual) negative impact was assessed using the factors scale (1–5), scope (1–5) and irremediable character (1–5), which together represent the severity of the impact. For actual impacts, the material matters were identified based on the impact assessment rating scales in the European Financial Reporting Advisory Group (EFRAG) Implementation Guidance EFRAG IG 1 published in May 2024.

Potential impacts are classified as material based on a combination of likelihood and severity using the matrix provided by EFRAG. In line with the EFRAG Guidance, potential impacts with a score of eight or higher are considered material. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood (ESRS 1.45), hence the severity was taken into account in the materiality for potential social impacts as these are not assessed by likelihood. Internal stakeholders were involved in the process and assessed the impacts in several workshops.

For financial materiality, risks and opportunities were identified that relate to dependence on natural and social resources in the entire value chain and could potentially have a financial effect. The process was supported by engagement with stakeholders as well as by taking account of risks, in particular ESG-related risks, from the existing risk management system. The risks and opportunities relevant to the assessment were identified and the most important stakeholder was determined for each risk and opportunity. Internal stakeholders were involved in order to verify that all risks and opportunities were identified and all of the most important stakeholders were documented.

To assess the materiality of identified risks and opportunities, these were classified on a scale (1–5) representing a combination of the likelihood of occurrence and the potential magnitude of the financial effects. Materiality was determined based on the financial materiality assessment scales in the published EFRAG Guidance, which specifies that risks and opportunities with a quantitative score of three or higher are material. The identified material risks were then incorporated into the Company's risk management system and have thus become part of the risk inventory subject to the regular risk management process.

The topics identified in the above process were classified as material and meet the double materiality criteria. The aggregated results were coordinated with the Management Board to ensure comprehensive and integrated reporting for Klöckner & Co. These material ESRS topics are at the center of this report. The results show the standards applicable to us to be E1, E2, E3, E4 and E5, together with S1, S2, S3 and G1.



Environment

E1 Climate Change

1. Climate change adaptation
2. Climate change mitigation
3. Energy

E2 Pollution

4. Pollution of air
5. Pollution of water
6. Pollution of soil
7. Pollution of living organisms and food resources
8. Substances of concern/substances of very high concern
9. Microplastics

E3 Water and marine resources

10. Water consumption
11. Water withdrawals
12. Water discharges
13. Water discharges in the oceans
14. Extraction and use of marine resources

E4 Biodiversity and ecosystems

15. Climate Change
16. Land-use change, fresh water-use change and sea-use change
17. Direct exploitation
18. Invasive alien species
19. Pollution
20. Others
21. Species population size
22. Species global extinction risk
23. Land degradation
24. Desertification
25. Soil sealing
26. Impacts and dependencies on ecosystem services

E5 Circular economy

27. Resources inflows, including resource use
28. Resource outflows related to products and services
29. Waste

Social

S1 Own workforce

30. Secure employment
31. Working time
32. Adequate wages
33. Social dialogue
34. Freedom of association, the existence of works councils and the information, consultation and participation rights of workers

35. Collective bargaining, including rate of workers covered by collective agreements

36. Work-life balance

37. Health and safety

38. Gender equality and equal pay for work of equal value

39. Training and skills development

40. Employment and inclusion of people with disabilities

41. Measures against violence and harassment in the workplace

42. Diversity

43. Child labor

44. Forced labor

45. Adequate housing

46. Privacy

S2 Workers in the value chain

47. Working conditions

48. Equal treatment and opportunities for all

49. Other work-related rights

S3 Affected communities

50. Communities' economic, social and cultural rights

51. Communities' civil and political rights

52. Rights of indigenous peoples

S4 Consumers and end-users

53. Privacy

54. Freedom of expression

55. Access to (quality) information

56. Health and safety

57. Security of a person

58. Protection of children

59. Non-discrimination

60. Access to products and services

61. Responsible marketing practices

Business conduct

G1 Business conduct

62. Corporate culture

63. Protection of whistleblowers

64. Animal welfare

65. Political engagement and lobbying activities

66. Management of relationships with suppliers including payment practices

67. Corruption and bribery

Material impacts, risks and opportunities and their interaction with strategy and business model

Klöckner & Co sees major challenges in the environmental dimension, particularly with regard to climate change mitigation and energy. The business activities that have a direct environmental impact mainly consist of shipping products to customers by truck, which constitutes a major part of our business model. A key task in this context is therefore minimizing the environmental impact of our logistics processes along the entire supply chain. Reducing our environmental impact and our carbon footprint are also a focus of our strategy. As part of our Group strategy, we are working as a pioneer of a sustainable steel industry to establish innovative business models by creating a comprehensive portfolio of sustainable customer solutions.

Many of the negative impacts on people and the environment identified as material in the double materiality assessment have their origin in the upstream value chain. Based on our business model as a link between material production and consumption, we do not only recognize our responsibility in our own business operations, but also aim to show responsibility in our global value chain.

Social responsibility is also a key element of the Klöckner & Co corporate strategy. The focus here is on occupational safety, which is a high priority for the Company. This responsibility not only encompasses the protection and wellbeing of our employees, but also extends to the regions in which our headquarters and branches are located. By promoting safe working conditions and respectful interaction, we actively contribute to sustainable and responsible business conduct. This has a positive impact on our business model by increasing efficiency and productivity.

The tables below show the sustainability-related impacts, risks and opportunities that we have identified and classified as material in our double materiality assessment. The tables show each material ESRS topic, stating the sub-topics and, where applicable, sub-sub-topics to which our material impacts, risks and opportunities relate. In addition, we indicate in the tables whether the impacts, risks and opportunities arise in our own operations (OO) or in our value chain (VC). We also indicate whether our impact is positive or negative. The impacts refer to actual impacts unless specifically indicated as potential impacts. The tables include brief descriptions of the material impacts, risks and opportunities. Detailed information on the individual topics, including policies, actions, targets and metrics, can be found in the separate "Environment", "Social" and "Business conduct" sections.

Environment		
E1 Climate Change		
	Time horizons	Material impact or risk/opportunity
Climate change mitigation		
Negative impact (VC upstream)	long term	Steel production, which includes the extraction of raw materials and the manufacture of steel products along the supply chain, is a major source of carbon emissions.
Negative impact (OO)	long term	Klöckner & Co's vehicle fleet contributes to carbon emissions. A portion of the company's energy consumption comes from non-renewable sources and therefore also causes carbon emissions.
Negative impact (VC downstream)	long term	Combustion engines in downstream logistics to customers lead to general carbon emissions.
Opportunity		Klöckner & Co has the opportunity to take a leading position in the growing market for green steel products and actively contribute to the decarbonization of the supply chain with sustainable, innovative solutions.
Energy		
Negative impact (VC upstream)	long term	The extraction and production of raw materials requires significant amounts of energy due to the high temperatures needed for processes such as smelting.
Negative impact (OO)	long term	Klöckner & Co consumes a certain amount of energy in the course of its business activities, mainly in the form of electricity, transportation and heating of buildings.
E2 Pollution		
	Time horizons	Material impact or risk/opportunity
Pollution of air		
Negative impact (VC upstream)	long term	In the upstream supply chain, the production of metals generates various pollutants that are released into the atmosphere.
Pollution of water		
Negative impact (VC upstream; potential)	long term	Mining and production activities can potentially cause water pollution, both from chemicals used in extraction and production and from waste products from the mining process.
Pollution of soil		
Negative impact (VC upstream; potential)	long term	Soil contamination can be caused by mining and excavation. There is also a risk of soil contamination by metals during the production process if adequate precautions are not taken.
Pollution of living organisms and food resources		
Negative impact (VC upstream; potential)	long term	Living organisms and food resources can be affected by inhalation of contaminated dust, ingestion of contaminated water and food or skin contact with contaminated water.
E3 Water and marine resources		
	Time horizons	Material impact or risk/opportunity
Water withdrawal		
Negative impact (VC upstream)	short term	The upstream value chain results in water withdrawals, particularly in steel production.
Water discharge		
Negative impact (VC upstream; potential)	short term	Mining activities in the upstream supply chain can lead to untreated water discharges, which can result in water pollution in surface waters.

E4 Biodiversity and ecosystems		
	Time horizons	Material impact or risk/opportunity
Land-use change, fresh water-use change and sea-use change		
Negative impact (VC upstream; potential)	long term	Mining iron ore for raw materials along the supply chain can have impacts in terms of soil degradation in some biodiverse ecosystems. Contamination of the water supply with toxic substances, particularly from acid rock drainage, can also pose a risk.
Direct exploitation Negative impact (VC upstream; potential)	long term	Acid rock drainage can lead to direct exploitation by polluting the environment and significantly impacting living conditions for flora, fauna and humans.
Land degradation Negative impact (VC upstream; potential)	long term	
Desertification Negative impact (VC upstream; potential)	long term	Iron ore and coal for steel and metal production are mainly mined in rural regions with valuable flora and fauna. This can lead to the depletion of soils and geological strata, deforestation, habitat change, destruction of flora and fauna and soil erosion.
Soil sealing Negative impact (VC upstream; potential)	long term	
E5 Circular economy		
	Time horizons	Material impact or risk/opportunity
Waste Negative impact (VC upstream; potential)	long term	Waste deposits from mining companies can have a potential negative impact.

Social		
S1 Own workforce		
	Time horizons	Material impact or risk/opportunity
Adequate wages		
Risk		Rising wages can potentially lead to higher costs, such as through inflation, or greater pressure in terms of attracting and retaining talent.
Health and safety		
Negative impact (OO)	medium term	Negative impacts on our own workforce can result from accidents involving employees handling heavy products or working with metals that affect employee health and safety.
Gender equality and equal pay for work of equal value		
Negative impact (OO; potential)	medium term	Possible negative impacts on certain (vulnerable) groups of employees may arise if equal treatment and equal pay for work of equal value are not guaranteed or are put at risk.
S2 Workers in the value chain		
	Time horizons	Material impact or risk/opportunity
Working conditions		
Negative impact (VC upstream; potential)	long term	Mining activities for resource extraction can have a negative impact on working conditions, as they often involve unregulated markets, low wages and inadequate occupational safety.
Equal treatment and opportunities for all		
Negative impact (VC upstream; potential)	long term	As the value chain includes mined materials suppliers operating in largely unregulated markets lacking regulatory standards for equal treatment and opportunities for all, the Company is associated with these negative impacts through its upstream business relationships.
Other work-related rights		
Negative impact (VC upstream; potential)	long term	
S3 Affected communities		
	Time horizons	Material impact or risk/opportunity
Communities' economic, social and cultural rights		
Negative impact (VC upstream; potential)	long term	Mining activities can have a negative impact on the economic, social and cultural rights of affected communities, often leading to environmental pollution, land loss and lacking consideration of local needs.
Communities' civil and political rights		
Negative impact (VC upstream; potential)	long term	Negative impacts on fundamental human rights due to lack of regulation in major mining and processing countries.
Rights of indigenous peoples		
Negative impact (VC upstream; potential)	long term	Large-scale land acquisition by mining companies that directly affects indigenous communities can have a negative impact on their collective land rights, self-determination and cultural rights.
Business conduct		
G1 Business conduct		
	Time horizons	Material impact or risk/opportunity
Corporate culture		
Positive impact (OO)	Short term	A good corporate culture has a positive impact on the physical and mental wellbeing of employees and encourages them to raise concerns about unfair treatment and/or unethical practices.

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Page(s)
General Disclosures			
ESRS 2	BP-1	General basis for preparation of sustainability statements	99-100
ESRS 2	BP-2	Disclosures in relation to specific circumstances	100
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	100-105
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	100-105
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	105
ESRS 2	GOV-4	Statement on due diligence	105
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	105
ESRS 2	SBM-1	Strategy, business model and value chain	106-109
ESRS 2	SBM-2	Interests and views of stakeholders	109-110
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	114-117
ESRS 2	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	110-113
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	118-123
E1 Climate Change			
E1	ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	105
E1	E1-1	Transition plan for climate change mitigation	128-131
E1	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	125-127
E1	ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	125-127
E1	E1-2	Policies related to climate change mitigation and adaptation	127-128
E1	E1-3	Actions and resources in relation to climate change policies	128-131
E1	E1-4	Targets related to climate change mitigation and adaptation	128-131
E1	E1-5	Energy consumption and mix	132
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	133-135
E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	128-131
E1	E1-8	Internal carbon pricing	n/a
E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	n/a
E2 Pollution			
E2	ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	135-136
E2	E2-1	Policies related to pollution	135-136
E2	E2-2	Actions and resources related to pollution	135-136
E2	E2-3	Targets related to pollution	135-136
E2	E2-4	Pollution of air, water and soil	n/a
E2	E2-5	Substances of concern and substances of very high concern	n/a
E2	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	n/a
E3 Water and Marine Resources			
E3	ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	135-136
E3	E3-1	Policies related to water and marine resources	135-136
E3	E3-2	Actions and resources related to water and marine resources	135-136
E3	E3-3	Targets related to water and marine resources	135-136
E3	E3-4	Water consumption	n/a
E3	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	n/a

E4 Biodiversity and ecosystems			
E4	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	n/a
E4	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	n/a
E4	ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	135-136
E4	E4-2	Policies related to biodiversity and ecosystems	135-136
E4	E4-3	Actions and resources related to biodiversity and ecosystems	135-136
E4	E4-4	Targets related to biodiversity and ecosystems	135-136
E4	E4-5	Impact metrics related to biodiversity and ecosystems change	n/a
E4	E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	n/a
E5 Resource use and circular economy			
E5	ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	135-136
E5	E5-1	Policies related to resource use and circular economy	135-136
E5	E5-2	Actions and resources related to resource use and circular economy	135-136
E5	E5-3	Targets related to resource use and circular economy	135-136
E5	E5-4	Resource inflows	n/a
E5	E5-5	Resource outflows	n/a
E5	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	n/a
S1 Own workforce			
S1	ESRS 2 SBM-2	Interests and views of stakeholders	149-150
S1	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	152, 155, 157
S1	S1-1	Policies related to own workforce	152-153, 156- 158
S1	S1-2	Processes for engaging with own workers and workers' representatives about impacts	149-150
S1	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	162-163
S1	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	153-154, 156-158
S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	154-155, 157, 158
S1	S1-6	Characteristics of the undertaking's employees	150-151
S1	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	n/a
S1	S1-8	Collective bargaining coverage and social dialogue	n/a
S1	S1-9	Diversity metrics	n/a
S1	S1-10	Adequate wages	n/a
S1	S1-11	Social protection	n/a
S1	S1-12	Persons with disabilities	n/a
S1	S1-13	Training and skills development metrics	n/a
S1	S1-14	Health and safety metrics	155
S1	S1-15	Work-life balance metrics	n/a
S1	S1-16	Compensation metrics (pay gap and total compensation)	n/a
S1	S1-17	Incidents, complaints and severe human rights impacts	157
S2 Workers in the Value Chain			
S2	ESRS 2 SBM-2	Interests and views of stakeholders	161-162
S2	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	158
S2	S2-1	Policies related to value chain workers	159-160
S2	S2-2	Processes for engaging with value chain workers about impacts	161-162
S2	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	162-163

S2	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	161
S2	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	161
S3 Affected communities			
S3	ESRS 2 SBM-2	Interests and views of stakeholders	164
S3	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	164
S3	S3-1	Policies related to affected communities	164
S3	S3-2	Processes for engaging with affected communities about impacts	164
S3	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	162-163
S3	S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	164
S3	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	164
G1 Business conduct			
G1	ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	167-168
G1	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	167-168
G1	G1-1	Corporate culture and bBusiness conduct policies and corporate culture	167-168
G1	G1-2	Management of relationships with suppliers	n/a
G1	G1-3	Prevention and detection of corruption and bribery	n/a
G1	G1-4	Confirmed incidents of corruption or bribery	n/a
G1	G1-5	Political influence and lobbying activities	n/a
G1	G1-6	Payment practices	n/a

Disclosure Requirement and related datapoint

Materiality

ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Material
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Material
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	Material
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Material

ESRS E1-4 GHG emission reduction targets paragraph 34	Material
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Material
ESRS E1-5 Energy consumption and mix paragraph 37	Material
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Material
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Material
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Material
ESRS E1-7 GHG removals and carbon credits paragraph 56	Material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Material not disclosed (phase-in)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Material not disclosed (phase-in)
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	Material not disclosed (phase-in)
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	Material not disclosed (phase-in)
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Material not disclosed (phase-in)
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Material not disclosed (phase-in)
ESRS E3-1 Water and marine resources paragraph 9	Material
ESRS E3-1 Dedicated policy paragraph 13	Material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Material not disclosed (phase-in)
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Material not disclosed (phase-in)
ESRS 2 – IRO-1 E4 paragraph 16 (a) i	Material
ESRS 2 – IRO-1 E4 paragraph 16 (b)	Material
ESRS 2 – IRO-1 E4 paragraph 16 (c)	Material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Material

ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Material not disclosed (phase-in)
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Material not disclosed (phase-in)
ESRS 2 SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Material
ESRS 2 SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Material
ESRS S1-1 Human rights policy commitments paragraph 20	Material
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Material
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Material
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Material
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Material
ESRS S1-14 Number of fatalities and number and rate of work-related accid	Material not disclosed (partial application of the ESRS)
ESRS S1-14 Number of days lost to injuries, accidents, fataliti	Material not disclosed (partial application of the ESRS)
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Material not disclosed (partial application of the ESRS)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Material not disclosed (partial application of the ESRS)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Material
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Material
ESRS 2 SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Material
ESRS S2-1 Human rights policy commitments paragraph 17	Material
ESRS S2-1 Policies related to value chain workers paragraph 18	Material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Material
ESRS S3-1 Human rights policy commitments paragraph 16	Material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Material

ESRS S3-4 Human rights issues and incidents paragraph 36	Material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Not material
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Not material
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Not material
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Not material

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Climate change

Our approach and policies

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Climate change is a global phenomenon that is already being felt in many regions of the world, manifesting itself in rising temperatures, changing weather conditions and an increase in extreme weather events. Klöckner & Co also has an impact on the climate through its business activities and the associated CO₂ emissions.

A description of how Klöckner & Co screened its activities and plans in order to identify actual and potential future CO₂ emission sources in its own operations and along the value chain, and how it intends to reduce its CO₂ emissions, is provided in this section under "Our commitments."

This results in both opportunities and risks for Klöckner & Co's business activities. Klöckner & Co therefore performed an analysis of its climate risks and opportunities in fiscal year 2024. We included both physical and transition risks in the analysis. The climate scenario analysis is mainly based on the International Energy Agency (IEA) net zero emissions by 2050 scenario. The scenario describes a comprehensive plan to fully decarbonize the global energy system by 2050 in order to meet the Paris Agreement climate targets and limit global warming to no more than 1.5 °C. Specifically for physical risks, Klöckner & Co commissioned Munich Re to compile a risk analysis for the Company's own sites on the basis of their geographic coordinates, using the scenarios published by the Intergovernmental Panel on Climate Change (IPCC). These scenarios are unanimously regarded as being consistent with the current state of scientific research. The scenarios cover a wide range of societal measures and address future uncertainties regarding political, macroeconomic, energy system-related and technological developments:

- SSP1-2.6
- SSP2-4.5
- SSP3-7.0
- SSP5-8.5

The scenarios assume increases in global average surface temperatures through global warming of 1.6 °C, 2.8 °C, 4.4 °C and 5.8 °C by 2100. The risk analysis was based on short (2030), medium (2040) and long-term (beyond 2050) time horizons. The 2030 timeframe is in line with our Science Based Targets initiative (SBTi) targets, while the 2050 timeframe is in line with our commitment to net zero by 2050. This year's analysis of Klöckner & Co's physical risks considered 15 chronic and acute climate-related hazards listed in the EU Taxonomy to which Klöckner & Co's operations could be exposed. These include heat stress, wildfires, storms and floods. For each site, changes in climate hazards were assessed for the selected scenarios and the key time horizons. The data used for this analysis includes the latest climate models and databases, as well as published research and information from the IPCC. This year's climate risk analysis did not assess the actual risk and vulnerability of a site or its business activities. In particular, it did not analyze the influence of scenarios on risk levels. Klöckner & Co plans to further intensify its assessment of climate risks in the coming years.

In view of Klöckner & Co's numerous geographically dispersed locations, we do not overall consider ourselves particularly exposed to physical climate risks. Through our processing and distribution network and by maintaining safety stocks and working with alternative suppliers and service providers, we have a high degree of redundancy for the event that one or more sites are temporarily unable to operate as expected due to one or more climate change impacts.

The basis for identifying and assessing transition opportunities and risks is the IPCC SSP1-1.9 scenario, which aims to limit global warming by 2100 to below 1.5 °C in comparison to pre-industrial levels, consistent with the Paris Agreement targets. Once again, short (2030), medium (2040) and long-term (beyond 2050) time horizons are used. For both steel and aluminum, the greatest impact is expected at metal producers – a key category of Klöckner & Co suppliers – but not at Klöckner & Co itself.

Category	Transition event/driver	Risik/Opportunity
Policy and legal	Dynamic regulatory changes with increased sustainability requirements	<p>Risik: Increased requirements tie up time and staff resources</p> <p>Opportunity: Increased transparency requirements in the market play a key role in accelerating the implementation of Klöckner & Co's decarbonization</p>
Market	Rising carbon prices	<p>Opportunity: Rising costs of conventional steel open up opportunities to switch to more sustainable product alternatives; growing demand for CO₂-reduced products and services creates new market potential</p>
Market	Rising demand for steel scrap, CO ₂ -reduced steel and aluminum	<p>Opportunity: Potential to increase market share by expanding Klöckner & Co's portfolio of CO₂-reduced steel and aluminum</p> <p>Strengthening of competitiveness through differentiation</p>
Technology	<p>Conversion of steel production technologies to lower-emission processes</p> <p>Development of lower-emission logistics options</p>	<p>Opportunity: New decarbonization and market potential</p> <p>Decarbonization of the Company's own operations and the supply chain to achieve Klöckner & Co's climate targets</p>
Reputation	Change in customer preferences towards products with lower carbon emissions	<p>Opportunity: Klöckner & Co can position itself as a pioneer in the industry by providing climate-friendly steel and sustainable customer solutions</p> <p>A focus on CO₂-reduced products makes it possible to stand out from the competition</p>

To determine Klöckner & Co's resilience to climate change, we conducted a resilience analysis. This covered Klöckner & Co's own business activities, suppliers and customers. None of the climate change risks and hazards identified in our climate risk assessment were left out of the resilience analysis.

The resilience analysis was performed in fiscal year 2024. It includes both physical and climate-related risks to which our own business activities may be exposed in the future and takes into account Klöckner & Co's dependency on the value chain. With regard to transition risks, it is based on a scenario that assumes that the world will move towards net zero emissions by 2050. While this scenario is expected to lead to a significant change in steel and metal production, these are upstream effects that should have only a limited impact on Klöckner & Co itself.

We consider our business to be resilient to both physical and transition risks of climate change. Our resilience is based on the large number of suppliers we buy from, the wide range of locations where we operate and the broad customer base to whom we sell. This means that we are not dependent on individual suppliers, locations or customers. On the contrary, we can make up for the loss of a supplier, a customer or one or more of our own sites without being significantly affected as a whole.

Furthermore, our business is not asset-intensive. Our physical assets consist of our sites (land and buildings) and vehicles. Our sites are warehouses with stationary systems for receiving, shipping and processing metal products sold by Klöckner & Co. If one of our sites should be threatened by a physical climate hazard, we can switch to another site in the region. As our buildings are generally basic structures (designed to protect employees, inventory and equipment from the elements), with limited insulation and building services and few windows, their individual asset value is limited. Most or all of the other assets associated with a given site – mobile and fixed equipment and the site vehicle fleet – can in principle be relocated from one site to another.

While we consider our business model and strategy to be resilient to climate change, the above resilience analysis is subject to uncertainties. However, these are limited to the associated risk analysis. In particular, we still need to assess the physical risks to which our sites are exposed, along with the identified transition risks. However, we do not expect these uncertainties to have a material impact on the findings of the resilience analysis for the reasons discussed above (no dependence on any one supplier, location or customer given the large number of suppliers, locations and customers). This means that although Klöckner & Co's suppliers, its own sites and its customers are exposed to risks from climate change, the impact on our Company as a whole is considered to be minor.

Policies related to climate change mitigation and adaptation

Climate change mitigation and responsible energy management are of central importance to Klöckner & Co as a company in the steel and metals industry. We have enshrined this in our Climate Change Mitigation and Energy Policy. As a distributor and an important link in the value chain, we see it as our duty to continuously improve processes in order to minimize the negative and maximize the positive impacts and opportunities of our business activities.

Our Climate Change Mitigation and Energy Policy applies to our own operations, including all Group companies worldwide over which we exercise control. These are normally companies in which Klöckner & Co SE directly or indirectly holds the majority of the shares or voting rights. This policy serves as a guide for all employees, managers and Management Board members of all Klöckner & Co Group companies.

The Management Board of Klöckner & Co attaches a high priority to reducing the negative environmental impact of the Company's business activities and holds functional responsibility for this effort. One of the largest levers here is the impact of greenhouse gas (GHG) emissions and energy consumption arising from our own operations and our value chain. This responsibility extends to all global, regional and local management, as well as to the heads of department who are responsible for ensuring that the standards and commitments are implemented, communicated, monitored and integrated into the work processes of each organization.

Our Climate Change Mitigation and Energy Policy describes our commitment to reducing the environmental impact of our operations and promoting sustainable business practices within the Company. Our primary climate targets are focused on reducing GHG emissions from Klöckner & Co's direct operations as well as upstream and downstream supply chain to net zero by 2050. We use science-based targets to ensure the systematic decarbonization of our business and entire value chain. To achieve this, we focus on improving our energy efficiency and increasing the use of renewable energy sources. We also aim to further optimize the efficiency of our logistics processes and progressively reduce the use of fossil fuel. Transparency about our own emissions and the emissions at our customers is particularly important to us, as it forms the basis for sustainable procurement practices. Furthermore, we are expanding our portfolio of CO₂-reduced steel and metal products and of sustainable services in order to actively help our customers to achieve their decarbonization targets.

Our overarching energy goals include the adoption of energy-efficient technologies and practices throughout the Company to ensure sustainable use of resources. By making greater use of renewable energy sources and integrating our own energy generation at our sites, we are supporting the transition to a more environmentally friendly energy supply. Moreover, we are committed to complying with all national and international energy laws, and we provide transparent annual reporting on our energy consumption to continually track our progress and action areas.

Our climate and energy strategies are both supported by continuous monitoring and transparent reporting. This process covers all units and serves to establish a consistent approach.

Our climate targets are based on the United Nations Sustainable Development Goals (SDGs) and supported by our participation in the UN Global Compact. To adopt science-based targets and monitor GHG emissions throughout the Company, we have joined the Science Based Targets initiative. Klöckner & Co's data collection methodology is consistent with the international framework provided by the GHG Protocol. We are also in the process of implementing the ISO 14001 standard throughout the Group. This will assist us in the continuous improvement of our environmental management systems.

Our policy takes into account the interests of key stakeholders, including employees, management, customers, suppliers and regulators. Given the major environmental impact of steel and metals production, we are committed to reducing emissions in our operations and throughout our supply chain, and to using our position in the industry to further this goal. Ongoing dialogue comprises the starting point for setting standards and creating transparency to promote a low-emissions economy in which all parties work towards common decarbonization targets. The policy is available for all employees and external stakeholders on our website.

Our commitments

As a company in the steel and metals industry, we recognize our responsibility to actively contribute to the protection of our planet, especially with regard to reducing carbon emissions and their impact on the global climate.

Klöckner & Co's climate strategy and transition plan for climate change mitigation are an integral part of the overall corporate strategy. The net zero targets adopted by Klöckner & Co are aligned with a successful transition to a 1.5 °C economy and based on current climate science and the Paris Agreement targets. Klöckner & Co's decarbonization strategy is based on three main targets geared to reducing the climate impact of the Company's own business activities while also creating sustainable business opportunities by enabling customers and the upstream value chain to take action to reduce emissions:

- Reduction in emissions from our own business activities: Reduction in Scope 1 and 2 carbon emissions^{*)} of 62.5% by 2030 and net zero by 2040
- Decarbonization of the value chain: Klöckner & Co plans to reduce all Scope 3 carbon emissions^{**)} within its direct control – a 50% reduction by 2030 and net zero by 2040
- Promotion of CO₂-reduced steel: With regard to indirectly controllable Scope 3 carbon emissions^{***)} – primarily from externally sourced steel and metal products – we aim for a 30% reduction by 2030 and net zero by 2050

^{*)} We have raised our near-term reduction target for Scope 1 and 2 carbon emissions by 2030 from 50% to 62.5% to underscore our commitment to the 1.5 °C pathway. Our updated climate targets were confirmed by the SBTi in January 2025.

^{**)} Directly controllable Scope 3 emissions: Fuel and energy-related activities (3.3) [not included in Scope 1 and 2]; waste generated in operations (3.5); business travel (3.6); employee commuting (3.7); downstream transportation and distribution (3.9).

^{***)} Indirectly controllable Scope 3 emissions: Purchased goods and services (3.1); Capital goods (3.2); Upstream transportation and distribution (3.4).

62.5%	50%	30%	Net zero
reduction in Scope 1 and 2 emissions by 2030	reduction in directly controllable Scope 1, 2 and 3 emissions by 2030	reduction in indirectly controllable emissions by 2030	in directly controllable Scope 1, 2 and 3 emissions by 2040; in indirectly controllable Scope 3 emissions by 2050

The targets for reducing carbon emissions do not include any offsetting. They were not formulated on the basis of a sectoral decarbonization pathway. The targets and emissions reporting are based on identical GHG inventory boundaries. Klöckner& Co's targets have been externally validated by the SBTi.

The climate strategy has been approved by the Management Board and Supervisory Board of Klöckner & Co. Since 2022, the decarbonization pathway and the climate targets have been confirmed by SBTi and incorporated into the remuneration of the Group Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company. All significant investment decisions are reviewed for their impact on the climate strategy.

In the "Kloeckner Takes Action 2040" initiative, we focus on reducing emissions from our operations and supply chain. Compared to the 2019 base year, we have already reduced our Scope 1 and Scope 2 emissions by over 50%. Klöckner & Co's baseline meets the requirements of the GHG Protocol, covers the significant activities and reflects the current organizational structure. A key factor in the emission reduction is the transition to renewable energy. Many of our sites already purchase renewable electricity, which met 98% of our global electricity consumption in 2024.

Our directly controllable Scope 3 emissions have increased by 10% relative to the 2019 base year. This increase is mainly due to higher emissions from waste activities. In contrast, not directly-controllable Scope 3 emissions have decreased by 21% due to smaller volumes of steel and metal products.

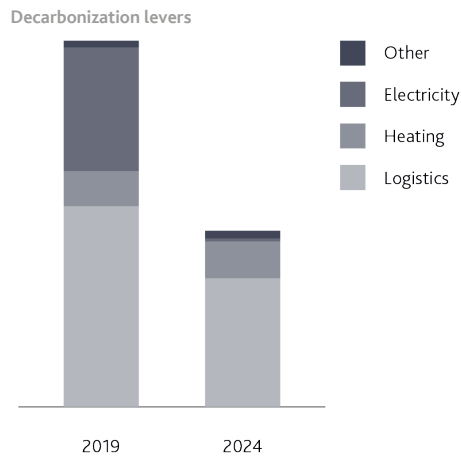
As part of our corporate strategy, the decarbonization of our business activities and supply chain plays a central role in delivering on our environmental responsibilities and shaping a sustainable future. We have identified a number of strategic levers and actions in our own operations and along our value chain that will enable us to significantly reduce carbon emissions.

In focusing on sustainability, we begin with our own business activities. To reduce direct emissions, we plan to use more electric vehicles and renewable fuels in our logistics and fleet management. In our US operations during the reporting year, we introduced a high-performance forklift at California Steel & Tube that saves some 80 tons of greenhouse gas emissions a year. Also since this year, an electric truck has been in use at our Santa Fe Springs site. We have additionally purchased eight electric trucks for our German sites and expect they will go into operation in 2025. Other initiatives include introducing sustainable heating systems to cut facility energy emissions, ongoing use of renewable energy, and exploring district heating options to minimize fossil fuel dependence. We expect that relocating our headquarters to a more energy-efficient building will significantly reduce the facility's headquarters electricity and heating emissions.

Reducing Scope 3 emissions in our direct control involves targeted action for waste reduction and optimization as well as the switch to low-carbon alternatives for business travel and commuting. We have also extended the use of solar power to five additional sites. This makes us less dependent on externally sourced electricity while at the same time reducing emissions from energy and fuel-consuming activities in our value chain. More photovoltaic systems are planned for 2025. In regard to business travel, we promote the use of low-carbon options and minimize non-essential travel. In 2021, we introduced a revised travel expenses policy that limits domestic flights in European countries and requires carbon offsetting for flights over 1,500 kilometers. For commuting, we likewise promote low-carbon mobility options and have established flexible working time models to reduce commuting emissions. We have also launched a transition process in Germany to electrify our company car fleet, with over half the fleet now switched to electric vehicles. Furthermore, since 2023, we have provided subsidized "job tickets" for all employees of our German country organizations. We also continue to work with external logistics providers that pursue clear decarbonization strategies to ensure alignment with our sustainability goals.

For Scope 3 emissions over which we have only indirect control, we are actively working with our suppliers and customers to promote decarbonization along the entire value chain. A key element here consists of sourcing low-carbon steel and metal products to minimize the environmental impact of the materials we sell. By promoting these low-carbon products to our customers, we not only help them achieve their sustainability targets, but also contribute to the broader adoption of more environmentally friendly materials in the industry. Although demand for green steel and metals is on the rise, Klöckner & Co moved early to position itself in the market with a carbon transparency strategy and supply agreements in place.

Most of the identified decarbonization levers can be implemented independently without being significantly affected by resource constraints. However, achieving the net zero target for Scope 3 emissions heavily depends on the steel industry's transition to low-carbon technologies and widespread market availability of CO₂-reduced steel. This dependence on external factors shows that although Klöckner & Co's own efforts are not subject to significant resource constraints, further systemic changes in the steel industry's technology landscape are needed in order for the Company to fully achieve its decarbonization targets.



Klöckner & Co has no significant assets or products with locked-in GHG emissions that could jeopardize the achievement of emission reduction targets and pose a transition risk. Klöckner & Co is not excluded from the EU Paris-aligned benchmarks.

GHG mitigation projects

Our prime focus is on the direct reduction and avoidance of carbon emissions. At the same time, we recognize that the transition to net zero is a long-term process for our Company that requires investment and the development of new technologies. We therefore use the possibility of reducing our impact in the meantime through high-quality carbon compensation projects. In addition to our reduction measures, we have consequently decided to compensate all of our Scope 1 and 2 carbon emissions from 2022 onwards, without taking them into account against our reduction targets.

The carbon credits that were already purchased and cancelled in 2022 originated from outside of Klöckner & Co's value chain and encompass a total of 300 thousand tons of CO₂e. They cover Klöckner & Co's direct emissions in the medium term. This timeframe may be longer or shorter depending on business performance and Klöckner & Co's onward reduction pathway.

All credits that Klöckner & Co has acquired have already been decommissioned in the electronic register of the German Emissions Trading Authority (DEHSt), even where they relate to future emissions. There are currently no plans to purchase further carbon credits. All purchased carbon credits were Gold Standard verified and originate from two climate change mitigation projects in Nepal and Rwanda. The focus of the projects is on renewable energy and energy efficiency.

The quality criteria for project selection are as follows:

- **Additionality:** The projects could not have been carried out without carbon credit financing as they would have not been economically viable otherwise.
- **Verifiability:** The emission reductions are verifiable and ongoing project implementation is regularly audited by independent third parties. A double counting of the achieved reduction from the projects is ruled out.
- **Irreversibility:** The carbon emission reduction from the purchased carbon credits is irreversible, without the possibility of release in the future.

Both projects focus on the social as well as the environmental dimension.

Our metrics

Energy consumption and mix

All of Klöckner & Co's business activities fall within the metals industry or wholesale sectors, both of which are classified as high climate impact sectors. Klöckner & Co's entire revenue is therefore from activities in high climate impact sectors (see Note 7 to the consolidated financial statements).

Energy consumption and mix ^{*)}	2023	2024
(1) Fuel consumption from coal and coal products (MWh)	n/a	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	n/a	146,431
(3) Fuel consumption from natural gas (MWh)	n/a	35,945
(4) Fuel consumption from other fossil sources (MWh)	n/a	9,858
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	n/a	1,853
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	n/a	194,087
Share of fossil sources in total energy consumption (%)	n/a	70
(7) Consumption from nuclear sources (MWh)	n/a	304
Share of consumption from nuclear sources in total energy consumption (%)	n/a	0
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	n/a	502
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	n/a	82,054
(10) The consumption of self-generated non-fuel renewable energy (MWh)	n/a	0
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	n/a	82,556
Share of renewable sources in total energy consumption (%)	n/a	30
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	n/a	276,947

^{*)} In accordance with Section 42 (3a) of the German Energy Act (Energiewirtschaftsgesetz), for electricity from German points of purchase, the renewable energy share includes renewable energy subsidized under the Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz). The presentation therefore reflects the actual energy mix and takes into account the specific market conditions in Germany.

Klöckner & Co's energy consumption and mix were determined on the basis of direct and indirect energy consumption. With regard to indirect consumption, we aim to identify the procurement mix at our electricity suppliers. Where we do not have precise information on the energy mix, we use information from the IEA database.

Energy intensity per net revenue	2023	2024	% 2024/2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/T€)	n/a	0.04	n/a

Gross Scopes 1, 2, 3 and Total GHG emissions

In 2020, Klöckner & Co conducted a process to identify all sources of carbon emissions in its own operations and along the value chain. This analyzed both internal processes as well as upstream and downstream emissions. The collected data was assessed and classified based on the GHG Protocol in order to obtain a valid basis for classifying emission sources.

Klöckner & Co's baseline data has been adjusted to reflect changes in the organizational structure, including the sale of the steel distribution businesses in France, the United Kingdom, the Netherlands and Belgium and the acquisition of National Material of Mexico. These adjustments ensure that the data remains comparable from year to year and is consistent with the requirements of the GHG Protocol.

Klöckner & Co calculates its carbon emissions using the methodology of the GHG Protocol. The average-data method was used for purchased goods and services (Category 3.1) and the distance-based method for upstream transportation and distribution (Category 3.4). The system boundaries also follow the GHG Protocol, with cradle-to-gate emissions included for purchased goods and services as well as capital goods. The sources of the emission factors used are Ecoinvent, Ecometrica, Defra and Ademe. These sources were selected for their scientific basis and relevance for different industries and regions.

The majority of Scope 3 emissions stem from direct expenditure, specifically from the purchases of steel and metals. The calculation is currently based on industry averages, divided into material classes and product groups. In the future, we plan to use data from the Nexigen® PCF algorithm developed by Klöckner & Co. This approach incorporates a greater proportion of primary data from manufacturers and enables a more detailed analysis of different production processes.

There were no significant events or changes between the reporting dates of Klöckner & Co's financial and non-financial reporting that would affect the calculation of the GHG emissions. Furthermore, the net revenue used to calculate GHG intensity in the Group non-financial report is identical to the net sales reported in the financial report, as both reports are published at the same time.

Klöckner & Co uses both bundled and unbundled contractual instruments for energy, based on regional availability. In total, unbundled electricity accounts for 62% and bundled electricity for 38% of electricity purchased by Klöckner & Co. This approach enables Klöckner & Co to align its energy procurement strategy with local market conditions while continuing to support its sustainability targets.

Scope 3 categories not included in the reporting are upstream leased assets (3.8), processing of sold products (3.10), use of sold products (3.11), end-of-life treatment of sold products (3.12), downstream leased assets (3.13), franchises (3.14) and investments (3.15). In accordance with the GHG Protocol, these have been excluded due to their limited materiality or relevance to Klöckner & Co's operations.

12 End-of-life treatment of sold products	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
13 Downstream leased assets	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
14 Franchises	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
15 Investments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total GHG emissions								
Total GHG emissions (location-based) (t CO ₂ e)	n/a	6,381,917	7,852,652	23.0	n/a	n/a	n/a	n/a
Total GHG emissions (market-based) (t CO ₂ e)	9,849,769	6,358,919	7,824,819	23.1	n/a	6,847,461	984,977	n/a

*) Carbon emissions for the 2019 base year adjusted for continuing operations, excluding the steel distribution business in France, the United Kingdom, the Netherlands and Belgium and including the operations of National Material of Mexico.

**) Minor, in total negative differences from the prior-year figure are due to methodological changes involving conversion and emission factors.

***) In line with SBTi target: 62.5% reduction by 2030, 90% reduction by 2040

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (t CO ₂ e/T€)	1.18
Total GHG emissions (market-based) per net revenue (t CO ₂ e/T€)	1.18

Other environmental topics

Detailed information on the double materiality assessment and the description of the processes to identify and assess material impacts, risks and opportunities can be found in the "General disclosures" section under "Description of the processes to identify and assess material impacts, risks and opportunities" (see page 110 et seq.).

The double materiality assessment identified the following sustainability topics as material solely for the upstream value chain:

- Pollution (E2)
- Water and marine resources (E3)
- Biodiversity and ecosystems (E4)
- Circular economy (E5)

Potential negative impacts arise in the upstream supply chain from the processing of metals such as iron or steel, which can release various pollutants into the atmosphere. Mining and production activities can also pollute water and soil. This is due to chemicals used in mining and production as well as waste products from the mining process and leaching. Living organisms and food resources can also be affected by the inhalation of contaminated dust, the consumption of contaminated water and food or the contact with contaminated water.

Due to limited transparency in the upstream supply chain, there is no overarching policy and there are no specific targets or actions to prevent and reduce pollution that extend to the value chain. In order to develop an effective policy and derive targets and actions, Klöckner & Co needs a well-founded basis of data on pollution along the value chain. Targeted improvement is sought in this area for the future.

Mining and production activities in the upstream supply chain involve moderate water withdrawals. In addition, mining activities in the upstream supply chain can lead to untreated water discharges, which can result in water pollution from chemicals in wastewater. As Klöckner & Co does not have any information on or access to the water withdrawals of its steel-producing suppliers or the mines within its value chain, management in this regard is limited to business relationships with direct suppliers. Due to limited transparency in the upstream supply chain, there is no overarching policy and there are no specific targets or actions related to water and marine resources that extend to the value chain. In order to develop an effective policy and derive targets and actions, Klöckner & Co needs a well-founded basis of data on water withdrawals and water discharge along the value chain. Targeted improvement is sought in this area for the future.

Mining activities in the upstream supply chain can lead to soil degradation and usually take place in ecosystems with high levels of biodiversity, which can have harmful impacts on people and on flora and fauna. Due to limited transparency in the upstream supply chain, there is no overarching policy and there are no specific targets or actions related to biodiversity and ecosystems that extend to the value chain. In order to develop an effective policy and derive targets and actions, Klöckner & Co needs a well-founded basis of data on negative impacts on ecosystems along the value chain. Targeted improvement is sought in this area for the future.

Mining activities in upstream supply chains can lead to the landfilling of hazardous waste, which can indirectly pollute human and animal habitats. Due to limited transparency in the upstream supply chain, there is no overarching policy and there are no specific targets or actions related to the circular economy that extend to the value chain. In order to develop an effective policy and derive targets and actions, Klöckner & Co needs a well-founded basis of data on the management of hazardous waste along the value chain. Targeted improvement is sought in this area for the future.

EU Taxonomy

In 2019, the EU Member States agreed to reduce net GHG emissions to zero by 2050 as part of the European Green Deal. Europe is to be the first continent to become climate-neutral. By means of the European Green Deal, under the EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, the European Union (EU) places obligations on companies to operate more sustainably.

The EU Taxonomy requires companies to review and evaluate whether and to what extent their activities fall under the definition of "environmentally sustainable activities." Six environmental targets have been defined by the EU for this purpose:

- (1) Climate change mitigation
- (2) Climate change adaptation
- (3) The sustainable use and protection of water and marine resources
- (4) The transition to a circular economy
- (5) Pollution prevention and control
- (6) The protection and restoration of biodiversity and ecosystems

For the 2024 reporting year, the percentage of taxonomy-eligible and taxonomy-aligned economic activities has to be reported for the two climate objectives under the Climate Delegated Act and the percentage of taxonomy-eligible and, for the first time, taxonomy-aligned economic activities for the four environmental objectives under the Environmental Delegated Act.

Under Article 3 of the Taxonomy Regulation, economic activities are taxonomy-aligned if they meet the following three criteria. An economic activity is considered to be environmentally sustainable if it makes a substantial contribution to at least one of the environmental goals and does no significant harm with regard to any of the other environmental targets. An environmentally sustainable economic activity must also meet social criteria referred to as minimum safeguards. These relate to recognized frameworks such as the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The EU Taxonomy Regulation is focused primarily on sectors that can make a substantial contribution and whose transformation therefore has a material influence on achieving the stated targets. Only a few activities in combination with technical screening criteria within the meaning of the EU Taxonomy have been specified so far for Klöckner & Co SE's sales revenue-generating economic activities. Because of this, an adequate presentation is not possible due to the lack of regulatory coverage of our activities under the EU Taxonomy. This limits the representativeness and interpretability of the figures with regard to taxonomy eligibility and taxonomy alignment of Klöckner & Co's sales. Given the dynamic pace of regulatory development, we expect that activities will be specified for our sales revenue-generating economic activities in the future and that these will allow us to report more comprehensively. We are already aware of the vital and in particular strategic importance that sustainability has for our business. We report on our climate targets and sustainable business solutions in the Environment chapter, starting on page 124.

Identification of taxonomy-eligible activities

After identifying the potential main activities based on the product groups and services of Klöckner & Co, we conclude that the following economic activities are taxonomy-eligible with regard to EU environmental targets 1 and 4 according to the Climate Delegated Act and the Environmental Delegated Act. With regard to EU environmental targets 2, 3, 5 and 6, Klöckner & Co does not generate any sales from taxonomy-eligible activities. In addition, we have not identified any separate CAPEX or OPEX that contributes to the aforementioned environmental objectives:

- CCM activity 6.6 "Freight transport services by road": According to Annex I of the Climate Delegated Act, this economic activity includes the purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road. Klöckner & Co mainly makes use of N3 class vehicles for freight transport due to the high payload capacity required. Freight transport by Klöckner & Co with vehicles that meet the above criteria can therefore be taken into account as a taxonomy-eligible economic activity within the meaning of the EU Taxonomy. Only Klöckner & Co trucks that at minimum comply with emission level E were taken into account. In addition, it should be noted that we provide logistics services that fall under CCM category 6.6 generally in conjunction with other activities belonging to steel distribution that are not covered by the EU Taxonomy.

- Activity CCM 8.2 "Data-driven solutions for GHG emissions reductions": According to Annex I of the Climate Delegated Act, this economic activity includes the development or use of information and communication technology (ICT) solutions that are aimed at collecting, transmitting and storing data, and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. Klöckner & Co's Nexigen® Data Services solution enables customers to actively manage and reduce their carbon emissions. It provides a clear and transparent overview by collating the carbon footprint of all products procured through Klöckner & Co in a single place. Customers also receive concrete suggestions for more environment-friendly alternatives and are shown ways in which they can reduce carbon emissions compared to previous orders.
- Activity CE 2.3 "Collection and transport of non-hazardous and hazardous waste": According to Annex II of the Environmental Delegated Act, this activity comprises the separate collection and transport of non-hazardous and hazardous waste aimed at preparing for reuse or recycling, including the construction, operation and upgrade of facilities involved in the collection and transport of such waste, as a means for material recovery. Klöckner & Co sells its own steel scrap to business partners for reuse and recycling.

In addition, Klöckner & Co has identified the following additional taxonomy-eligible activities in terms of CAPEX and OPEX which are not directly related to the product and service portfolio:

- Activity CCM 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles".
- Section CCM 7 "Construction and real estate activities", in particular the activities "Installation, maintenance and repair of energy efficiency equipment" (CCM 7.3), "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)" (CCM 7.4), "Installation, maintenance and repair of renewable energy technologies" (CCM 7.6) and "Acquisition and ownership of buildings" (CCM 7.7).

Beyond these, no taxonomy-relevant activities were identified within our business activities, either separately or in the aggregate.

Derivation of key figures

As the EU has not yet specified any activities for the material economic activities of Klöckner & Co SE, the possible scope of taxonomy reporting for our Company is very limited. This results in the small percentages stated in the following with regard to taxonomy eligibility and taxonomy alignment. The share of taxonomy-eligible economic activities (activity CE 2.3) in total sales in the fiscal year 2024 amounted to less than 0.1% of the total sales reported in the Annual Report (see Note [7] to the consolidated financial statements).

Capital expenditure ("eligible CAPEX") related to assets or processes associated with taxonomy-eligible economic activities was differentiated by asset class. In fiscal year 2024, approximately 28% of Klöckner & Co's capital expenditure was taxonomy-eligible. Total capital expenditure is the sum of the additions disclosed in Note (16) Intangible assets and property, plant and equipment to the consolidated financial statements from (a) additions to intangible assets excluding goodwill, (b) property, plant and equipment, and (c) leases.

In fiscal year 2024, taxonomy-eligible operating expenses amounted to less than 7% of the total EU taxonomy-relevant expenses. Total operating expenses as defined by the EU taxonomy include maintenance and repair costs, building renovation measures, as well as short-term leasing expenses.

All taxonomy-eligible capital expenditure relates to capital expenditure on property, plant and equipment. As CAPEX on activity CCM 6.6, "Freight transport services by road," and turnover from activity CE 2.3, "Collection and transport of non-hazardous and hazardous waste," do not meet the "do no significant harm" criteria, no taxonomy-aligned CAPEX, OPEX or turnover is reported. The activities identified in addition as taxonomy-eligible relate exclusively to the purchase of services and products of taxonomy-eligible activities of other companies, comprising CAPEX (c) and OPEX (c). In respect of these services and products, the proof of taxonomy alignment is required to be furnished by our service providers and suppliers. However, there is a lack of transparency with regard to the information required. It is therefore not possible to provide positive confirmation of the taxonomy alignment of the reported CAPEX (c) and OPEX (c).

Given the dynamically changing nature of EU Taxonomy legislation, we note that our impact analysis may be subject to gradual future adjustments. Our taxonomy-relevant disclosures are listed in full in the tables below.

Table: Taxonomy turnover (sales) in 2024

Reporting Year N	Year		Substantial contribution criteria						
Economic activities (1)	Code(s) (2)	Turnover (3)	Proporti on of turnover year N	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems
			(4)	(5)	(6)	(7)	(8)	(9)	(10)
		T€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-						
Of which enabling		-	-						
Of which transitional		-	-						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Collection and transport of non-hazardous and hazardous waste	CE 2.3	4,254.42	0.06	N / EL	N / EL	N / EL	N / EL	EL	N / EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,254.42	0.06						
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		4,254.42	0.06						
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities (B)		6,627,938.58	99.94						
Total (A + B)		6,632,193.00	100.00						

Table: Taxonomy CAPEX 2024

Reporting year N	Year		Substantial contribution criteria						
Economic activities (1)	Code(s) (2)	CAPEX (3)	Proporti	Climate	Climate	Water and	Pollution	Circular	Biodiversity
			on of						
			CAPEX	mitigation	adaptation	resources	(8)	(9)	ecosystems
		€	year N	(5)	(6)	(7)	(8)	(9)	(10)
			(4)	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;
			%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-						
Of which enabling		-	-						
Of which transitional		-	-						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5	4,275.56	2.55	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Freight transport services by road	CCM 6.6	6,369.03	3.81	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,378.46	0.82	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	395.72	0.24	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2,285.73	1.37	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Acquisition and ownership of buildings	CCM 7.7	31,444.39	18.79	EL	N / EL	N / EL	N / EL	N / EL	N / EL
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.00	0.00	EL	N / EL	N / EL	N / EL	N / EL	N / EL
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		46,148.87	27.57						
A. CAPEX of Taxonomy-eligible activities (A.1 + A.2)		46,148.87	27.57						
B. Taxonomy-non-eligible activities									
CAPEX of Taxonomy-non-eligible activities (B)		121,229.79	72.43						
Total (A + B)		167,378.67	100.00						

DNSH criteria ("Do no significant harm")

Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CAPEX, year N-1 (18)	Category enabling activities (19)	Category transitional activities (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							-		
							-	E	
							-		T
							0.99		
							3.57		
							0.11		
							0.18		
							0.00		
							5.32		
							0.85		
							11.02		
							11.02		

Table: Taxonomy OPEX 2024

Reporting year N	Year	Substantial contribution criteriag								
		Code(s) (2)	OPEX (3)	Proporti on of OPEX year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
Economic activities (1)		T€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	
A. Taxonomy-eligible activities										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-							
Of which enabling		-	-							
Of which transitional		-	-							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5	1,642.30	2.96	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
Freight transport services by road	CCM 6.6	1,697.32	3.06	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	80.13	0.14	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	-	-	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
Data-driven solutions for GHG emissions reductions	CCM 8.2	319.10	0.58	EL	N / EL	N / EL	N / EL	N / EL	N / EL	
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,738.85	6.74	-	-	-	-	-	-	
A. OPEX of Taxonomy-eligible activities (A.1 + A.2)		3,738.85	6.74	-	-	-	-	-	-	
B. Taxonomy-non-eligible activities										
OPEX of Taxonomy-non-eligible activities (B)		51,726.42	93.26							
Total (A + B)		55,465.26	100.00							

DNSH criteria ("Do no significant harm")

Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OPEX, year N-1 (18)	Category enabling activities (19)	Category transitional activities (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							-		
							-	E	
							-		T
							1.77		
							1.83		
							-		
							-		
							-		
							3.60		
							3.60		

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	Result
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No



Social

S1	Own workforce _____	149
S2	Workers in the value chain _____	158
S3	Affected communities _____	164

Own workforce

Processes for engaging with own workforce and workers' representatives

Klöckner & Co attaches great importance to employee collaboration and communication and uses various channels to understand employees' perspectives and needs. We are committed to creating a culture where all employees feel safe and confident to raise important concerns. This includes encouraging them to freely express their opinions, including to more senior colleagues. In support of this, we conduct an annual Group-wide employee survey that provides insights into how employees perceive Klöckner & Co as an employer, how they experience their day-to-day work, how their direct supervisors ensure occupational health, safety and well-being at work, and how respectful and free of prejudice they perceive the working environment in our branches and departments to be. The results of the survey provide a valuable basis for dialogue and for identifying action to further improve our work environment.

Klöckner & Co actively promotes an appreciative working environment characterized by diversity and equal opportunities. The Company promotes an inclusive culture in which everyone has the same opportunities for personal and professional development. This is supported by various initiatives, such as the Women@Kloeckner network meetings and KloecknerPride, our commitment to LGBTQ+ inclusion. In addition, the company offers virtual discussion groups, known as espresso calls, on a regular basis. These provide a forum for employees to exchange ideas on various aspects of diversity in an informal setting. Promoting employee development is also a key component of our corporate culture. That is why we offer employees a wide variety of continuing education and personal development opportunities.

The Head of Group HR and his team are responsible for the ongoing management of employee development activities. Klöckner & Co also operates the "Let us know" whistleblower system described in this section under "Complaints mechanism."

To systematically address actual and potential impacts on the workforce, Klöckner & Co takes the perspectives of employees into account when making decisions and taking action. This takes place through adherence to internationally recognized standards and principles, including the United Nations Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We also follow the Guidelines for Multinational Enterprises published by the Organisation for Economic Cooperation and Development (OECD) and the 10 principles of the UN Global Compact. These frameworks and agreements enable us to incorporate employee perspectives on an ongoing basis, and establish the parameters within which we operate to respect and protect employee rights. Our agreements with employee representatives provide continuous insight into the perspectives of our workforce, enabling us to adapt measures accordingly.

We once again conducted an employee survey in 2024. All Group companies participated with the exception of Brazil. The overall response rate increased slightly compared to the prior year, from 67% to 69%. The questions that received the most positive responses were whether everyone knows how they can contribute to achieving the Company's targets (90%), whether employees feel they are treated with respect by their immediate supervisor (89%) and whether everyone knows who they can turn to if they are exposed to or observe violations of our Code of Conduct (89%). 86% agreed that their immediate supervisor acts to ensure the health, safety and welfare of the team at work. Around three out of four of our employees (76%) would recommend Klöckner & Co as an employer. Despite the overall positive findings, employees still saw room for improvement in the use of the employee training programmes.

Since the survey was conducted with site-level granularity, we can take targeted action. The survey findings are being used to implement systematic change management and provide the basis for initiating new HR management measures and developing our culture.

Characteristics of the Klöckner & Co workforce

Gender	Number of employees (head count)
Male	5,195
Female	1,107
Other	n/a
Not reported	n/a
Total employees	6,302

Country	Number of employees (head count)
Brazil	150
Germany	1,543
Mexico	584
Netherlands	62
Austria	95
Switzerland	1,345
USA	2,435
Other	88

2024

FEMALE	MALE	OTHER ^{*)}	NOT REPORTED	TOTAL
Number of employees (head count/FTE)				
1,045.0	5,168.0	n/a	n/a	6,213.0
Number of permanent employees (head count/FTE)				
1,032.7	5,103.3	n/a	n/a	6,136.0
Number of temporary employees (head count/FTE)				
12.3	64.7	n/a	n/a	77.0
Number of non-guaranteed hours employees (head count/FTE)				
0.0	0.0	n/a	n/a	0.0
Number of full-time employees (head count/FTE)				
927.0	5,116.0	n/a	n/a	6,043.0
Number of part-time employees (head count/FTE)				
118.0	52.0	n/a	n/a	170.0

^{*)} Gender as specified by the employees themselves.

The total number of employees who left the Company between January 1, 2024 and December 31, 2024 was 1,118. The rate of employee turnover was 18.1% in the reporting period. The rate of employee turnover is calculated as the ratio of the number of employees who left voluntarily or non-voluntarily to the average number of employees in fiscal year 2024. The disclosures on permanent employees, temporary employees and non-guaranteed hours employees are stated in full-time equivalents (FTEs) as of the December 31, 2024 reporting date, with the FTE calculation being based on the respective country-specific definition. This also applies to the disclosures on full-time and part-time employees. The disclosures on the total number of employees at Klöckner & Co is likewise based on the December 31, 2024 reporting date. This data is collected on the basis of Group-wide database records from the Group's standard reporting systems. External validation of the data does not take place. Apprentices, interns, work-study students and long-term absentees were not included in the calculation. As a result, the figures differ from the number of employees reported in the notes to the consolidated financial statements under (10) Personnel expenses.

Health and safety

Material impacts and their interaction with strategy and business model

As a company in steel and metal distribution, Klöckner & Co employs a large number of workers who are exposed to specific safety risks when handling heavy stock such as steel at its warehouses. Responsibility – especially for our employees and their well-being – is at the heart of Klöckner & Co's strategy and closely tied to our business model. Occupational health and safety are therefore not only an integral part of our social responsibility. They are also an essential element for the success of our business activities. A safe and healthy working environment not only protects our employees, but also contributes significantly to the process stability and efficiency that is essential to our value creation and customer satisfaction.

We attach great importance to the physical, social and psychological safety of all employees in the workplace and are committed to their protection. This is a central driver of our strategic goals and our positioning as a trusted partner in steel distribution. Klöckner & Co's Group-wide health and safety activities are covered by our Occupational Health and Safety Policy. Through proactive risk management and by engaging with our employees, we aim to establish a working environment where safety is a shared responsibility and a core value. We aim to integrate occupational safety into all our decisions and actions and to adopt processes to prevent occupational accidents in order to ensure the safety and wellbeing of our employees. Accordingly, we are committed to regularly reviewing and updating our local occupational health and safety policies in order to align them with the best standards and legal requirements.

We prevent safety incidents in practice through regular health and safety training throughout the Group, through continuous and regular assessment of the operational and administrative work environment, incident management, and by setting targets and measuring progress.

Our approach and policies

Klöckner & Co's activities in the area of occupational safety are covered by the Company's Occupational Health and Safety Policy. This sets the standard for how we want to protect and ensure the wellbeing of our employees. The policy applies to our own operations, including all companies in which we have a decisive influence. These are normally companies in which Klöckner & Co SE directly or indirectly holds a majority interest. The Occupational Health and Safety Policy applies to all employees, managers and Management Board members of all Group companies belonging to Klöckner & Co SE. Klöckner & Co also expects its business partners – such as suppliers and subcontractors – to recognize their responsibility for occupational health and safety. The entire global, regional and local management, as well as the respective heads of department, are responsible for ensuring that the standards and commitments under our Occupational Health and Safety Policy are implemented, communicated, monitored and integrated into the work processes of each organization. Occupational health and safety is also a responsibility of all employees.

Klöckner & Co's Occupational Health and Safety Policy describes the Company's commitment to providing a safe and healthy working environment for all employees and business partners. The objective is to define minimum standards with regard to health and safety, minimize risks and promote a culture of safety. The policy describes the specific risks associated with steel and metal distribution and processing, including manual handling injuries, trips and falls, vehicle-related accidents, repetitive motion injuries, noise, as well as chemical and physical hazards.

Responsibility for implementing the policy lies with global, regional and local management and the respective heads of department. Their responsibilities include ensuring compliance with local regulations and Company standards, developing and implementing safety strategies, implementing safety measures and promoting a positive safety culture through training and awareness programs. Local occupational safety teams focus on systematically reducing accident risks, conducting hazard analyses, implementing regional safety measures and organizing training. Each employee shares responsibility for workplace safety by following rules, reporting hazards, participating in training and using required personal protective equipment.

Klöckner & Co has various systems and processes in place for the continuous improvement of occupational safety. This includes conducting risk assessments before introducing new equipment or processes and updating them when changes are made, and systematically investigating accidents and near-misses. The aim here is to analyze the causes in order to take suitable action to avoid future incidents.

The metric for occupational safety performance is the lost time injury frequency (LTIF), which measures the number of accidents in relation to the number of hours worked. This metric is monitored for all business units and reported to the Management Board on a monthly basis.

The overarching aim of the policy is to prevent accidents and injuries at work by implementing preventive safety measures, ensuring regular training and guaranteeing a minimum standard of safety at all Company sites. We are committed to developing our processes and systems in accordance with global health and safety standards, including ISO 45001, and to setting our goals based on these guidelines. In areas where such certifications have not yet been obtained, we work with comparable internal systems that systematically identify hazards and implement continuous improvements.

Our Occupational Health and Safety Policy has been developed in consultation with our departments and based on the requirements of our external stakeholders, taking into account their own and legal requirements. It is communicated to all employees and is published for all other stakeholders on our website.

Actions

To ensure regular exchange on occupational safety within the Group, a global working group has been established, consisting of the relevant managers from our country organizations. The working group meets at least three times a year and is responsible for monitoring global activities and coordinating our occupational safety strategy. This ensures that current and planned occupational safety measures contribute exclusively to the improvement of working conditions and do not have any additional negative impacts. The working group reports directly to the management responsible for operations. A Group-wide Occupational Health and Safety Policy has also been published, setting out clear conditions and responsibilities.

Furthermore, at country and branch level, occupational safety teams in each of our country organizations work continuously to systematically reduce the risk of accidents and to raise occupational safety awareness among the workforce. Experts at each country organization are responsible for the regional implementation of measures, investigate accident causes, perform risk analyses and coordinate cross-site training.

Local occupational health and safety officers are present at branch level to raise awareness of employees. This is done, for example, through further training courses and training videos as well as visual management tools such as posters. In addition, the country organizations each coordinate individual measures and campaigns focusing on areas for improvement that they have identified. Safety audits and certifications such as ISO 45001 contribute to the continuous improvement of our safety standards. The US and Mexican subsidiaries use an external security program (Intelx) based on ISO 45001. There is also a safety initiative called Top Dog, in which employees receive monthly, quarterly and annual awards for their safety efforts. Employees nominate colleagues for the award at national level as safety champions. Our operational processes are also optimized with individual improvements on an ongoing basis. Examples include a series of training videos and a Safety 1st e-learning course that is an integral part of the onboarding process for new employees.

In the coming reporting year, Klöckner & Co plans to introduce a digital system for tracking occupational accidents throughout the Group. This is intended to improve the quality of the data in relation to accidents and to allow for more detailed analysis. Accidents are always avoidable, and preventive action enables us to avert loss or harm to employees or our business in advance. In the event that an accident does happen, the occupational health and safety officer analyzes it together with those concerned in local teams in order to identify measures for improvement and systematically avoid a repeat occurrence. The country organization officer files a detailed accident report to the holding company's occupational health and safety officer via our reporting system. Additional specific action is taken in the event of any unusual occurrences such as a spate of similar accidents at one country organization or site. Occupational safety is always the first topic on the agenda at the monthly business update calls with the Group Management Board, the managements of the country organizations and department heads at the holding company. This ensures ongoing awareness at top management level. No significant amounts of OPEX or CAPEX are required to implement the actions as they are included in the annual budget of the country organizations.

The effectiveness of our actions and initiatives to improve occupational health and safety is continuously monitored and evaluated. Legal obligations are always met and regularly reviewed with local safety organizations, such as the employers' liability insurance association in Germany. Feedback from stakeholders is also obtained through a working group on occupational safety and employee surveys, which include specific questions on occupational safety and the employee perceptions of safety. In the reporting year, 86% of employees agreed that their immediate supervisor acts to ensure workplace health, safety and wellbeing. Additionally, the reduction of the LTIF serves as a performance measurement, which is also incorporated as a variable component into the remuneration of the Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company.

Klöckner & Co has various processes to identify action to be taken and address negative impacts on its own workforce. This includes an accident reporting system that is used to record incidents in all areas. Furthermore, regular safety audits and inspections are conducted to assess workplace safety and verify compliance with safety protocols. Employee feedback and engagement in the form of surveys are used to learn about employee perception of safety and identify scope for improvement. In the event of accidents, a thorough accident investigation is carried out to determine the causes and infer future preventive measures. In addition, the company offers health screening programs to improve the wellbeing of employees, especially those in high-risk areas, and provides medical evaluations.

Targets

We believe that non-financial targets likewise support the Company's success. Accordingly, we have adopted suitable initiatives to improve workplace safety and health in our Company. The measures aim to ensure safe working conditions as well as to reduce accidents at work and the costs they entail. Our key performance indicator for this purpose is the lost time injury frequency (LTIF).

This is defined as the number of accidents/number of hours worked x 1,000,000. It was selected as a metric that is recognized as a market and industry standard. This ensures comparability within the industry. No specific international, European or national policy targets are used as the metric is based on established industry standards.

We take accidents into account from the first lost working day. The development in the LTIF is an integral part of the regular Management and Supervisory Board meetings, in which monthly reporting is carried out. The LTIF was reduced from 5.7 in the prior year to 4.7 in the 2024 reporting year. This means that the Group met its LTIF target for 2024 of ≤ 5.0 . Against the background of systematically updated targets for the reduction of Group-wide average accident rate, the target for the coming 2025 reporting year is an LTIF of ≤ 4.0 . The targets are set in collaboration with the occupational safety working group, the Management Board and the respective management teams.

Health and safety metrics

	2024
LTIF ^{*) **)}	4.7
Deaths	0

*) Including accidents reported up to February 15, 2024.

***) The LTIF applies solely to Klöckner & Co employees. Commuting accidents are not included.

Gender equality and equal pay for work of equal value

Material impacts and their interaction with strategy and business model

Klöckner & Co is committed to equal pay for work of equal value throughout the Group, promotes gender equality and ensures that all employees, regardless of gender, have equal access to resources and opportunities. Certain groups of employees such as women require special attention in this context as they are often underrepresented in many areas – such as management positions. In a traditional industry such as steel, we at Klöckner & Co consider the promotion of diversity, equity and inclusion (DEI) to be particularly important in order to create a balanced and fair working environment and to avoid potential negative impacts on our employees.

To this end, we undertake a combination of global and local initiatives. We believe that a safe and inclusive workplace culture can best be achieved by encouraging our employees to speak up and take active responsibility for shaping a work environment where they feel they belong. These measures and initiatives are supported by management to ensure broad acceptance and lasting impact. Our strategy is continually reviewed and adjusted to ensure equal treatment in all areas of the Company, including decision-making processes and employee development.

Employee remuneration at Klöckner & Co is largely based on collective agreements and minimum wages, thus providing a uniform point of departure. This helps to avoid major imbalances in the medium term and ensures that remuneration is fundamentally fair.

Moreover, the Klöckner & Co People Strategy places particular emphasis on individual responsibility and equal rights in order to promote an inclusive and fair working culture. As part of the annual review process, employees have the opportunity to discuss their individual performance and remuneration with their supervisor. This can provide a starting point for any adjustments. The regular evaluation ensures that Klöckner & Co can respond flexibly to change and that all employees are treated fairly and equally.

Our approach and policies

Klöckner & Co's commitment to equal pay and gender equality is enshrined in our Declaration of Principles on Respect for Human Rights.

Further details on the Declaration of Principles can be found in this section under "Workers in the value chain."

Actions

Klöckner & Co took action in various ways in the reporting year and plans further steps to promote equal treatment and diversity in the Company. This action supports our strategic orientation in the area of DEI and contributes towards an inclusive working environment.

Key actions:

- **Equal treatment:** We ensure that all employees are treated fairly through our Group-wide Code of Conduct and Declaration of Principles on Respect for Human Rights. This is additionally supported by our Klöckner & Co values, with the focus on diversity and equal opportunities.
- **Compliance training:** Training on our Code of Conduct and other relevant topics is provided annually. To promote a common understanding of the corporate culture, every new employee also receives training on the Klöckner values.
- **Diversity initiatives:** We show our support for diversity by sponsoring and actively participating in Duisburg's Christopher Street Day. The Kloeckner Academy also has various e-learning modules on DEI topics.
- **Diversity in recruitment:** A requirement for external recruiters ensures that at least 30% of the profiles on the longlist for vacancies must be from women.
- **Klöckner & Co is committed to intensifying its work with established support networks** such as KloecknerPride and Women@Kloeckner to advance positive impacts on its workforce. These Group-wide networks provide platforms for sharing experiences, supporting employees from marginalized groups, and promoting change and equal opportunities within the Company. By supporting diversity and inclusion, we foster an environment where all employees feel respected and valued.

Compliance training is an ongoing process that repeats annually and is subject to continuous development. The "Let Us Know" complaints mechanism allows employees to report discrimination or unfair treatment so that appropriate action can be immediately taken. Further details on our complaints mechanism are provided in this section under "Complaints mechanism."

No significant amounts of OPEX or CAPEX are required to implement the actions as the corresponding expenditure is included in the annual budget of the country organizations and the holding company.

The effectiveness of these actions is monitored through feedback from departing employees and by tracking the development of responses to anti-discrimination questions in the annual Group-wide employee survey. In the reporting year, 81% of employees agreed that their locations and departments are committed to an appreciative and prejudice-free working environment. This helps us understand how our initiatives are perceived and how well they actually contribute to promoting an inclusive and respectful work environment.

To ensure that our managers support these goals, a portion of their variable remuneration is linked to employee satisfaction and to feedback on their own leadership performance. This applies to the entire Management Board, throughout the Group at management level 1 below the Management Board, and at management levels 1 to 3 in the holding company.

Targets

In terms of equal opportunity, the inclusion of women in specialist and management positions is an important concern for us. We have set ourselves the Group-wide goal of increasing the percentage of women in management positions.

In fiscal year 2022, the Supervisory Board of Klöckner & Co SE set new targets for the percentage of women on the Supervisory Board and the Management Board, to be met by June 30, 2027: 33.33% (i.e., with six members, two members) for the Supervisory Board and 25% (i.e., with currently three members, one member) for the Management Board. As in fiscal year 2022, the current quota of women is 16.67% on the Supervisory Board and 0% on the Management Board. The Supervisory Board will give priority to the aforementioned target quotas in the next Supervisory Board elections, with the next regular elections due to take place no later than 2026, as well as in the event of any changes or new appointments to the Management Board.

The percentage of women employed at management levels one to three below Management Board level has already been raised from 8% in 2011 to 14% Group-wide in the reporting period. The target for 2024 of 21% has therefore not yet been reached. The aim is now to further increase the share to 25% by the end of 2030.

The targets were set on the basis of an analysis of the percentage of women at the time of target setting, the availability of female managers for the relevant positions, and the average employee turnover rate at Klöckner & Co. There was no further stakeholder involvement in target setting.

Adequate wages

Material risks and their interaction with strategy and business model

Klöckner & Co recognizes that adequate wages can potentially lead to higher costs, for example due to inflation or increased competition for skilled workers. These risks relate to the entire workforce and are concentrated in Klöckner & Co's own business activities. Most company sites are in countries with statutory minimum wage requirements. As part of the annual salary review, we use regional benchmark analyses to ensure that local legal requirements are met and that we offer competitive salaries compared to other companies.

For us as a distributor, personnel is the biggest cost factor after materials sourcing. Due to the shortage of skilled workers and demographic change, the provision of adequate wages is increasingly cost-intensive. As the labor market is currently moving in employees' favor, wages are already at a high level, and this tends to limit the financial risk in relation to Klöckner & Co's future cost structure. In addition, the structure of pay scale and salary groups at Klöckner & Co offers a certain degree of predictability with regard to pay trends. The Company's resilience is supported by annual cost budgeting in human resources departments, which is consolidated by Corporate Controlling as part of the budgeting process. This analysis incorporates the impact of wage increases and demographic changes into medium and long-term planning.

No cases of forced labor or child labor were recorded during the reporting period. No incidents of discrimination, including harassment, were reported either. There are also no material impacts on our own workforce that arise from transition plans for reducing negative impacts on the environment and achieving greener and climate-neutral operations.

Our approach and policies

Our commitment to adequate wages is enshrined in our Declaration of Principles on Respect for Human Rights. Further details on the Declaration of Principles can be found in this section under "Workers in the value chain."

Actions

No specific action has so far been taken as data on adequate wages has been gathered and analyzed for the first time this year. Future actions can be inferred from the analysis findings and implemented as necessary.

Targets

No measurable results-oriented targets have been set so far as the relevant data has been gathered and analyzed for the first time this year.

Workers in the value chain

Material impacts and their interaction with strategy and business model

For Klöckner & Co, respect for human rights is a fundamental component of responsible conduct. Meeting our human rights due diligence obligations is one of Klöckner & Co's core values and is firmly embedded in our strategy and our policies. Based on our business model as the link between steel producers and consumers, we work with numerous global steel and metals producers. We regard this as indicating significant indirect influence on the value chain. By implementing our due diligence obligations, we not only acknowledge our responsibility for human rights in our own operations, but also work to ensure that those rights are complied with in our global value chain.

Steel and metals distributors supply key inputs for sectors such as automotive, construction, machinery and mechanical engineering. However, the value chain upstream of steel production often lacks transparency, with raw materials such as iron ore and bauxite sourced in many cases from countries with low human rights standards. Potential negative impacts in Klöckner & Co's upstream value chain include disregard of worker rights, precarious working conditions and harmful environmental pollution. As part of risk analysis, Klöckner & Co has identified the most significant human rights risks for its own operations that could have an impact on workers in the value chain.

Geographical areas with a high risk of child and/or forced labor are found primarily in steel and metal production in Southeast Asian countries. In light of the difficult human rights situation and limited governmental protection of human rights, there is considered to be a high risk of human rights violations in China. There is a particularly high risk of human rights violations against Uyghurs and other Muslim minorities within and outside the Xinjiang region.

All existing and prospective suppliers with heightened geographic risk are subject to a comprehensive supplier due diligence process.

Our approach and policies

As well as in our strategy, compliance with our human rights due diligence obligations is firmly anchored in our Declaration of Principles on Respect for Human Rights and our policies, including our Code of Conduct and the Supplier Code of Conduct.

In our activities with regard to the human rights of our own workforce, workers in the value chain and affected communities, we are committed to the following international frameworks:

- Universal Declaration of Human Rights (UDHR) of the United Nations
- UN Guiding Principles on Business and Human Rights
- International Labor Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work
- 10 Principles of the UN Global Compact
- Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

The corporate due diligence obligations apply to our own operations, including all Group companies. The scope of application of the corporate due diligence obligation extends to our own business area, including all companies in which we have a decisive influence. These are normally companies in which Klöckner & Co SE directly or indirectly holds a majority interest. The Declaration of Principles on Respect for Human Rights applies to all employees, managers and Management Board members of all Group companies belonging to Klöckner & Co SE. We not only hold ourselves to high standards but also demand that our business partners comply with environmental and social standards.

Our Declaration of Principles on Respect for Human Rights expressly underscores our commitment to freedom of association and assembly and the right to collective bargaining, the right to health and safety at work, the right to adequate wages and reasonable working hours, the protection of personal data, the prohibition of forced labor and human trafficking, the effective abolition of child labor, equal opportunities and protection against discrimination, and the rights of local and affected communities and indigenous peoples.

Equal opportunities and protection against discrimination encompass the seven dimensions of diversity: 1. Age, 2. Gender and gender identity, 3. Ethnic origin and nationality, 4. Sexual orientation, 5. Mental and physical abilities/status, 6. Beliefs and world view and 7. Social origin (education and financial situation of the family of origin).

Klöckner & Co is committed to adequately complying with human rights and environmental due diligence obligations, identifying any negative impacts of our business activity, ending or mitigating such impacts as far as possible, and ensuring victims of human rights violations have access to remedy.

Respecting human rights and the associated environmental rights requires a continuous process. We continually review the implementation of our due diligence obligations to ensure that they align with changing legal frameworks, the type and extent of business activity, and insights from the handling of matters reported through our complaints mechanism. Based on this information, we constantly develop our due diligence processes regarding human rights and the environment.

Successful collaboration with our business partners requires compliance with the standards of the Declaration of Principles. We expect our existing and new direct suppliers to identify human rights risks in their supply chain, mitigate them as far as possible, and communicate that expectation to their own supply chain. Before entering into contract with a new supplier, we therefore carry out a transparent risk examination. We have formulated our expectations of our business partners in our Code of Conduct and our Supplier Code of Conduct. Suppliers are also encouraged to work with their own suppliers to ensure compliance with environmental and social standards, for example by likewise agreeing principles with them.

To support and monitor these due diligence obligations, requirements and processes, the Management Board of Klöckner & Co SE has established the position of Human Rights Officer in the Corporate Strategic Sustainability Department. The due diligence process is put into operation by central or local divisions. Corporate Internal Audit also verifies adherence to the frameworks underlying the Declaration of Principles.

Preventive and remedial measures are developed and coordinated in cross-functional teams. Those teams consist of human rights and compliance experts, our global Human Resources and Procurement departments, and other departments as needed.

In our regular annual risk analysis, we check for human rights-related and environmental risks that might arise during our business activities. Based on systematic data collection and processing and on external indices, we first determine country and sector-specific risks for our own operations and the supply chain. We assess and rank the risks using the two criteria stipulated by law: severity of violation and probability of occurrence. This allows us to focus on those areas where we have identified the greatest risks for human rights and the environment.

We aim to make our supply chain transparent and traceable, including beyond our direct business relationships. We use continuous media screening of our direct suppliers to keep abreast of developments reported elsewhere, criticism and other perspectives. Focusing on risk, we examine how suppliers are individually positioned to deal with potential human rights-related and environmental risks.

We perform risk analyses in the supply chain and in our own operations as the need arises (for example in response to changes in country risks, reports received through the whistleblower system and public reports from authorities and NGOs). The same applies to new products or the development of new lines of business. We consistently follow up on every indication of human rights violations. All findings are used to develop and adjust internal and external processes and training programs. They are discussed in the Human Rights Committee and serve as motivation to seek dialogue with external stakeholder groups.

The Declaration of Principles on Respect for Human Rights has been approved by the Management Board. It is managed and compliance is monitored by our Human Rights Office. In addition, the Declaration of Principles is made available to all our employees and the stakeholder groups, among other places on our website.

Klöckner & Co's most important human rights topics are identified on the basis of our due diligence processes, risk assessments and regular stakeholder dialogues. Our Declaration of Principles on Respect for Human Rights and on the related environmental standards were developed in consultation with our departments and in ongoing dialogue with our external stakeholders with regard to their own and legal requirements.

No cases of non-respect of the United Nations Guiding Principles on Business and Human Rights, the Core Labour Standards of the International Labour Organization or the OECD Guidelines for Multinational Enterprises involving workers in the value chain were reported to us in the reporting year.

Actions

In order to meet our due diligence obligations, we once again carried out a risk analysis of our own operations and the supply chain in the reporting year, and further optimized our risk management system.

Our initial focus in the reporting year was on establishing a standardized and transparent process for supply chain management. For abstract risk assessment, Klöckner & Co has developed an individual country risk matrix that categorizes all suppliers and the Company's own operations into risk levels. Specific risk assessments are performed using the IntegrityNext supply chain due diligence platform. Suppliers with a heightened inherent risk, together with all core suppliers and the Company's own operations, undergo specific risk assessment based on an ESG questionnaire and an AI-based risk model that monitors daily media news for critical supplier mentions that could impact the assessment. The questionnaire covers the most important ESG topics and calls upon suppliers to provide information, including certificates and documentation. If the risk assessment of an existing or prospective supplier raises concerns, Klöckner & Co conducts a more comprehensive review and enters into dialogue with the supplier. This takes into account the OECD Due Diligence Guidance for Responsible Business Conduct and the knowledge of networks of human rights officers, consultants and human rights due diligence helpdesks. The mandatory due diligence process for all suppliers is described in the Group-wide Sustainable Supply Chain procedure. It commences with supplier onboarding and ends with supplier phase-out.

Our "Let Us Know" complaints mechanism allows value chain workers to report human rights violations so that appropriate measures can be taken. Further details on our complaints mechanism are provided in this section under "Complaints mechanism." No significant amounts of OPEX or CAPEX are required to implement the actions as the corresponding expenditure is included in the annual budget of the country organizations and the holding company.

The effectiveness of the prevention and mitigation measures throughout the due diligence process is assessed using metrics such as quotas or by monitoring action plans that are assigned to suppliers and monitored and controlled within our due diligence system.

No severe human rights issues and incidents in the upstream and downstream value chain were reported to Klöckner & Co in the reporting year.

Targets

There are currently no measurable targets in relation to material negative impacts on workers in the value chain.

Processes for engaging with value chain workers

We have started to participate in multi-stakeholder initiatives to promote responsible supply chains in terms of due diligence and the protection of human rights, and we intend to intensify this participation over time. Potentially high human rights risks arise particularly in the deeper tiers of the supply chain. As a steel and metals distributor, Klöckner & Co is far removed from the mining value chain, hence its impact is likely to be small. In order to obtain well-founded information on the situation of potentially marginalized groups, Klöckner & Co gathers information from multi-stakeholder initiatives and a network of human rights officers, and maintains direct contact with NGOs. The insights gained are incorporated into the risk analysis and are primarily addressed at suppliers from high risk countries (risk-based approach).

Responsibility for the ongoing management of activities lies with the Human Rights Officer. Klöckner & Co also operates the "Let us know" whistleblower system, which is described in this section under "Complaints mechanism." We adhere to internationally recognized standards and principles when it comes to engaging with workers in the value chain, as elsewhere. Further information can be found in this section under "Our approach and policies." The effectiveness of engagement with workers in the value chain is reviewed annually, for example by evaluating reports received through the "Let us know" whistleblower system during the year.

Complaints mechanism

Klöckner & Co's complaints mechanism is an important element in upholding our corporate values and policies. It helps us to identify, remedy or minimize potential grievances. Employees can report their concerns to their supervisor and to human resources. Furthermore, employees and third parties can likewise report matters using the web-based and telephone-based "Let us know" platform, set up by Klöckner & Co and operated by a specialized external service provider.

The complaints mechanism is integrated into the Corporate Compliance Office. The Group Compliance Office provides the channels and, applying detailed procedural instructions, processes all reports of possible violations by Klöckner & Co Group employees and business partners in the supply chain.

To make people aware that the complaints mechanism also covers the legal positions under the Declaration of Principles, we make explicit reference there to the complaints mechanism, including the website link. People can thus submit matters through the web and telephone-based "Let us Know" platform. Concerns can also be reported by telephone. The complaints mechanism is open and accessible to all Klöckner & Co stakeholders.

The complaints mechanism is also confidential, secure, available in seven languages, and provides the option of submitting reports anonymously. Awareness of the complaints mechanism is monitored with questions about it in our Group-wide employee survey. For warehouses and service center sites, where digital access is more limited, awareness is tracked in internal audits. On publication of the Declaration of Principles, the Human Rights Office also set up an email address, humanrights@kloeckner.com.

We do not yet have a mechanism to assess whether value chain workers trust the complaints mechanism.

The following matters can be reported:

- Potential irregularities, where Klöckner & Co Group employees are suspected of having broken applicable law (primary and secondary legislation, etc., and in particular the violations listed in Section 2 (2) of the German Whistleblower Protection Act (Hinweisgeberschutzgesetz) and EU Directive 2019/1937 or failure to comply with Group policies such as the Code of Conduct and the Declaration of Principles)
- Suspected business partner violations of applicable law or the Code of Conduct and the Supplier Code of Conduct
- Attributable human rights-related and environmental risks, and violations of human rights and environmental obligations under the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz/LkSG), by Klöckner & Co or an indirect or direct supplier
- Other potentially unlawful conduct by the Klöckner & Co Group or its suppliers

It is of paramount importance to Klöckner & Co for violations of our Code of Conduct or Human Rights Declaration to be investigated. How we handle investigations has implications for workforce integrity and the credibility of our line managers and corporate management. Klöckner & Co believes that all complaints regarding the conduct of its own employees and business partners in the supply chain must be investigated.

Each investigation is carried out in five steps:

1. Develop a communication plan
2. Preserve, collect and review evidence
3. Field work information and investigative resources
4. Conducting interviews
5. Closing the investigation

Swift, efficient and effective internal investigations make it possible to take appropriate and consistent remedial action.

It is important for all cases to be processed as set out in the procedural instructions. These describe:

- Procedures for conducting and reporting on internal investigations
- Roles and responsibilities of those engaged with conducting and managing investigations
- Appropriate disciplinary and remedial action resulting from an investigation

The detailed Compliance procedures support and protect employees conducting an internal investigation. In them, we emphasize teamwork, case management and fair play. An annual analysis is conducted of the cases arising each year.

At least once a year, using test phone calls, the effectiveness of the channels is verified for accessibility, language availability, legal compliance and other criteria. In particular, the effectiveness review in 2023/2024 included topics related to the protected legal positions under the German Act on Corporate Due Diligence Obligations in Supply Chains, such as forced labor, working conditions and discrimination. A question about awareness of the complaints mechanism was also included in the annual employee survey. The level of awareness is currently 68%.

Klöckner & Co assures whistleblowers that they will not suffer reprisals for reporting a matter unless they knowingly provide false information, otherwise misuse the whistleblower system or incriminate themselves.

Affected Communities

Material impacts and their interaction with strategy and business model

As a steel and metals distributor that purchases products from suppliers, Klöckner & Co has an indirect impact on local populations and Indigenous communities along the value chain, starting in the regions where raw materials are extracted.

Given the inadequate standards of regulation in the main countries at the start of the supply chain, such as in resource extraction, a range of negative impacts may be widespread, particularly with regard to the following:

- Communities' economic, social and cultural rights
- Communities' civil and political rights
- Rights of Indigenous peoples

Klöckner & Co currently obtains information via multi-stakeholder initiatives, in which the rights of Indigenous peoples are represented, for example by NGOs. Reports from and experience shared through these stakeholder initiatives inform our assessment of the human rights situation of Indigenous peoples in our supply chain.

Our approach and policies

Klöckner & Co's commitments under our Declaration of Principles on Respect for Human Rights extend not only to our own workforce and workers in the value chain, but also to affected communities.

In order to clearly convey this expectation to our suppliers, we thoroughly revised our Group-wide Supplier Code of Conduct in 2022 to already take into account the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains. Our Supplier Code of Conduct now has an even stronger focus on the prevention of human rights and environmental risks, and underscores our clear expectation that our suppliers actively identify and assess such risks in their own operations and supply chains, and prevent or mitigate them within their sphere of influence.

No cases of non-respect of the United Nations Guiding Principles on Business and Human Rights, the Core Labour Standards of the International Labour Organization or the OECD Guidelines for Multinational Enterprises involving affected communities were reported to us in the reporting year.

Other

Klöckner & Co does not have any actions or targets relating to affected communities.

In addition, Klöckner & Co does not currently have a general process for engaging with affected communities or a process for remediating negative impacts or channels for affected communities to raise concerns.



Business conduct

G1 Business conduct _____ 167

Business conduct

Detailed information on the double materiality assessment and the description of the processes to identify and assess material impacts, risks and opportunities can be found in the "General disclosures" section under "Description of the processes to identify and assess material impacts, risks and opportunities" (see page 110 et seq.).

We have made important changes within Klöckner & Co and reinforced our corporate culture by formulating our corporate values. Our values of Collaboration, Excellence and Responsibility are the cornerstones and the foundation of our success.

By "Collaboration" we mean our collective teamwork, which extends far beyond individual departments and country organizations and is characterized by mutual trust and open communication. Under our value of "Excellence", we strive for the best solutions for our customers and aim to create added value. "Responsibility" accompanies us in everything we do, from the safety of our employees to our commitment along the entire value chain to people and the planet.

The values we represent are an integral part of our daily work. They shape how we think and the way we work together in our team and with our customers. At the same time, they provide our employees with guidance for their daily work.

Ensuring adherence to international regulations and fair conduct toward our business partners and competitors is also one of our Company's guiding principles. Klöckner & Co considers itself to be bound in this connection not only by statutory and other legal provisions. Voluntary obligations and ethical principles are likewise integral to our corporate culture and our values. Klöckner & Co is committed to providing an appreciative and prejudice-free working environment in which employees are recognized for their performance. In April 2021, we signed the Charta der Vielfalt, or Diversity Charter, to promote diversity in the workplace. We leverage different ways of thinking, experiences, perspectives and lifestyles to secure the Company's long-term success. This applies irrespective of age, gender and gender identity, ethnic origin and nationality, religion and world view, sexual orientation and identity, or physical abilities. As a signatory to the Diversity Charter, we are committed to fostering an organizational culture of mutual respect and appreciation for each individual. We also ensure that both managers and employees recognize, share and live these values. We respect the diversity of society within and outside the organization, value the potential it holds, and harness it to the benefit of our Company.

A core element of our corporate culture is compliance on the part of our employees and business partners, constituting the basis of corporate responsibility. Alongside consistent respect for human rights, social responsibility and sustainability, adherence to our fundamental corporate values and principles is of central importance to us. We have formulated those values and principles in our Group-wide Code of Conduct. The Code of Conduct is published, among other places on our website. members of the Management Board and all managerial personnel are required to lead by example, and have heightened responsibility for ensuring that the Code of Conduct is put into practice. Moreover, all employees are called upon to contribute actively in applying and adhering to these principles across their areas of responsibility and to act with integrity in their work within our Company. In the interest of all employees and to avert harm to the Company, directives and procedural instructions are provided that detail permissible conduct. The country organizations adopt the measures needed to implement the respective requirements.

All Group employees are required to participate in a Group-wide training program to raise awareness of our Code of Conduct. The training program is divided into various modules for the different target groups, whose knowledge is kept up to date through regular refresher training sessions. Mandatory training modules are assigned to employees and completion is monitored in an IT-based learning management system. As part of the onboarding program, classroom training and e-learning programs familiarize new employees with the content of the Code of Conduct and other compliance-related issues.

Our corporate values were defined by the Management Board together with our employees. Coupled with our purpose statement – “We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow” – this has resulted in the formulation of an all-encompassing identity for our Company and further strengthened our corporate culture. The basis has thus been laid for our future teamwork, and a framework is established that facilitates day-to-day interactions and the integration of new employees. Furthermore, the Company’s Management Board has clearly expressed its zero tolerance policy with regard to compliance violations in “Tone from the Top” published on the Company website. Breaches of the law and human rights violations are not tolerated in any way and result in sanctions against the offending governing bodies, employees or business partners. Our corporate values and policy of zero tolerance for compliance violations create a supportive, professional work environment based on mutual respect, clear ethical standards and a shared identity. In a regular reporting cycle, and in urgent cases as the need arises, the Chief Governance Officer (CGO) reports to the Company’s entire Management Board and Supervisory Board on current compliance-related developments in the Group.

These disclosures supplement the disclosures under “The role of the administrative, management and supervisory bodies” in the “General disclosures” section (see page 100 et seq.).

Duisburg, March 5, 2025

Klöckner & Co SE
MANAGEMENT BOARD

Guido Kerkhoff
CHAIRMAN OF THE MANAGEMENT BOARD
(CEO)

Dr. Oliver Falk
MEMBER OF THE MANAGEMENT BOARD
(CFO)

John Ganem
MEMBER OF THE MANAGEMENT BOARD
(CEO AMERICAS)

Assurance report of the independent german public auditor on a limited assurance engagement in relation to a separate non-financial group report*

To Klöckner & Co SE, Duisburg

Assurance Conclusion

We have conducted a limited assurance engagement on the separate non-financial group report of Klöckner & Co SE, Duisburg, (hereinafter the „Company“) to comply with §§ [Articles] 315b to 315c HGB [Handelsgesetzbuch: German Commercial Code] including the disclosures contained in this separate non-financial group report to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the „Non-Financial Group Reporting“) for the financial year from 1 January to 31 December 2024.

Not subject to our assurance engagement were the external sources of documentation or expert opinions mentioned in the Non-Financial Group Reporting, which are marked as unassured.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Non-Financial Group Reporting for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852 as well as with the supplementary criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the external sources of documentation or expert opinions mentioned in the Non-Financial Group Reporting, which are marked as unassured.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

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

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Non-Financial Group Reporting" section.

*) PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Emphasis of Matter - Principles for the Preparation of the Non-Financial Group Reporting

Without modifying our assurance conclusion, we refer to the disclosures in the Non-Financial Group Reporting, which describe the principles for the preparation of the Non-Financial Group Reporting. According to these, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent specified in section "General basis for preparation of the Group non-financial report" of the Non-Financial Group Reporting.

Responsibility of the Executive Directors and the Supervisory Board for the Non-Financial Group Reporting

The executive directors are responsible for the preparation of the Non-Financial Group Reporting in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Non-Financial Group Reporting in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Non-Financial Group Reporting) or error.

This responsibility of the executive directors includes establishing and maintaining the process performed by the Company to identify the disclosures to be included in the Non-Financial Group Reporting (hereinafter the "materiality assessment"), selecting and applying appropriate reporting policies for preparing the Non-Financial Group Reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Non-Financial Group Reporting.

Inherent Limitations in the Preparation of the Non-Financial Group Reporting

The relevant German statutory legal and European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in sections "Disclosures in relation to specific circumstances" and "EU-Taxonomy" of the Non-Financial Group Reporting. The executive directors are responsible for the defensibility of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Non-Financial Group Reporting.

German Public Auditor's Responsibilities for the Assurance Engagement on the Non-Financial Group Reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Non-Financial Group Reporting has not been prepared, in all material respects, in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Non-Financial Group Reporting.

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

- obtain an understanding of the process to prepare the Non-Financial Group Reporting, including the materiality assessment process carried out by the Company to identify the information to be included in the Non-Financial Group Reporting.

- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Non-Financial Group Reporting.
- inquired of the executive directors and relevant employees involved in the preparation of the Non-Financial Group Reporting about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Non-Financial Group Reporting, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Non-Financial Group Reporting.
- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the Non-Financial Group Reporting.
- performed site visits.
- considered the presentation of the information in the Non-Financial Group Reporting.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-Financial Group Reporting.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Düsseldorf, 5 March 2025

PricewaterhouseCoopers GmbH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Antje Schlotter
WIRTSCHAFTSPRÜFERIN
[German public auditor]

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Remuneration Report

Klöckner & Co SE

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1. Remuneration Report

This remuneration report summarizes the main features of the remuneration systems for the Management Board and the Supervisory Board and describes the structure and the amounts of remuneration in the reporting year. The remuneration report takes into account the recommendations of the German Corporate Governance Code (hereinafter referred to as the "Code") in the version of April 28, 2022, published on June 27, 2022. In accordance with Section 162 (1) of the German Stock Corporation Act (AktG), the remuneration report was prepared jointly by the Management Board and Supervisory Board and is audited by the auditor.

1.1 Review of fiscal year 2024

The Group's business performance in fiscal year 2024 was largely characterized by a decline in demand in the core European markets and a negative steel price trend over large parts of the reporting period. The USA in particular saw a significant steel price correction in 2024, although steel prices also developed negatively in Europe. Adverse price effects as a result of this development in steel prices had a negative impact on Group operating income. However, steel prices stabilized again towards the end of the year, although at a low level.

For further information on the business development of Klöckner & Co in the reporting year, please refer to the management report for fiscal year 2024.

1.2 Management Board remuneration

*The following chapter includes remuneration report-typical information marked with *, which also addresses disclosure requirement ESRS 2 GOV-3 of the ESRS.*

Annual General Meeting vote on the Remuneration Report 2023; appraisal

The Company's remuneration report for fiscal year 2023 in accordance with Section 162 of the German Stock Corporation Act was approved at the Annual General Meeting of the Company on May 23, 2024 with a majority of 95.82% of valid votes cast. No points of criticism or critical questions were raised with regard to the remuneration report 2023. In light of this, the Supervisory Board and the Management Board see no fundamental need for revision with respect to the nature and scope of reporting with regard to Management Board remuneration. Despite the encouraging voting outcome on the last remuneration reports, the Supervisory Board and Management Board continue to address the continuous improvement of the remuneration report and monitor developments and trends in the market.

Annual General Meeting vote on the 2024 Remuneration System; appraisal*

On May 23, 2024, the Annual General Meeting of the Company approved the new remuneration system for the Management Board as submitted by the Supervisory Board, with a majority of 78.91% of valid votes cast. Following the Annual General Meeting (also on May 23, 2024), the Supervisory Board then adopted that remuneration system (hereinafter also referred to as the "2024 remuneration system"), in the form submitted to and approved by the shareholders, with effect from January 1, 2024. At its meeting in September 2024, the Supervisory Board consulted intensively on the outcome of the vote and on the related points of criticism raised with regard to the 2024 remuneration system (among other things regarding the personal investment in shares as a long-term remuneration component in the nature of a long-term incentive (LTI) component and the possibility of providing a discretionary bonus).

- In the opinion of the Supervisory Board, the personal investment in shares of the Company provided for in the 2024 remuneration system continues to meet the requirement for an LTI component. The amount to be invested is calculated from the annual bonus; this comprises in addition to short-term targets also long-term components. The financial and also the non-financial targets for the annual bonus are derived in part from the multi-year strategic planning and therefore represent milestones towards the achievement of the Company's long-term development goals. In addition, the

amount actually accruing to a Management Board member in the event the shares are sold after expiration of the four-year lock-up period is determined by the multi-year performance of the Company's share price. It therefore makes no difference whether the LTI component is transparently based on the annual target figures for the multi-year development targets, and in particular on the performance of shares actually held, or if the same result is achieved, for example, with a complicated virtual LTI program.

- Furthermore, with the selected LTI component the Supervisory Board also complies with Recommendation G.10 of the Code, under which the granted variable remuneration, taking the respective tax burden into consideration, should be predominantly invested in shares, or correspondingly granted as share-based remuneration, and the long-term variable component should only be accessible after a period of four years. Management Board members are directly affected by the performance of the share price and the related risk of loss as they purchase the shares from their earned bonus. This form of long-term incentive is practically cost-neutral for the Company. It also avoids any dilutive effect on shareholders.
- In addition, a personal investment in shares represents a very simple and transparent form of long-term incentive. In contrast to the highly complex and difficult-to-understand LTI components in the market, share price performance is easy for any investor to understand. The four-year lock-up period also means that the personal investment shares have a comparable effect to other shareholder ownership guidelines.
- Overall, the 2024 remuneration system works without complicated virtual components. Together with the targets published in the remuneration report, and based on the target figures published in the Annual Report, each shareholder can understand and verify the amount of variable remuneration and the proportion accounted for by long-term targets, without elaborate calculations or detailed research. The Supervisory Board considers this transparency to be highly beneficial.
- The discretionary bonus is indeed a discretionary element. However, a discretionary bonus was last granted for fiscal year 2010 and thus none was granted either under the new 2024 remuneration system or under its predecessors from 2016 and 2021. The Supervisory Board continues to regard the granting of a discretionary bonus as the exception and will only make very limited use of this option. Nevertheless, the Supervisory Board considers this discretionary element to be appropriate, particularly in view of the requirements in section G.11 of the Code. As the Code requires, this discretionary element is intended to take into consideration special situations that were not sufficiently captured in the predetermined targets (see the published rationale – "Begründung des Deutschen Corporate Governance Kodex" – on Code Recommendation G.11). The granting of such a discretionary bonus naturally requires a specific justification, which, in the event such a bonus is granted, would be disclosed transparently in detail in the remuneration report. In addition, this discretionary element is clearly limited as to its amount. The total bonus awarded for a financial year, including any discretionary bonus, may thus not exceed 200% of the target bonus (cap, see below).
- In light of the criticism that has been and continues to be raised, the dialogue with institutional investors, shareholders and proxy advisers shall be continued in order to address the points of criticism and to explain in closer detail the rationale for maintaining the main features of the remuneration system.

Remuneration systems*

For a better understanding and transparency, the main features of the current 2024 remuneration system are once again presented in the following.

BRIEF DESCRIPTION OF THE 2024 REMUNERATION SYSTEM

The 2024 remuneration system takes into account all requirements of the German Stock Corporation Act and the current Code. The 2024 remuneration system is outlined in brief below (a more detailed description of the 2024 remuneration system is available on the Company's website at <https://www.kloeckner.com/en/group/management-board/management-board-remuneration.html>).

Under the 2024 remuneration system, remuneration for Management Board members consists of non-performance-related (fixed) and performance-related (variable) components.

The non-performance-related remuneration consists of the fixed salary, the retirement provision and the ancillary benefits.

- **Fixed salary:** The fixed salary is paid in twelve equal monthly installments at the end of each month net of statutory tax and social insurance deductions. If a member of the Management Board is appointed or leaves partway through the year, the fixed salary is paid pro rata temporis.
- **Retirement provisions:** For retirement provision, each member of the Management Board receives an annual amount not exceeding 40% of the applicable fixed salary (gross), paid either in twelve equal monthly installments (effectively as cash compensation for retirement provision) or, electively, in the form of a payment by the Company into, for example, a pension/provident fund covered by pension liability insurance.
- **Ancillary benefits:** The contractual ancillary benefits primarily include customary additional benefits such as insurance premiums (such as accident insurance, travel/baggage insurance, liability insurance, industrial criminal legal expenses insurance and general legal expenses insurance) as well as the provision of communication devices and a company car for business and private use (potentially including driver in the case of the CEO) or alternatively a car allowance (a lump-sum compensation payment for the use of a private car instead of a company car). Ancillary benefits can vary in value from year to year for person and occasion related reasons but are limited to a maximum of 10% of the fixed salary (ancillary benefits not considered as remuneration and hence not subject to the 10% limit are, in particular, [i] the reimbursement of expenses to which Management Board members are entitled by law, [ii] inclusion in D&O insurance in the interests of the Company, although Management Board members must bear the deductible required under the German Stock Corporation Act and [iii] insurance premiums for certain group insurance policies that are not considered to be Management Board remuneration within the meaning of the German Stock Corporation Act).

In addition to the non-performance-related remuneration components, all Management Board members receive performance-related variable remuneration in the form of a bonus, the amount of which initially depends on the degree to which certain targets are achieved in a fiscal year.

- **Target bonus:** The basis for determining the amount of the annual bonus is its target amount (target bonus). This is the bonus to which a member of the Management Board is entitled under his or her contract at 100% achievement of the specified targets. According to the degree of over- or underachievement of the specified annual targets, the annual bonus increases or decreases on a target achievement curve specified when setting the targets. If annual targets are exceeded, the bonus may therefore exceed the target bonus. However, it may not exceed 200% of the target bonus (cap). There is no guaranteed minimum target achievement; an annual bonus may therefore not be paid out at all. If a member of the Management Board is appointed or leaves partway through a year, the bonus is paid pro rata temporis.
- **Personal investment component (long-term incentive):** Beyond the annual target achievement, the bonus also has the purpose of providing incentives for long-term and sustainable growth in the value of the Company. The targets to be set annually are already intended in themselves to promote the strategic and sustainable development of Klöckner & Co, as they shall contain targets that are derived from the multi-year and long-term strategic planning and represent milestones towards the achievement of the Company's long-term development goals (see below under "Targets and target remuneration [target amount for direct remuneration; target total remuneration]"). In addition, the members of the Management Board must use the majority of the annual bonus amount after statutory tax and social insurance deductions to purchase shares in the Company and hold them on a long-term basis. To ensure that the personal investment component exceeds the remaining cash component, Management Board members are required to purchase such shares for a flat 30% of their gross annual bonus. Assuming a 50% tax and social insurance burden, 60% of the annual net bonus is consequently converted into the personal investment component. The personal investment component may increase or decrease relative to the cash component depending on the individual tax and social insurance burden but should always exceed the net amount of the cash component after statutory tax and social insurance deductions. The shares are normally purchased on the first stock market trading day of the month following payout of the

cash component. Shares purchased as part of the personal investment component are subject to a four-year lock-up period. Once this lock-up period expires, Management Board members are free to sell or continue to hold the shares. The personal investment makes the multi-year performance of the Klöckner & Co share price a key determining factor of the variable Management Board remuneration. Due to its level and the lock-up period, which generally also applies beyond any termination of Management Board service, the personal investment also obliges members of the Management Board to build and hold a significant share ownership (share ownership).

- **Cash component:** The bonus amount remaining after deduction of the personal investment component is paid out to Management Board members following the Supervisory Board meeting at which the annual financial statements are adopted for the respective reporting year. Assuming a 50% tax and social insurance burden, 40% of the annual net bonus is consequently paid out.

Discretionary bonus: In exceptional instances, to reward special performance and successes on the part of members of the Management Board, the Supervisory Board may, at its reasonable discretion, grant an extraordinary bonus (discretionary bonus). Also including any such bonus, the total annual bonus granted – i.e. the individual annual bonus plus any exceptional discretionary bonus – may not exceed 200% of the target bonus. The Supervisory Board may make the granting of a discretionary bonus to a member of the Management Board conditional upon the Management Board member using part or all of the discretionary bonus to purchase shares in the Company (a discretionary bonus was last granted for fiscal year 2010 and thus neither under the new 2024 remuneration system nor under its predecessors from 2016 and 2021, which in the opinion of the Supervisory Board additionally underscores the exceptional nature of such a bonus).

Clawback: The Company may claw back performance-related remuneration (bonuses) in full or in part if, after payment, it transpires that the audited and adopted consolidated financial statements on which the bonus entitlement is based were objectively in error and therefore, in accordance with the relevant accounting standards, are subsequently corrected either retrospectively or in the current consolidated financial statements, and a smaller or zero bonus entitlement would have arisen on the basis of the corrected audited consolidated financial statements.

Targets and target remuneration (target amount for direct remuneration; target total remuneration): The bonus is calculated for each fiscal year and depends on the degree of target achievement in relation both to financial and to non-financial targets set in advance by the Supervisory Board.

For the financial targets, the Supervisory Board sets annual targets for financial key performance indicators and their respective weighting in calculation of the bonus amount. Depending on how they are weighted by the Supervisory Board, the financial targets account for 60% to 80% of the target bonus at 100% achievement of all financial and non-financial targets.

With regard to financial targets, the Supervisory Board sets targets for selected financial key performance indicators at the level of the Group as a whole. The following financial performance indicators are generally used for this purpose:

- Earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for any material special effects.
- Operating Cash flow (OCF).

In place of or in addition to EBITDA and OCF, the Supervisory Board may specify financial indicators out of the following list if it is convinced that they are more suitable as performance indicators for the development of Klöckner & Co: EBIT (earnings before interest and taxes), net cash flow (operating cash flow less cash flow from investing activities and less repayments of lease liabilities), net financial debt (financial liabilities plus transaction costs less cash and cash equivalents), ROCE (return on capital employed, measured as EBIT over average capital employed), ROE (return on equity, measured as EBIT over equity) and relative capital market performance (the capital market performance of Klöckner & Co shares relative to an index). When deciding on the determination and weighting of the key performance indicators, the Supervisory Board ensures a continuously effective incentive structure.

The Supervisory Board sets non-financial targets each year by specifying between three and six performance indicators from the following list of strategy and sustainability targets that are of importance to the strategic and sustainable development of the Company, including its corporate social responsibility (CSR), and that also take into account ESG criteria.

- Strategy: (1) Business development, (2) Market development and exploitation, (3) Transformation and digitalization targets, (4) Optimization/efficiency improvements, (5) Leadership qualities and strategic priorities, (6) Corporate structure and organization and (7) Strategic projects.
- Sustainability: (1) Compliance and risk management, (2) Customer satisfaction, (3) Employee-related targets (including health and satisfaction), (4) Diversity, (5) Advancements in innovation, (6) Succession planning, (7) Reporting and communication, (8) Limiting CO₂ emissions and sustainable use of resources.

As with the financial targets, the Supervisory Board also attaches measurable criteria to the non-financial targets so that a precise degree of target achievement can be determined after the end of a fiscal year. Depending on how they are weighted by the Supervisory Board, the non-financial targets account for between 20% and 40% of the target bonus at 100% achievement of all financial and non-financial targets.

The Supervisory Board sets a target amount for direct remuneration for each member of the Management Board. This comprises the fixed salary plus the so-called target bonus, i.e., the target amount for the annual bonus assuming 100% target achievement.

Under the 2024 remuneration system, the target amount for the annual bonus accounts for approximately 60% of the target amount for direct remuneration, with – assuming a 50% tax and social insurance burden – the long-term variable remuneration in the form of the personal investment component accounting for approximately 36% and the short-term variable remuneration in the form of the cash component accounting for approximately 24% of the target amount for direct remuneration (see above, under “Performance-related variable remuneration”).

An additional remuneration component alongside the target amount for direct remuneration is the contribution to retirement provision, which is to be granted in the amount of 20% to 40% of the fixed salary, along with ancillary benefits, which are to be granted to Management Board members up to a maximum of 10% of the fixed salary. In total, retirement provision and ancillary benefits are thus limited to a maximum of 50% of the fixed salary or around 20% of the target amount for direct remuneration. The target amount for direct remuneration (comprising the fixed salary and the target amount for the bonus), the contribution to retirement provision and the ancillary benefits normally comprise all remuneration components and hence the target total remuneration.

Maximum remuneration: The Company's maximum expense for a member of the Management Board can be calculated for each fiscal year on the basis of the fixed salary, the capped annual bonus, the capped ancillary benefits and the likewise capped retirement provision. In addition, in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act, the 2024 remuneration system specifies an absolute euro figure for the maximum amount of remuneration granted to a Management Board member in a given fiscal year (maximum remuneration). The maximum remuneration under the 2024 remuneration system is set for the Chairman of the Management Board, as before, at €6.4 million per year, for the Deputy Chairman of the Management Board at €5.0 million per year and for the remaining members of the Management Board at €3.5 million per year. The selected maximum remuneration is intended to give the Supervisory Board the latitude to respond flexibly to the Company's changing financial situation and to changes in the market and competitive environment while retaining the ability to offer competitive Management Board remuneration. However, the selected maximum remuneration is not the level of remuneration targeted by the Supervisory Board, and merely constitutes the absolute upper limit of the total annual remuneration achievable under the remuneration system.

The described remuneration structure applies uniformly to all Management Board positions. In keeping with the principle of collective Management Board responsibility, the targets for Management Board members are generally set on a uniform basis. Individual incentives are nevertheless possible under the remuneration system. The Supervisory Board reserves the right to set individual targets, different target amounts and/or target weightings for specific Management Board members if it deems a differential incentive structure among the members of the Management Board to become necessary. In addition, the remuneration system permits the agreement of benefits for newly appointed members of the Management Board when they take up their position (such as to compensate for benefits foregone [such as pension awards] on leaving previous employment) and to compensate for currency risks in the case of Management Board members whose habitual place of residence is outside of the eurozone.

A more detailed description of the 2024 remuneration system, including, among other things, the scope for deviations from its stipulations and provisions for termination related benefits, is available on the Company's website at <https://www.kloeckner.com/en/group/management-board/management-board-remuneration.html>.

SCOPE OF THE NEW 2024 REMUNERATION SYSTEM; 2021 REMUNERATION SYSTEM

By resolution of May 23, 2024, the Supervisory Board decided to apply the 2024 remuneration system retroactively from January 1, 2024 and to set the remuneration of the members of the Management Board in accordance with the 2024 remuneration system.

The substantive changes to the remuneration system for the Management Board leading to the 2024 remuneration system in its current form are only selective compared to the 2021 remuneration system. Besides editorial clarifications and additions, they mainly concerned the increase in the maximum remuneration (cap) for the Deputy Chairman and for ordinary members of the Management Board. All current Management Board contracts are therefore consistent with the 2024 remuneration system. The Management Board contracts of Guido Kerkhoff and Dr. Oliver Falk, which were last extended in 2022 and 2023, respectively, and were not amended with effect in the reporting year, are also consistent with the 2021 remuneration system. Following the amendment as of January 1, 2024, John Ganem's Management Board contract is now only subject to the new 2024 remuneration system.

In view of this, the 2021 remuneration system is not presented in this remuneration report 2024. The 2016 remuneration system is no longer relevant to remuneration in the reporting year.

The 2021 remuneration system is available on the Company website at <https://www.kloeckner.com/en/group/management-board/remuneration-reports/>. For a summary presentation of the 2021 remuneration system, please see the remuneration report 2023 (<https://www.kloeckner.com/en/annual-report-2023/>); a more detailed description of the 2024 remuneration system, a comparison with the 2021 remuneration system showing the changes and an overview of those changes with explanatory notes are contained in the documents relating to the Annual General Meeting 2024 (in which see the supplementary information on agenda item 7; available on the Company website at <https://www.kloeckner.com/en/investors/annual-general-meeting/>).

Consideration of a resolution under Section 120a (4) of the German Stock Corporation Act

The Company's remuneration report for fiscal year 2023 in accordance with Section 162 of the German Stock Corporation Act was approved at the Annual General Meeting of the Company on May 23, 2024 with a majority of 95.82% of valid votes cast. No points of criticism or critical questions were raised with regard to the remuneration report 2023. In light of this, the Supervisory Board sees no fundamental need to change the nature and scope of reporting with regard to Management Board remuneration. It nevertheless continues to address continuous improvement of the remuneration report (see above, under "Annual General Meeting vote on the Remuneration Report 2023; appraisal").

Remuneration in fiscal year 2024

CURRENT MEMBERS/MEMBERS IN OFFICE IN FISCAL YEAR 2024

a) Description of the remuneration structure*

The remuneration structure in the reporting year for members of the Management Board in office in the reporting year is outlined in the following. Throughout the reporting year, all existing Management Board contracts have been in line with the 2024 remuneration system, and the contracts of Guido Kerkhoff and Dr. Oliver Falk also with the 2021 remuneration system (see also under k)). The amounts stated below correspond to the contractually agreed annual remuneration; in the event of appointment to or departure from the Management Board during the year, they are therefore reduced pro rata temporis.

Fixed salary: The annual fixed salary for the full reporting year was as follows:

- Guido Kerkhoff (CEO): €1,090,000 (2023: €983,333),
- Dr. Oliver Falk: €465,000 (2023: €465,000),
- John Ganem: €697,500 (2023: €465,000).

Target bonus: The variable annual bonus at 100% target achievement for the full reporting year (so-called target bonus) was as follows:

- Guido Kerkhoff (CEO): €1,620,000 (2023: €1,460,000),
- Dr. Oliver Falk: €690,000 (2023: €690,000),
- John Ganem: €1,035,000 (2023: €690,000).

John Ganem's contract additionally includes a stable-value clause for his bonus to limit effects of potential changes in the US dollar exchange rate. According to this, notwithstanding the amount stated in the previous paragraph (i.e., €1,035,000), the target bonus is the equivalent of USD 1,035,000 if that amount is greater. The same stable-value adjustment applies to the bonus cap (USD 2,070,000). This stable-value clause may result in a higher euro amount due to exchange rate movements. The USD amount was determined on the basis of the exchange rate at the time the contract-amending agreement was signed.

Target amount for direct remuneration: The annual target amount for direct remuneration (fixed salary plus target bonus) for the full reporting year was as follows:

- Guido Kerkhoff (CEO): €2,710,000 (2023: €2,443,333),
- Dr. Oliver Falk: €1,155,000 (2023: €1,155,000),
- John Ganem: €1,732,500 (2023: €1,155,000).

Personal investment component: Members of the Management Board are required to invest the majority of the variable annual bonus in shares in the Company, which are subject to a lock-up period. The figures are calculated for administrative purposes assuming 50% tax on the gross bonus amount. The following applies to all members of the Management Board.

- 60% of the annual bonus (30% of the gross annual bonus)
- Four-year lock-up period

In accordance with the Market Abuse Regulation, the respective share purchases are reported and published as managers' transactions stating the volume and purchase price; all details may be viewed on the Company's website (<https://www.kloeckner.com/en/investors/legal-announcements/managers-transactions.html>).

Discretionary bonus: No extraordinary bonus was awarded for the reporting year (a discretionary bonus was most recently awarded in 2010). The Management Board contracts provide for the possibility of awarding such a bonus, however, with the sum total of the discretionary bonus and annual bonus capped at the maximum amount for the annual bonus (200% of the above-mentioned amounts for the target bonus).

Ancillary benefits: Ancillary benefits primarily include insurance premiums (accident insurance, travel/baggage insurance, liability insurance, industrial criminal law insurance, general legal expenses insurance and, for John Ganem in the USA, life insurance and disability insurance); with the exception of certain insurance policies for John Ganem in the USA, amounts for group insurance policies are not included in the remuneration tables pursuant to Section 162 of the German Stock Corporation Act. In addition, top-up payments are provided for health insurance contributions, in the USA on a voluntary basis and in Germany in the form of compulsory employer contributions (only the amounts of voluntary top-up payments for John Ganem in the USA are included in ancillary benefits, not the compulsory employer contributions for health and long-term care insurance in Germany). Ancillary benefits additionally include private use of a company car (included in remuneration at the taxable benefit-in-kind rate); Management Board member John Ganem receives a cash car allowance in place of a company car. Telecommunications devices provided to members of the Management Board may also be used privately (in line with the tax treatment, no amount for this ancillary benefit is accounted for as remuneration). Finally, the Company pays tax consultancy costs incurred by John Ganem in connection with his service for Klöckner & Co SE.

The Company has directors and officers (D&O) insurance, including insurance for members of the Management Board. This is not considered as ancillary benefits for the purposes of the 2024 remuneration system as it is in the Company's interest. The members of the Management Board do, however, have to bear the deductible required under the German Stock Corporation Act.

Retirement provisions: As cash compensation for retirement provision the members of the Management Board either receive a fixed annual amount in the amount of 20% to a maximum of 40% of the applicable fixed salary (gross) that they are required to use to provide for their own retirement income (defined-contribution pension plan), or, if a management Board member so elects, a payment is made in the same amount into, for example, a pension/provident fund covered by pension

liability insurance. The retirement provision amounts paid in fiscal year 2024 are as follows for each member of the Management Board:

- Guido Kerkhoff (CEO): €400,000 (2023: €366,667)
- Dr. Oliver Falk: €175,000 (2023: €175,000)
- John Ganem: US dollar equivalent of €262,500 (2023: of €175,000)

Despite the switch to exclusively defined contribution pension benefits for all members of the Management Board, any obligations in connection with pension benefits granted and earned in the past generally continue to apply. In the case of Essener Verband benefit plans, for example, this relates to any entitlement-related costs such as service cost or increases in accordance with the applicable articles of association.

For John Ganem, the US subsidiary also made top-up payments into a defined-contribution plan as part of local retirement provision for upper management.

b) Targets for 2024 and target achievement*

The targets determined for variable remuneration in the reporting year, and the amounts earned in the reporting year (2024 annual bonus) applying the performance criteria previously specified by the Supervisory Board to the figures in the 2024 annual financial statements, are set out in the following description and subsequent tables. The targets agreed for 2024 relate to the figures for the Group after IFRS 5 adjustments, i.e., the figures for continuing operations. For further details, please refer to our explanations in section 2.4 of the management report.

As in past years, the Supervisory Board set targets for variable remuneration for fiscal year 2024, among other things as financial targets on the basis of Group budget figures including EBITDA before material special effects and operating cash flow, once again placing a special focus for fiscal year 2024 on EBITDA as the primary management metric for corporate performance. These financial targets account for a total notional proportion of 80%: 50% for EBITDA and 30% for operating cash flow. The achievement and implementation of non-financial targets (digitalization and automation, reduction of CO₂e emissions, leadership and employee satisfaction, and occupational safety) are factored into the bonus calculation in fiscal year 2024, as in the prior year, at a weighting of 20%. In line with the presentation required by IFRS 5, the targets set do not include the European steel distribution business sold in February 2024 and relate exclusively to the continuing operations in fiscal year 2024. For the reporting year, the targets and their weighting were set uniformly for all Management Board members.

The individual targets are as follows (notional proportion of the total in brackets for each target):

- EBITDA before material special effects (50%); EBITDA is earnings before interest, taxes, depreciation and amortization and impairments and impairment reversals on intangible assets and property, plant and equipment; material special effects include, for example, major restructuring programs, significant non-operating effects and prior-period effects (see also the explanations in the management report, section 1.4).
- Cash flow, i.e. cash flow from operating activities (operating cash flow) (30%)
- Strategy/digitalization (5%)
 - Share of digital orders (1.5%), defined as the number of orders received via digital channels as a percentage of the total number of orders ("digital orders")
 - Share of digital quotes (1.5%), defined as the number of quotes generated digitally as a percentage of the total number of quotes ("digital quotes")
 - Digital sales process efficiency (2%), defined as the number of manual corrections to orders received via digital channels as a percentage of the total number of digital orders ("average number of changes to all online orders")

- Sustainability/reduction in CO₂e emissions (5%), measured as the reduction in Scope 1 and 2 emissions (in accordance with the Greenhouse Gas Protocol; the targets are based on the 1.5-degree decarbonization path in line with the Klöckner & Co Group's net zero carbon targets recognized as science-based targets by the Science Based Targets initiative [SBTi])
- Sustainability/leadership and employee satisfaction (5%), measured on the basis of the results of the annual employee survey, put to the entire workforce comprising a rating scale of 1 (not at all applicable) to 5 (fully applicable) with the following questions included in the analysis:
 - (a) I am confident that the Klöckner & Co SE Management Board (Guido Kerkhoff, Dr. Oliver Falk and John Ganem) is steering the company in the right direction.
 - (b) I know the strategy "Klöckner & Co 2025: Leveraging Strengths" with its elements Customer Growth, Digitalization & Value Chain Automation, Operational Excellence and Leveraging Assets & Partner Network. And I know the meaning of that strategy for the organization I am working for.
 - (c) I like working here.
 - (d) I would recommend the Company as a good employer.
- Sustainability/accident rate (5%), measured by the number of lost-time injury per million hours worked in the Company (the LTIF rate)

Calculation of target achievement for the individual targets:

There is no cap or floor for the individual targets, so that target achievement levels of less than 0% or more than 200% are also possible. The target achievement rates for the individual targets are calculated on a linear basis using predefined targets consisting of the target value for 100% target achievement and the values for 0% and 200% target achievement.

The target corridors and their derivation for the individual targets are set out in the following.

- EBITDA before material special effects:
 - Target value (100%): €302.8 million
 - 0% value: €0
 - 200% value: €605.6 million

The target value was derived from the Group budget for fiscal year 2024. The 0% value was set at €0, resulting in a 200% value of €605.6 million.
- Cash flow from operating activities (operating cash flow):
 - Target value (100%): €219.1 million
 - 0% value: €0
 - 200% value: €438.2 million

The target value was derived from the Group budget for fiscal year 2024. The 0% value was set at €0, resulting in a 200% value of €438.2 million.
- Strategy/digitalization:
 - Digital orders:
 - Target value (100%): 36.50%

- 0% value: 29.20%
- 200% value: 43.80%

The target value was derived from the Group planning for fiscal year 2024. The 0% value was set at 80% of the target value; the 200% value was determined arithmetically as 120% of the target value.

– Digital quotes:

- Target value (100%): 23.88%
- 0% value: 19.10%
- 200% value: 28.65%

The target value was derived from the Group planning for fiscal year 2024. The 0% value was set at 80% of the target value; the 200% value was determined arithmetically as 120% of the target value.

– Digital sales process efficiency:

- Target value (100%): 1.56
- 0% value: 1.71
- 200% value: 1.40

The target value was derived from the Group planning for 2024. The 0% value of 1.71 was set at 110% of the target value (rounded); the 200% value of 1.40 was determined arithmetically as 90% of the target value.

■ Sustainability

– Reduction in CO₂e emissions:

- Target value (100%): 23.80%
- 0% value: 0%
- 200% value: 47.60%

The target value was derived from the long-term CO₂e emission reduction roadmap. The 0% value was set at 0% as the reduction is measured as a percentage change from the emission level for the 2019 base year (83.5 kt CO₂e, in accordance with the Greenhouse Gas Protocol; the CO₂e emissions for the 2019 base year were adjusted for continuing operations, excluding the steel distribution business in France, the United Kingdom, the Netherlands and Belgium and including the operations of National Material of Mexico. The targets are based on the 1.5-degree decarbonization path in line with the Klöckner & Co Group's net zero carbon targets recognized as science-based targets by the Science Based Targets initiative [SBTi]); the 200% value of 47.60% was then determined arithmetically. The calculation of target achievement is based on the figures from the Group non-financial report.

– Employee satisfaction:

- Target value (100%): 4.00
- 0% value: 3.10
- 200% value: 4.90

The target value was derived from the rating scale as the targeted level of employee satisfaction and leadership for the Group. The 200% value was set at 4.90, since this was considered to be the maximum achievable average value with a scale of up to 5.0 and in view of the number of respondents; the 0% value of 3.1 was then determined arithmetically.

– Accident rate:

- Target value (100%): 5.00
- 0% value: 7.50
- 200% value: 2.50

The target value was derived from the long-term accident rate reduction roadmap. The 200% value was set at half of the 100% target level; the 0% value of 7.50 was then determined arithmetically. The calculation of target achievement is based on the figures of the non-financial reporting.

These target figures were then used to calculate the target achievement rates for the individual targets. The target achievement level for the targets EBITDA before material special effects, cash flow from operating activities (operating cash flow) and reduction in CO₂e emissions is based on the following calculation:

$$\text{Target achievement in \%} = \frac{\text{Actual}}{\text{Target 100\%}}$$

Example: EBITDA before material special effects

$$\text{Target achievement before material special effects in \%} = \frac{\text{€ 136.3 million}}{\text{€ 302.8 million}} = 45.0\%$$

The target achievement level for the targets share of digital orders, share of digital quotes, digital sales process efficiency, employee satisfaction and accident rate is based on the following calculation:

$$\text{Target achievement in \%} = 1 - \frac{(\text{Actual} - \text{Target 100\%})}{(\text{Target 0\%} - \text{Target 100\%})}$$

Example: Share of digital orders in percent

$$\text{Target achievement in \%} = 1 - \frac{(42.32 - 36.50)}{(29.20 - 36.50)} = 179.8\%$$

Calculation of total target achievement:

The agreed targets relate to the net income from continuing operations in accordance with the requirements of IFRS 5, i.e., excluding the figures for the European steel distribution business (discontinued operations) sold in February 2024. Total target achievement is then calculated as the sum total of the individual target achievement levels weighted by their respective notional proportion of the total. The maximum total bonus achievable for 2024 (cap) is 200% of the individual target bonus. The floor for the total bonus is 0%.

In table form, the targets and their weightings for the reporting year are as follows:

Target indicator	Target ¹⁾			Notional proportion
	0%	100%	200%	
Financial targets				
EBITDA before special effects	€0.0 million	€302.8 million	€605.6 million	50.0%
Operating cash flow	€0.0 million	€219.1 million	€438.2 million	30.0%
Non-financial targets				
Digitalization: Share of digital orders in percent	29.20%	36.50%	43.80%	1.5%
Digitalization: Share of digital quotes in percent	19.10%	23.88%	28.65%	1.5%
Digitalization: Sales process efficiency	1.71	1.56	1.40	2.0%
Reduction of CO ₂ e emissions ²⁾	0.00%	-23.80%	-47.60%	5.0%
Employee satisfaction/Leadership	3.10	4.00	4.90	5.0%
Occupational safety: Lost-time accidents (LTIF rate group)	7.50	5.00	2.50	5.0%

1) The agreed targets relate to the figures for the entire Group after IFRS 5 adjustments.

2) CO₂e emissions for the 2019 base year adjusted for continuing operations, excluding the steel distribution business in France, the United Kingdom, the Netherlands and Belgium and including the operations of National Material of Mexico.

The resulting target achievement was as follows for the targets in fiscal year 2024:

Target	Proportional target achievement ¹⁾				Notional proportion
	Target ¹⁾	Relative proportion	Actual figure	Target achievement	
Financial targets					
EBITDA before special effects	€302.8 million	50.0%	€136.3 million	45.00%	22.50%
Operating cash flow	€219.1 million	30.0%	€160.2 million	73.12%	21.94%
Non-financial targets					
Digitalization: Share of digital orders in percent ³⁾	36.50%	1.5%	42.32%	179.85%	2.70%
Digitalization: Share of digital quotes in percent ³⁾	23.88%	1.5%	26.43%	153.39%	2.30%
Digitalization: Sales process efficiency ³⁾	1.56	2.0%	1.87	-102.61%	-2.05%
Reduction of CO ₂ e emissions ²⁾	-23.80%	5.0%	-52.01%	218.52%	10.93%
Employee satisfaction/Leadership	4.00	5.0%	4.03	102.78%	5.14%
Occupational safety: Lost-time accidents (LTIF rate group)	5.00	5.0%	4.70	112.00%	5.60%
Total					69.05%
Cap					-

1) The target achievement relates to the figures for the entire Group after IFRS 5 adjustments.

2) CO₂e emissions for the 2019 base year adjusted for continuing operations, excluding the steel distribution business in France, the United Kingdom, the Netherlands and Belgium and including the operations of National Material of Mexico.

3) The target achievement of Debrunner Koenig Technical Products was not included due to the first-time implementation of digital KPIs.

(€ thousand)	Target bonus	Target achievement	Earned bonus
Guido Kerkhoff, CEO	1,620	69.1%	1,119
Dr. Oliver Falk, CFO	690	69.1%	476
John Ganem, CEO Americas ¹⁾	1,035	69.1%	715

1) For John Ganem, the calculation for the reporting year was based on the contractually agreed euro amount assuming the exchange rate available on February 14, 2025. The actual amount of variable remuneration may increase due to the contractually agreed stable-value clause to compensate for exchange rate movements. The actual payment amount is based on the exchange rate available on the payroll closing date; in the event of any deviation from the amounts stated above due to exchange rates, the amounts paid out will be published in the remuneration report for the next fiscal year.

c) **Remuneration granted and due in 2024 under Section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act (including relative proportions)**

The table below shows the remuneration granted and due – within the meaning of Section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act – to each of the Management Board members in office in the reporting year for Management Board service, including all fixed and variable remuneration components and their relative proportions.

The figures comprise fixed remuneration (fixed salary, ancillary benefits and cash compensation for retirement provision; in the case of John Ganem plus defined-contribution plan top-up payments by the US subsidiary) earned and paid out in the reporting year, together with variable remuneration components earned in the reporting year, irrespective of whether the latter fall due and are paid out in the fiscal year 2025 now in progress (earned remuneration-based interpretation).

Any severance payments are not stated in the following as they are not directly earned through Management Board service; disclosures on any termination related benefits granted and awarded to a member of the Management Board leaving in the course of the reporting year are provided under o).

With regard to items included in the amounts shown for ancillary benefits and retirement benefits, please see the information provided under heading a) above. Accordingly, amounts for group insurance policies are not included (with the exception of certain insurance policies for John Ganem in the USA); the same applies for paid compulsory employer contributions for health and long-term care insurance in Germany. Payments in connection with defined-contribution plans in the USA are accounted for as retirement contributions, while Section 162 of the German Stock Corporation Act does not require the disclosure of expenses for defined-benefits pension plans (we nevertheless additionally include such amounts (if any) at the bottom of the table for comparability; further information is provided under n)).

MANAGEMENT BOARD REMUNERATION GRANTED AND DUE IN 2024 UNDER SECTION 162 (1) SENTENCE 2 NO. 1 OF THE STOCK CORPORATION ACT¹⁾

	Guido Kerkhoff, CEO				Dr. Oliver Falk, CFO			
	2024		2023		2024		2023	
	Amount	Relative proportion	Amount	Relative proportion	Amount	Relative proportion	Amount	Relative proportion
(€ thousand)								
Non-performance-related remuneration components								
Fixed salary	1,090	42%	983	37%	465	41%	465	36%
Retirement contributions/payments; cash compensation for retirement provision ⁴⁾	400	15%	367	14%	175	16%	175	14%
Ancillary benefits	16	1%	13	0%	9	1%	9	1%
Total non-performance-related remuneration components	1,506	57%	1,363	51%	649	58%	649	51%
Performance-related remuneration components								
One-year variable remuneration (annual bonus) ^{2),3)}	1,119	43%	1,330	49%	476	42%	629	49%
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act	2,625	100%	2,693	100%	1,126	100%	1,278	100%
Expense for defined-benefit pension plans in accordance with IFRS ⁵⁾	–		–		–		–	

(€ thousand)	John Ganem, CEO Americas ⁶⁾			
	2024		2023	
	Amount	Relative proportion	Amount	Relative proportion
Non-performance-related remuneration components				
Fixed salary	698	40%	465	35%
Retirement contributions/payments; cash compensation for retirement provision ⁴⁾	271	16%	183	14%
Ancillary benefits	48	3%	46	3%
Total non-performance-related remuneration components	1,017	59%	695	52%
Performance-related remuneration components				
One-year variable remuneration (annual bonus) ^{2),3)}	715	41%	629	48%
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act	1,732	100%	1,324	100%
Expense for defined-benefit pension plans in accordance with IFRS ⁵⁾	-		-	

1) Remuneration earned for Management Board service in the reporting year excluding variable remuneration paid in the reporting year but earned in the previous fiscal year for the previous fiscal year; no remuneration is paid for offices held within the Group (or is offset). Any benefits granted or awarded in relation to early termination of Management Board service in the reporting year are not listed; see o) below.

2) Variable remuneration is subject to an obligation that it be used in part to purchase shares in the Company as a long-term remuneration component (see f) below).

3) For John Ganem, the calculation for the reporting year was based on the contractually agreed euro amount assuming the exchange rate available on February 14, 2025. The actual amount of variable remuneration may increase due to the contractually agreed stable-value clause to compensate for exchange rate movements. The actual payment amount is based on the exchange rate available on the payroll closing date; in the event of any deviation from the amounts stated above due to exchange rates, the amounts paid out will be published in the remuneration report for the next fiscal year.

4) Retirement provision for Dr. Oliver Falk and John Ganem was switched in its entirety to a defined-contribution plan in connection with the contract extension that entered into effect in fiscal year 2022.

5) Disclosure of the expense for defined-benefit plans made for comparability purposes (not a disclosure in accordance with Section 162 of the German Stock Corporation Act); for further information, see n) below).

6) In addition to his contract as member of the Management Board of Klöckner & Co SE, John Ganem also has a contract as CEO of the US country organization; an offsetting arrangement applies, as a result of which the presentation is uniform.

d) Remuneration in 2024 on the basis of prior Code tables (granted compensation and proceeds)

For better comparability with past figures, remuneration for the members of the Management Board in office in the reporting year is shown voluntarily in the following based on the model tables relating to section 4.2.5(3) of the Code as of February 7, 2017.

Granted compensation (€ thousand)	Guido Kerkhoff, CEO				Dr. Oliver Falk, CFO			
	2024	2024 (Min.)	2024 (Max.)	2023	2024	2024 (Min.)	2024 (Max.)	2023
Fixed compensation	1,090	1,090	1,090	983	465	465	465	465
Ancillary benefits ¹⁾	416	416	416	380	184	184	184	184
Total	1,506	1,506	1,506	1,363	649	649	649	649
One year's variable compensation	1,620	-	3,240	1,460	690	-	1,380	690
Multi-year variable compensation ²⁾	-	-	-	-	-	-	-	-
Total	3,126	1,506	4,746	2,823	1,339	649	2,029	1,339
Postemployment benefits	-	-	-	-	-	-	-	-
Total compensation	3,126	1,506	4,746	2,823	1,339	649	2,029	1,339

Granted compensation (€ thousand)	John Ganem, CEO Americas			
	2024	2024 (Min.)	2024 (Max.)	2023
Fixed compensation	698	698	698	465
Ancillary benefits ¹⁾	320	320	320	231
Total	1,017	1,017	1,017	696
One year's variable compensation ³⁾	1,035	-	2,070	690
Multi-year variable compensation ²⁾	-	-	-	-
Total	2,052	1,017	3,087	1,386
Postemployment benefits	-	-	-	-
Total compensation	2,052	1,017	3,087	1,386

1) Including amounts for the reporting year paid in lieu of corporate pension benefits which must be invested in a private post-retirement scheme:

Guido Kerkhoff €400 thousand (2023: €367 thousand), Dr. Oliver Falk €175 thousand (2023: €175 thousand), John Ganem €263 thousand (2023: €175 thousand).

2) The members of the Management Board in office in the reporting year did not participate in the stock option program for the Management Board in place until the end of 2015. However, Dr. Oliver Falk still holds virtual stock options from his service as CEO of a country organization within the Klöckner & Co Group.

3) For John Ganem, the calculation for the reporting year was based on the contractually agreed euro amount assuming the exchange rate available on February 14, 2025. The actual amount of variable remuneration may increase due to the contractually agreed stable-value clause to compensate for exchange rate movements. The actual payment amount is based on the exchange rate available on the payroll closing date; in the event of any deviation from the amounts stated above due to exchange rates, the amounts paid out will be published in the remuneration report for the next fiscal year.

Proceeds (€ thousand)	Guido Kerkhoff, CEO		Dr. Oliver Falk, CFO		John Ganem, CEO Americas	
	2024	2023	2024	2023	2024	2023
Fixed compensation	1,090	983	465	465	698	465
Ancillary benefits ¹⁾	416	380	184	184	320	231
Total	1,506	1,363	649	649	1,017	695
One year's variable compensation ³⁾	1,119	1,330	476	629	715	629
Multi-year variable compensation ²⁾	-	-	-	-	-	-
Total	2,625	2,693	1,126	1,278	1,732	1,324
Postemployment benefit	-	-	-	-	-	-
Total compensation	2,625	2,693	1,126	1,278	1,732	1,324

1) Including amounts for the reporting year paid in lieu of corporate pension benefits which must be invested in a private post-retirement scheme:

Guido Kerkhoff €400 thousand (2023: €367 thousand), Dr. Oliver Falk €175 thousand (2023: €175 thousand), John Ganem €263 thousand (2023: €175 thousand).

2) The members of the Management Board in office in the reporting year did not participate in the stock option program for the Management Board in place until the end of 2015. However, Dr. Oliver Falk still holds virtual stock options from his service as CEO of a country organization within the Klöckner & Co Group; benefits received in this regard do not constitute Management Board remuneration and are not included in the table.

3) For John Ganem, the calculation for the reporting year was based on the contractually agreed euro amount assuming the exchange rate available on February 14, 2025. The actual amount of variable remuneration may increase due to the contractually agreed stable-value clause to compensate for exchange rate movements. The actual payment amount is based on the exchange rate available on the payroll closing date; in the event of any deviation from the amounts stated above due to exchange rates, the amounts paid out will be published in the remuneration report for the next fiscal year.

e) Fixed and variable remuneration including relative proportions and explanatory notes on conformity with the applicable remuneration system

Relative proportions

The relative proportions accounted for by each remuneration component are shown in the table under heading c) above.

Conformity with the applicable remuneration system

The remuneration is in conformity with the applicable remuneration system in each case (see j) and k) below). In particular, the requirements of the 2024 remuneration system were complied with as regards the ratio of fixed and variable remuneration to the target amount for direct remuneration (40:60, excluding ancillary benefits and retirement provision), as are the requirements on the ratios of the retirement provision and ancillary benefit amounts to the fixed salary (retirement provision: 20% to 40%; ancillary benefits: 10% maximum); no remuneration has been granted that is not covered by the applicable remuneration system (see also the table under k).

f) Promotion of the Company's long-term development

The requirement – in the nature of an LTI component – for a majority of variable remuneration (set as a lump sum of 30% of the gross annual bonus) to be invested in shares in the Company with a specified lock-up period ties the value of benefits received by the members of the Management Board to the share price and, because of the four-year lock-up period, to the long-term development of the Company. This aligns Management Board performance goals more closely with shareholder interests. The amounts and percentages for the required personal investment in shares for the reporting year are shown in the table below:

PERSONAL INVESTMENT 2024¹⁾

<i>(€ thousand)</i>	Guido Kerkhoff, CEO	Dr. Oliver Falk, CFO	John Ganem, CEO Americas
Performance-related remuneration, gross	1,119	476	715
Personal investment amount	336	143	214
Personal investment amount, gross ²⁾	671	286	429
Personal investment percentage, gross ²⁾	60%	60%	60%

1) On the basis of remuneration granted and due in 2024 under Section 162 of the German Stock Corporation Act (see c) above).

2) Gross amount of personal investment calculated assuming notional 50% tax and social insurance burden.

The targets governing the amount of variable remuneration are also based on long-term strategic developments (such as growth and milestones in digitalization and under the multi-year strategy) and also include sustainability targets (for the targets for the reporting year, see b) above). As a result, remuneration is geared in several respects to promotion of the Company's long-term development.

g) Comparative analysis of annual changes in Management Board remuneration, the Company's financial performance and average employee remuneration

The table below shows the percentage change in the remuneration of members of the Management Board in comparison to the financial performance of Klöckner & Co SE and changes in average employee remuneration on a full-time equivalent basis.

The financial performance of Klöckner & Co SE is presented on the basis of the following key performance indicators (KPIs): (i) net income (or net loss) of Klöckner & Co SE, (ii) Group EBITDA before material special effects and (iii) Group cash flow from operating activities. The latter two KPIs are also major determinants of variable remuneration for the Management Board.

Average employee remuneration is determined on a full-time equivalent basis for two groups: (i) senior management worldwide (management level 1, meaning CEOs and CFOs of country organizations and heads of corporate departments at Klöckner & Co SE) and (ii) the total workforce worldwide.

COMPARATIVE ANALYSIS OF ANNUAL CHANGES IN MANAGEMENT BOARD REMUNERATION PURSUANT TO SECTION 162 (1) SENTENCE 2 NO. 2 OF THE STOCK CORPORATION ACT

Management Board Compensation ¹⁾	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024
Current members of the Management Board					
Guido Kerkhoff ²⁾	-	387%	-13%	-17%	-3%
Dr. Oliver Falk	143%	41%	-13%	-13%	-12%
John Ganem	147%	40%	-11%	-11%	31%
Former members of the Management Board					
Gisbert Rühl ³⁾	8%	8%	-81%	0%	0%
Bill Partalis ⁵⁾	0%	0%	0%	0%	0%
Financial performance					
Net income Klöckner & Co SE	94%	3233%	-61%	-283%	44%
EBITDA before material special effects (Group) ⁶⁾	-10%	664%	-51%	-54%	-28%
Cash flow from operating activities (Group) ⁶⁾	-21%	-290%	232%	-29%	-44%
Average employee remuneration on full-time equivalent basis					
Senior management worldwide (Level 1) ^{4),5)}	15%	-2%	-5%	1%	-19%
Total workforce worldwide ⁵⁾	3%	10%	-4%	-2%	-5%

1) Total remuneration within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act (fiscal years 2019 to 2020 pro forma).

2) Guido Kerkhoff was appointed to the Management Board as of September 1, 2020; the total remuneration for 2020 relates to the period subsequent to his appointment.

3) Gisbert Rühl left the Management Board as of May 12, 2021; the remuneration for fiscal year 2021 used as a basis consists of Management Board remuneration up to his departure, the benefits in connection with the early termination of his Management Board service (see the relevant information in the remuneration report 2021) and the pension paid after his departure in fiscal year 2021. To this extent, the method of calculation differs from that used in the remuneration reports 2021 and 2022. In the remuneration report 2021, the calculation solely included the Management Board remuneration for fiscal year 2021 until his departure; in the remuneration report 2022, it included the Management Board remuneration until his departure and the pension paid after his departure in fiscal year 2021.

4) The comparison group comprises the management of country organizations and heads of corporate departments at Klöckner & Co SE.

5) Adjusted for exchange rate movements.

6) The change in fiscal year 2023-2024 relate to the figures for the entire Group after IFRS 5 adjustments.

h) Shares and stock options granted or awarded

No shares or stock options were granted or awarded to members of the Management Board in the reporting year. However, the Management Board members in office are required – in the nature of a long-term incentive (LTI) remuneration component – to invest the majority of the variable remuneration for the reporting year in shares in the Company (“personal investment” – see under heading f) above).

i) Clawback of variable remuneration components

The clawback clause provides for clawback if, after payment, it reveals that the audited and adopted consolidated financial statements on which the bonus entitlement is based were objectively in error and therefore, in accordance with the relevant accounting standards, are subsequently corrected either retrospectively or in the current consolidated financial statements, and a smaller or zero bonus entitlement would have arisen on the basis of the corrected audited consolidated financial statements. There is currently no knowledge or indication of errors in the audited consolidated financial statements and there was therefore no clawback of variable remuneration components in the reporting year. Also no other claims for repayment arose.

j) Maximum remuneration

The maximum remuneration specified in the 2021 remuneration system and the 2024 remuneration system, defined in the remuneration systems as an absolute euro figure for the maximum amount of remuneration granted to a Management Board member in a given fiscal year, to the extent that it applied to the respective Management Board member, was complied with in the reporting year (the maximum remuneration amounts to €6.4 million for the CEO, €2.2 million for an ordinary member of the Management Board under the 2021 remuneration system and €3.5 million for an ordinary member under the 2024 remuneration system). Reference is made in this regard to the table under heading k). This also shows the ratios of retirement provision and ancillary benefits to the fixed salary, as described under heading e).

k) Deviations from the Remuneration System

No deviations from the remuneration systems to be applied in each case arose in the reporting year. With regard to the requirements on maximum remuneration (see j) above) and on the ratio of retirement and ancillary benefits to the fixed salary (see e) above), this is additionally evident from the table below:

REQUIREMENTS UNDER THE REMUNERATION SYSTEM¹⁾

(€ thousand)	Guido Kerkhoff, CEO ²⁾		Dr. Oliver Falk, CFO ²⁾		John Ganem, CEO Americas	
Maximum remuneration						
Maximum remuneration under the remuneration system	6,400	(6,400)	3,500	(2,200)	3,500	(2,200)
Total remuneration 2024	2,625		1,126		1,732	
Ratio of non-performance-related remuneration components of target amount for direct remuneration in 2024⁴⁾						
Ratio of ancillary benefits to fixed salary (stipulated: max. 10%)	1.45%		1.91%		6.82%	
Ratio of retirement benefits to fixed salary (stipulated: 20-40%) ³⁾	36.70%		37.63%		37.63%	

1) In the reporting year, the requirements under the 2021 remuneration system applied in full to Dr. Oliver Falk and Guido Kerkhoff and the requirements under the 2024 remuneration system applied in full to John Ganem.

2) In the reporting year, the remuneration of Guido Kerkhoff and Dr. Oliver Falk met the requirements of the 2024 remuneration system and of the 2021 remuneration system, which was applicable to them. The stipulations of the 2021 remuneration system for maximum remuneration are shown above in brackets.

3) Under the requirements of the remuneration system applicable in each case, retirement provision for Guido Kerkhoff, Dr. Oliver Falk and John Ganem in the reporting year consists exclusively of a defined-contribution plan (cash compensation tied to the purpose of servicing retirement provision; in the case of John Ganem plus defined-contribution plan top-up payments by the US subsidiary).

4) The underlying figures are to be found in the table "Remuneration granted and due in 2024 under Section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act".

No use was made in the reporting year of the authorization for temporary deviations provided in the 2021 Remuneration System and the 2024 Remuneration System.

l) Third-party benefits; intra-Group offices

No member of the Management Board was granted or awarded benefits by a third party in the reporting year for service on the Management Board. The members of the Management Board were not granted any additional remuneration for any offices held within the Klöckner & Co Group (see under heading c) above). This also applies to John Ganem who, in addition to his contract as member of the Management Board of Klöckner & Co SE, also has a contract as CEO of the US country organization; an offsetting arrangement applies.

m) Benefits in the event of early termination of Management Board service

The Management Board contracts provide for the payment of compensation in the event of termination of contract ahead of term due to ordinary termination by the Company. This compensation depends on the remaining term of the contract, but is capped at two years' annual remuneration (severance payment cap). No severance payment will be granted in the event of termination of the contract by the Company for cause. The existing contracts do not provide for a special right of termination or other commitments in the event that a specific control threshold is exceeded in relation to voting rights in the Company (change-of-control clause).

Management Board members are subject to a 24-month post-contractual non-competition covenant compensated for by payment of half of their most recent total remuneration (fixed salary plus target bonus) p.a. unless the Company waives the clause. The Management Board contracts already provide for any severance payment to be deducted from such amounts. The personal investment requirement is waived in this instance.

No changes to these arrangements were made in the reporting year.

n) Benefits in the event of regular termination of Management Board service (retirement provisions)

To the extent that retirement provision for individual members of the Management Board in office in the reporting year comprises benefits subsequent to regular termination of Management Board service, their present value and the Company's expense in this regard during the reporting year (service cost in accordance with IFRS) are presented in the table below.

As described under a) above, in accordance with their contracts, the members of the Management Board in office currently solely receive (and received in the reporting year) amounts for private retirement provision. Benefits in the event of regular termination of Management Board service are not/no longer provided. The contracts with Management Board members Dr. Oliver Falk and John Ganem switched to the purely defined-contribution retirement provision system with cash compensation effective August 1, 2022 (in the case of John Ganem plus defined-contribution plan top-up payments by the US subsidiary as part of local retirement provision).

PENSION COMMITMENTS FOR MANAGEMENT BOARD MEMBERS IN OFFICE IN THE REPORTING YEAR – PRESENT VALUES AND EXPENSE AMOUNTS¹⁾

<i>(in €)</i>	Reporting date	Present value ²⁾	Service cost 2024 ²⁾
Dr. Oliver Falk	December 31, 2024	4,534,505	-
John Ganem	December 31, 2024	2,428,184	-

1) No change in pension commitments in the reporting year; retirement provision for Dr. Oliver Falk and John Ganem was switched in its entirety as of August 1, 2022 to a defined-contribution plan.

2) IFRS amount.

The "old" pension commitments for member of the Management Board Dr. Oliver Falk from the time before the changeover in retirement provision consist of a defined-benefit pension plan in accordance with the rules of the Essener Verband. Management Board member John Ganem had a comparable defined-benefit pension plan commensurate with the arrangements applicable to him at the US subsidiary prior to his appointment to the Management Board, which likewise include a life-long pension. In view of the changeover in retirement provision in fiscal year 2022, no service cost was incurred in the reporting year. Irrespective of this, any obligations in connection with pension benefits granted and earned in the past generally continue to apply. In the case of Essener Verband benefit plans this, for example, relates to any costs necessary for benefit entitlement such as service cost or increases in accordance with the applicable articles of association.

o) Benefits awarded and granted in connection with the termination of Management Board service in the reporting year

No benefits were awarded and granted in connection with the termination of Management Board service in the reporting year.

FORMER MEMBERS OF THE MANAGEMENT BOARD

Remuneration granted and due to former members of the Management Board (other than those who left office prior to January 1, 2014) for the reporting year pursuant to Section 162 of the German Stock Corporation Act is shown in the table below.

REMUNERATION FOR FORMER MEMBERS OF THE MANAGEMENT BOARD GRANTED AND DUE IN FISCAL YEAR 2024 UNDER SECTION 162 OF THE STOCK CORPORATION ACT

(<i>€ thousand</i>)	Bill Partalis, CEO Americas (until December 31, 2017)		Gisbert Rühl, CEO (until May 12, 2021)	
	Amount	Relative Proportion	Amount	Relative Proportion
Retirement benefits / pensions	103	100%	664	100%
Severance payments	-	-	-	-

In the reporting year, total remuneration of €149 thousand was paid to other former members of the Management Board (2023: €137 thousand). Provision for pension obligations to former members of the Management Board and their surviving dependents amount under IFRS to €20,666 thousand (2023: €21,377 thousand).

Changes in Management Board remuneration in the reporting year

As the terms of office and service contracts of Dr. Oliver Falk and John Ganem would have expired on July 31, 2025, the Supervisory Board, in its meeting in September 2024, based on the recommendation of the Presidium in its capacity as Personnel Committee, resolved to extend the appointment and the corresponding service contracts of John Ganem and Dr. Oliver Falk by three further years until July 31, 2028. In connection with the extension of these mandates, the appropriateness of the remuneration of the two Management Board members was also reviewed.

In the case of Dr. Oliver Falk, a horizontal comparison showed his current remuneration to be below the average remuneration of ordinary management board members/CFOs of the S-DAX® peer group (S-DAX® peers) and the international peers identified by the Supervisory Board, and also below the remuneration of his predecessor in office, who left in 2019. Finally, the review also took into account the increasingly complex duties in the context of the evolving regulatory framework and the challenges posed by the changing Group structure in Dr. Oliver Falk's area of responsibilities.

The Supervisory Board also considered a further adjustment to be appropriate for John Ganem on extending his contract. As a result of the past and planned future acquisitions and investments, the importance of the Kloeckner Metals Americas segment continues to grow, as does the complexity of the related management responsibilities. In addition, a detailed horizontal review of international peers and other comparable companies on the US market showed comparable remuneration still to be above John Ganem's current remuneration.

On the basis of this review and these arguments, the Supervisory Board resolved to increase the remuneration of Dr. Oliver Falk and John Ganem with effect from August 1, 2025 under the existing 2024 remuneration system. For Dr. Oliver Falk, the fixed salary was increased from €465,000 to €545,000, the target bonus from €690,000 to €810,000 and the retirement provision from €175,000 to €200,000, in each case per year, with effect from August 1, 2025. For John Ganem, the fixed salary was increased from €697,500 to €800,000, the target bonus from €1,035,000 to €1,170,000 (with a corresponding adjustment to the stable-value clause) and the retirement provision from around €272,000 to €280,000, in each case per year, with effect from August 1, 2025.

Target setting for 2025

ASSESSMENT OF APPROPRIATENESS

Criteria with respect to the appropriateness of Management Board remuneration include an individual Management Board member's responsibilities and performance, the enterprise's business situation, success and future prospects, the extent to which the remuneration matches that of industry peers and the remuneration structure within the Company. Both positive and negative developments are taken into account when determining performance-related remuneration components. Overall, remuneration is intended to be internationally competitive and to give incentives geared to the Company's sustainable growth and a sustained increase in enterprise value in a dynamic environment.

In setting the 2024 remuneration system and the targets and target total remuneration for 2025, the Supervisory Board applied horizontal benchmarking based, among other, on an independently compiled study of remuneration paid to regular management board members and CEOs at other companies. Due to a lack of comparable German companies in the steel distribution industry, other wholesalers and comparable international companies were included in the analysis. The peer group used consisted of German SDAX®-listed (at the time of peer group selection) companies of comparable size (sales and workforce), the SDAX® as a whole and international peer companies. The SDAX® peer group and the international peer group are regularly reviewed by the Supervisory Board. In addition, vertical benchmarking was carried out against the remuneration for senior management (management level 1) and the Group workforce as a whole (in both cases worldwide).

The Supervisory Board, through the Presidium, regularly reviews the currently applied remuneration system with regard to its appropriateness and structure (components and fixed and variable remuneration amounts) and with a view to any need for adjustment. The appropriateness of Management Board remuneration relative to each Management Board member's tasks and performance, to the enterprise's situation and to usual levels of remuneration is additionally reviewed annually when setting target total remuneration for the next year.

TARGETS FOR FISCAL YEAR 2025

The Supervisory Board set the targets for fiscal year 2025 at its December meeting in the reporting year. In conformity with the 2024 remuneration system, it set and weighted both financial and non-financial targets.

a) Financial targets

The financial targets relate to EBITDA before material special effects and operating cash flow and are based on the Group budget. As in the prior year, EBITDA before material special effects has a notional proportion of 50% and operating cash flow a notional proportion of 30%.

b) Non-financial targets

As in the prior year, the Supervisory Board based the non-financial targets on three focal areas:

For the strategy component, the focus is once again placed on digitalization. The targets set here – each with a notional proportion of 1.5% – are the share of digital orders to be generated ("digital orders," defined as the number of orders received via digital channels as a percentage of the total number of orders) and the share of digital quotes to customers ("digital quotes," defined as the number of quotes generated digitally as a percentage of the total number of quotes). To these is added, with a notional proportion of 2%, the efficiency of the digital sales process ("average number of changes to all online orders", defined as the number of manual corrections to orders received via digital channels as a percentage of the total number of digital orders). As in the prior year, two further focal areas relate to the sustainability aspect – environmental, social and governance (ESG) – and have been incorporated as non-financial targets: reduction in CO₂e emissions – which comes under the environmental category but is also part of the Group strategy – and employee-related targets. Likewise as in the prior year, the targets for this purpose are as follows, with a notional proportion of 5% each: Reduction of CO₂e emissions, employee satisfaction/leadership as measured in the Group-wide employee survey and further reduction in the lost time injury frequency (LTIF) rate throughout the Group. These non-financial targets are specified with clear and measurable criteria.

The total weighting of the non-financial targets is therefore 20%, which is within the range specified in the remuneration system.

TARGET AMOUNT FOR DIRECT REMUNERATION AND TARGET TOTAL REMUNERATION FOR FISCAL YEAR 2025

Also at its December meeting in the reporting year, the Supervisory Board set the target amount for direct remuneration and target total remuneration for fiscal year 2025, as set out in the following. The Supervisory Board based the figures for retirement provision and ancillary benefits on reasonable estimates; the final figures for fiscal year 2025 may therefore differ from those estimates.

MANAGEMENT BOARD TARGET REMUNERATION FOR FISCAL YEAR 2025¹⁾

(€ thousand)	Guido Kerkhoff		Dr. Oliver Falk		John Ganem ³⁾	
	2024	2025	2024	2025	2024	2025
Fixed compensation ²⁾	1,090	1,090	465	498	698	740
One year's variable compensation (annual bonus) ²⁾	1,620	1,620	690	740	1,035	1,091
Target amount for direct remuneration	2,710	2,710	1,155	1,238	1,733	1,831
Ancillary benefits	16	20	9	8	47	50
Retirement provisions (pension benefits, cash compensation, and other contribution payments) ²⁾	400	400	175	185	272	283
Target total remuneration	3,126	3,130	1,339	1,431	2,052	2,165

1) The forecast target remuneration was prepared in each case in November of the prior year; it includes rounding and is partly based on assumptions and estimates or on prior-year figures; the final figures for each fiscal year may consequently differ.

2) The figures stated include any remuneration adjustments in subsequent fiscal years already decided at the time of setting the respective target remuneration.

3) The annual bonus for John Ganem is based on the contractually agreed euro amount (i.e., without application of the stable-value clause). The retirement provision for John Ganem includes defined-contribution plan top-up payments by the US subsidiary.

Requirements as to the ratio of fixed and variable remuneration to the target amount for direct remuneration for fiscal year 2025 are complied with (40:60, excluding ancillary benefits and retirement provision), as are the requirements on the ratios of retirement provision and ancillary benefit amounts to the fixed salary (retirement provision: 20% to 40%; ancillary benefits: 10% maximum).

1.3 Supervisory Board remuneration

*The following chapter includes remuneration report-typical information marked with *, which also addresses disclosure requirement ESRS 2 GOV-3 of the ESRS.*

Remuneration system for the Supervisory Board and Annual General Meeting vote on the remuneration system for the members of the Supervisory Board*

The current remuneration system for the Supervisory Board was most recently revised in 2023. The Annual General Meeting of the Company on May 17, 2023 adopted the new remuneration system for the Supervisory Board with a majority of 99.63% of valid votes cast. It was also decided that the new remuneration system for the Supervisory Board would be applied for the first time for fiscal year 2023.

The structure and amount of remuneration paid to Supervisory Board members are governed by Section 14 of the Articles of Association, which are published on the Company's website. The main features are presented in the following.

While members of the Management Board also receive performance-related remuneration components, remuneration for the members of the Supervisory Board is structured entirely as fixed remuneration. This consists mainly of a fixed remuneration component (as basic remuneration), which is paid pro rata temporis in the event of personnel changes during the fiscal year. Attendance fees are also paid; reasonable cash expenses and value added tax are reimbursed. The Company covers the cost of external training for Supervisory Board members as part of the reimbursement of expenses. The fixed remuneration is €60,000 per fiscal year. The Chairman of the Supervisory Board receives two-and-a-half times, his or her deputy one-and-a-half times and the Chairman of the Audit Committee one-and-a-quarter times the fixed remuneration. The attendance allowance is €2,000 per meeting. The Chairman of the Supervisory Board and any Chairman of a Supervisory Board committee each receive two-and-a-half times this amount and their deputies one-and-a-half times this amount. As the remuneration is fixed, no cap or maximum remuneration amount is to be specified.

In addition, in the Company's interest, the members of the Supervisory Board are included in D&O insurance. There has no longer been a deductible since January 1, 2024.

A detailed description of the remuneration system for the Supervisory Board is available on the Company's website at <https://www.kloeckner.com/en/group/supervisory-board.html>.

The Supervisory Board regularly reviews the appropriateness of the remuneration system for the Supervisory Board. Under the German Stock Corporation Act, the Annual General Meeting must also adopt a resolution on the remuneration system for the members of the Supervisory Board at least once every four years. The next such resolution must therefore be adopted no later than 2027.

Consideration of a resolution under Section 120a (4) of the German Stock Corporation Act

The Company's remuneration report for fiscal year 2023 in accordance with Section 162 of the German Stock Corporation Act was approved at the Annual General Meeting of the Company on May 23, 2024 with a majority of 95.82% of valid votes cast. No points of criticism or critical questions were raised with regard to the remuneration report 2023. In light of this, the Supervisory Board sees no fundamental need to change the nature and scope of reporting with regard to Supervisory Board remuneration. Despite the encouraging voting outcome on the last remuneration reports, the Supervisory Board continues to address continuous improvement of the remuneration report. The Supervisory Board constantly monitors developments and trends in the market.

Remuneration in fiscal year 2024

REMUNERATION GRANTED AND DUE (INCLUDING RELATIVE PROPORTIONS)

The table below shows, for each individual Supervisory Board member, the remuneration earned in the reporting year by the members of the Supervisory Board which falls due after the end of the Annual General Meeting in 2025.

For the memberships of Supervisory Board committees in fiscal year 2024, please see the Corporate Governance Statement (under "Supervisory Board committees") in the Annual Report 2024. Meeting attendance information is provided in the Report of the Supervisory Board (see page 11).

Under Section 14 (5) of the Company's Articles of Association, the fixed remuneration and attendance fees fall due after the end of the Annual General Meeting that receives or decides on the approval of the consolidated financial statements for the relevant fiscal year.

SUPERVISORY BOARD REMUNERATION GRANTED AND DUE IN 2024 UNDER SECTION 162 (1) SENTENCE 2 NO. 1 OF THE GERMAN STOCK CORPORATION ACT¹⁾²⁾

(in €)	Basic remuneration (fixed remuneration)	% of total remuneration	Attendance fees (fixed remuneration)	% of total remuneration	Total
Prof. Dr. Dieter H. Vogel (Chairman)	150,000	75	50,000	25	200,000
Dr. Ralph Heck (Deputy Chairman)	90,000	82	20,000	18	110,000
Prof. Dr. Tobias Kollmann	60,000	91	6,000	9	66,000
Prof. Dr. E.h. Friedhelm Loh	60,000	79	16,000	21	76,000
Uwe Röhrhoff (Chairman of the Audit Committee since May 23, 2024)	70,000	72	27,000	28	97,000
Ute Wolf (Chairwoman of the Audit Committee)					
- until May 23, 2024	31,250	69	14,000	31	45,250
Dagmar Steinert - since May 23, 2024	40,000	80	10,000	20	50,000
Supervisory Board	501,250	78	143,000	22	644,250

1) Remuneration earned for Supervisory Board service in the reporting year (paid out after the Annual General Meeting in the current fiscal year, excluding remuneration earned in the preceding fiscal year and paid out in the reporting year).

2) Remuneration is paid plus any value added tax to be remitted in Germany, or value added tax is reimbursed by the Company; in the case of Dr. Ralph Heck, any withholding tax to be paid in Switzerland is retained out of the stated amount.

SUPERVISORY BOARD REMUNERATION GRANTED AND DUE IN 2023 UNDER SECTION 162 (1) SENTENCE 2 NO. 1 OF THE GERMAN STOCK CORPORATION ACT¹⁾²⁾

(in €)	Basic remuneration (fixed remuneration)	% of total remuneration	Attendance fees (fixed remuneration)	% of total remuneration	Total
Prof. Dr. Dieter H. Vogel (Chairman)	150,000	73	55,000	27	205,000
Dr. Ralph Heck (Deputy Chairman)	90,000	83	18,000	17	108,000
Prof. Dr. Tobias Kollmann	60,000	88	8,000	12	68,000
Prof. Dr. E.h. Friedhelm Loh	60,000	79	16,000	21	76,000
Uwe Röhrhoff	60,000	75	20,000	25	80,000
Ute Wolf (Chairwoman of the Audit Committee)	75,000	68	35,000	32	110,000
Supervisory Board	495,000	77	152,000	23	647,000

1) Remuneration earned for Supervisory Board service in fiscal year 2023 (paid out after the Annual General Meeting in fiscal year 2024), excluding remuneration paid out in fiscal year 2023 and earned in the preceding fiscal year.

2) Remuneration was paid plus any value added tax to be remitted in Germany, or value added tax was reimbursed by the Company; in the case of Dr. Ralph Heck, any withholding tax to be paid in Switzerland was retained out of the stated amount.

Supervisory Board remuneration according to Section 314 (1) No. 6 of the German Commercial Code (consolidated financial statements) and Section 285 No. 9 of the German Commercial Code (single-entity financial statements), totaled €644,250 in 2024 (2023: €647,000).

No remuneration or benefits for services rendered on an individual basis – particularly consulting or agency services – were granted to Supervisory Board members in the year under review. Expenses were reimbursed within the limits set out above in the description of the remuneration system for the Supervisory Board.

No remuneration is paid in shares or stock options. As the remuneration consists entirely of fixed components, any clawback of variable remuneration components is systematically ruled out and there was therefore no such clawback in the reporting year.

EXPLANATORY NOTES ON CONFORMITY WITH THE REMUNERATION SYSTEM, PROMOTION OF THE COMPANY'S LONG-TERM DEVELOPMENT AND APPLICATION OF THE PERFORMANCE CRITERIA

The requirements of the remuneration system were complied with. As the remuneration is entirely fixed (fixed/basic remuneration, attendance fees and reimbursement of expenses), no cap or maximum remuneration amount is necessary. For the same reason, it is not necessary to describe the application of any performance criteria. The remuneration system for members of the Supervisory Board comprising (fixed) basic remuneration and attendance fees with appropriate multiples for chairpersons and deputy chairpersons accords with prevailing market practice at comparable companies in Germany. The remuneration is intended to appropriately remunerate the members of the Supervisory Board for their prudent and conscientious supervision of the Management Board and to attract and retain suitable candidates for the office of member of the Supervisory Board. In this way, it promotes the corporate strategy and the Company's long-term development.

COMPARATIVE ANALYSIS OF ANNUAL CHANGES IN SUPERVISORY BOARD REMUNERATION, THE COMPANY'S FINANCIAL PERFORMANCE AND AVERAGE EMPLOYEE REMUNERATION

The table below shows the percentage change in the remuneration of members of the Supervisory Board in comparison to the financial performance of Klöckner & Co SE and changes in average employee remuneration on a full-time equivalent basis.

As in the comparative analysis of remuneration for members of the Management Board, the financial performance of Klöckner & Co SE is presented on the basis of the following key performance indicators: (i) net income (or net loss) of Klöckner & Co SE, (ii) consolidated EBITDA before material special effects and (iii) consolidated cash flow from operating activities.

Average employee remuneration is determined, as in the comparative analysis of remuneration for members of the Management Board, on a full-time equivalent basis for two groups: (i) senior management (management level 1) worldwide and (ii) the total workforce worldwide. Accordingly, for further details, please refer to the information in the report on Management Board remuneration.

COMPARATIVE ANALYSIS OF ANNUAL CHANGES IN SUPERVISORY BOARD REMUNERATION PURSUANT TO SECTION 162 (1) SENTENCE 2 NO. 2 OF THE GERMAN STOCK CORPORATION ACT

Supervisory Board remuneration ¹⁾	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024
Current members of the Supervisory Board					
Prof. Dr. Dieter H. Vogel (Chairman)	-13%	-3%	10%	28%	-2%
Dr. Ralph Heck (Deputy Chairman)	-8%	0%	10%	26%	2%
Prof. Dr. Tobias Kollmann	-4%	-4%	8%	31%	-3%
Prof. Dr. E.h. Friedhelm Loh	-10%	0%	4%	36%	0%
Ute Wolf (Chairwoman of the Audit Committee) - until May 23, 2024	-8%	-2%	5%	29%	-59%
Dagmar Steinert - since May 23, 2024	-	-	-	-	-
Uwe Röhrhoff (Chairman of the Audit Committee since May 23, 2024) - since May 12, 2021	-	-	60%	29%	21%
Earnings performance					
Net income of Klöckner & Co SE	94%	3233%	-61%	-283%	44%
EBITDA before material special effects (Group) ⁴⁾	-10%	664%	-51%	-55%	-28%
Operating cash flow (Group) ⁴⁾	-21%	-290%	232%	-21%	-44%
Average employee remuneration on full-time equivalent basis					
Senior management worldwide (Level 1) ^{2), 3)}	15%	-2%	-5%	1%	-19%
Total workforce worldwide ³⁾	3%	10%	-4%	-2%	-5%

1) Total remuneration within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act (fiscal years 2019 to 2020 pro forma).

2) The comparison group comprises the management of country organizations and heads of corporate departments at Klöckner & Co SE.

3) Adjusted for exchange rate movements.

4) The change in fiscal year 2023-2024 relates to the figures for the entire Group after IFRS 5 adjustments.

Duisburg, March 5, 2025

Klöckner & Co SE

ON BEHALF OF THE SUPERVISORY BOARD

Prof. Dr. Dieter H. Vogel

CHAIRMAN OF THE SUPERVISORY BOARD

MANAGEMENT BOARD

Guido Kerkhoff

CHAIRMAN OF THE MANAGEMENT BOARD

(CEO)

Dr. Oliver Falk

MEMBER OF THE MANAGEMENT BOARD

(CFO)

John Ganem

MEMBER OF THE MANAGEMENT BOARD

(CEO AMERICAS)



Auditor's Report

To Klöckner & Co SE, Duisburg

Remuneration Report pursuant to § 162 AktG for the Financial Year from January 1 to December 31, 2024

We have audited the remuneration report of Klöckner & Co SE, Duisburg, for the financial year from January 1, 2024 to December 31, 2024 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The executive directors and the supervisory board of Klöckner & Co SE are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

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

AUDIT OPINION

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1, 2024 to December 31, 2024, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

REFERENCE TO AN OTHER MATTER – FORMAL AUDIT OF THE REMUNERATION REPORT ACCORDING TO § 162 AKTG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

RESTRICTION ON USE

We issue this auditor's report on the basis of the engagement agreed with Klöckner & Co SE. The audit has been performed only for purposes of the company and the auditor's report is solely in-tended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Düsseldorf, March 5, 2025

PricewaterhouseCoopers GmbH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Antje Schlotter
WIRTSCHAFTSPRÜFERIN
(GERMAN PUBLIC AUDITOR)

ppa. Verena Polzer
WIRTSCHAFTSPRÜFERIN
(GERMAN PUBLIC AUDITOR)



Consolidated Financial Statements

Klöckner & Co SE

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Consolidated Financial Statements

Consolidated statement of income

for the 12-month period ending December 31, 2024

<i>(in € thousand)</i>	Notes	2024	2023
Sales	7	6,632,193	6,956,607
Changes in inventory	17	-41,727	-2,198
Other operating income	8	37,530	33,363
Cost of materials	9	-5,477,720	-5,797,149
Personnel expenses	10	-542,469	-534,520
Depreciation and amortization	16	-125,827	-118,061
Impairment losses of intangible assets and property, plant and equipment	16	-3,243	-7,141
Reversals of impairments of intangible assets and property, plant and equipment	16	50	521
Other operating expenses	11	-498,726	-465,661
Operating result		-19,939	65,760
Income from investments	12	-1,607	-3,555
Finance income		2,313	2,825
Finance expenses		-64,223	-48,976
Financial result	13	-61,910	-46,151
Income before taxes		-83,456	16,055
Income taxes	14	-62,241	-16,325
Net income from continuing operations (net of tax)		-145,698	-270
Net income from discontinued operations (net of tax)		-29,861	-189,532
Net income		-175,559	-189,802
<i>thereof attributable to</i>			
<i>– shareholders of Klöckner & co SE</i>		-176,702	-190,593
<i>– non-controlling interests</i>		1,143	791
Earnings per share from continuing operations (€/share)	15		
– basic		-1.47	-0.01
– diluted		-1.47	-0.01
Earnings per share attributable to the ordinary equity holders of Klöckner & Co SE (€/share)	15		
– basic		-1.77	-1.91
– diluted		-1.77	-1.91

Statement of comprehensive income

for the 12-month period ending December 31, 2024

<i>(€ thousand)</i>	Notes	2024	2023
Net income		-175,559	-189,802
Other comprehensive income not reclassifiable			
Actuarial gains losses (IAS 19)	24	133,790	20,828
Total		133,790	20,828
Other comprehensive income reclassifiable			
Foreign currency translation		40,124	2,531
Gain/losses from cash flow hedges	30	-214	766
Financial assets at fair value through OCI	30	114	-
Reclassification to profit and loss due to sale of foreign subsidiaries	21	12,552	-
Total		52,575	3,297
Deferred taxes on other comprehensive income	14	-23,347	-4,474
Other comprehensive income		163,018	19,651
Group total comprehensive income		-12,541	-170,151
<i>thereof attributable to</i>			
– <i>shareholders of Klöckner & Co SE</i>		-13,727	-170,902
– <i>non-controlling interests</i>		1,186	751
<i>Total comprehensive income attributable to Klöckner & Co SE stockholders refers to</i>			
– <i>continuing operations</i>		3,394	19,666
– <i>discontinued operations</i>		-17,121	-190,568

Consolidated statement of financial position

as of December 31, 2024

ASSETS

<i>(€ thousand)</i>	Notes	December 31, 2024	December 31, 2023
Non-current assets			
Intangible assets	16 (a)	206,584	207,403
Property, plant and equipment	16 (b)	812,443	760,495
Other financial assets	19	34,553	35,401
Other non-financial assets	19	211,175	73,549
Deferred tax assets	14	17,120	54,852
Total non-current assets		1,281,875	1,131,700
Current assets			
Inventories	17	1,290,669	1,399,869
Trade receivables	18	610,697	659,904
Contract assets	18	55,585	59,112
Supplier bonus receivables	18	55,414	53,694
Current income tax receivables	14	41,543	29,341
Other financial assets	19	15,729	13,373
Other non-financial assets	19	51,193	44,707
Cash and cash equivalents	20	120,793	154,903
Assets held for sale	21	14,383	320,638
Total current assets		2,256,006	2,735,541
Total assets		3,537,881	3,867,241

EQUITY AND LIABILITIES

<i>(€ thousand)</i>	Notes	December 31, 2024	December 31, 2023
Equity			
Subscribed capital		249,375	249,375
Capital reserves		570,007	570,420
Retained earnings		534,183	777,890
Accumulated other comprehensive income		360,179	150,011
Equity attributable to shareholders of Klöckner & Co SE		1,713,743	1,747,695
Non-controlling interests		6,972	7,010
Total equity	22	1,720,714	1,754,705
Non-current liabilities			
Provisions for pensions and similar obligations	24	19,073	24,849
Other provisions and accrued liabilities	25	8,962	10,336
Non-current financial liabilities	26	712,706	742,050
Other financial liabilities	28	1,359	1,649
Deferred tax liabilities	14	91,727	68,726
Total non-current liabilities		833,826	847,610
Current liabilities			
Other provisions and accrued liabilities	25	87,066	99,048
Income tax liabilities	14	23,382	18,095
Current financial liabilities	26	183,314	185,537
Trade payables	27	638,547	676,440
Other financial liabilities	28	24,822	18,152
Non-financial contract liabilities	28	3,191	4,903
Advance payments received	28	1,924	2,199
Other non-financial liabilities	28	21,095	15,786
Liabilities directly associated with assets classified as held for sale	21	-	244,764
Total current liabilities		983,341	1,264,926
Total liabilities		1,817,167	2,112,536
Total equity and liabilities		3,537,881	3,867,241

Consolidated statement of cash flows 2024

<i>(€ thousand)</i>	Notes	2024	2023
Net income		-175,559	-189,802
Result from discontinued operations		29,861	189,532
Income taxes	14	62,241	16,325
Financial result	13	61,910	46,151
Income from investments	12	1,607	3,555
Depreciation, amortization, reversal of impairment losses and impairment losses of non-current assets	16	129,021	124,681
Other non-cash income/expenses		-209	-2,320
Gain on disposal of non-current assets	8, 11	-618	-3,375
Change in net working capital			
Inventories	17	148,646	168,739
Trade receivables, contract assets, supplier bonus receivables	18	78,184	102,062
Trade payables, contract liabilities, advance payments received	27, 28	-66,759	-19,669
Change in other operating assets and liabilities		-21,996	-57,012
Interest paid	34	-52,562	-43,390
Interest received	34	944	1,306
Income taxes paid		-40,303	-55,103
Income taxes received		5,800	5,092
Cash flow from operating activities – continuing operations		160,209	286,772
Cash flow from operating activities – discontinued operations		-45,504	34,794
Cash flow from operating activities		114,705	321,566

<i>(€ thousand)</i>	Notes	2024	2023
Proceeds from the sale of non-current assets		2,802	1,000
Proceeds from the sale of financial assets		397	-
Proceeds from the sale of other business operations		-	7,429
Dividends received		107	75
Payments for intangible assets, property, plant and equipment		-110,252	-88,203
Payments for investments in consolidated subsidiaries		-12,618	-348,107
Payments for financial assets		-1,605	-3,772
Cash flow from investing activities – continuing operations		-121,169	-431,578
Cash flow from investing activities – discontinued operations		109,656	-2,500
Cash flow from investing activities		-11,512	-434,078
Dividend payments to shareholders of Klöckner & Co SE		-19,950	-39,900
Dividend payments to non-controlling interests		-1,140	-5,575
Payments for own investment Management Board members		-1,799	-
Borrowings of financial liabilities	34	340,885	683,198
Repayment of financial liabilities	34	-422,218	-482,134
Repayment of lease liabilities	34	-34,205	-29,624
Proceeds from derivatives of financing activities	34	-1,206	-864
Cash flow from financing activities – continuing operations		-139,633	125,101
Cash flow from financing activities – discontinued operations		-2,753	-14,003
Cash flow from financing activities		-142,386	111,098
Changes in cash and cash equivalents		-39,194	-1,414
Effect of foreign exchange rates on cash and cash equivalents		5,085	-9,649
Cash and cash equivalents at the beginning of the period	20	154,903	179,068
Cash and cash equivalents at the end of the period		120,793	168,005
<i>Thereof included in "Assets held for sale"</i>		-	-13,102
Cash and cash equivalents at the end of the reporting period as per statement of financial position		120,793	154,903

See Note 34 for notes on the consolidated statement of cash flows.

Summary of changes in consolidated equity

<i>(€ thousand)</i>	Subscribed capital of Klöckner & Co SE	Capital reserves of Klöckner & Co SE	Retained earnings
Balance as of January 1, 2023	249,375	568,622	1,008,383
Other comprehensive income			
Foreign currency translation	-	-	-
Gain/Loss from cash flow hedges	-	-	-
Actuarial gains and losses (IAS 19)	-	-	-
Deferred taxes on other comprehensive income	-	-	-
Other comprehensive income	-	-	-
Net income	-	-	-190,593
Total comprehensive income	-	-	-190,593
Dividends	-	-	-39,900
Share-Based Payment	-	1,799	-
Gain/loss from hedges and cost of hedging, reclassified in inventories	-	-	-
Balance as of December 31, 2023	249,375	570,420	777,890
Balance as of January 1, 2024	249,375	570,420	777,890
Other comprehensive income			
Foreign currency translation	-	-	-
Gain/Loss from cash flow hedges	-	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-
Actuarial gains and losses (IAS 19)	-	-	-
Reclassification through profit or loss due to the sale of foreign subsidiaries	-	-	-
Deferred taxes on other comprehensive income	-	-	-
Other comprehensive income	-	-	-
Net income	-	-	-176,702
Total comprehensive income	-	-	-176,702
Change in non-controlling interests	-	-	-20
Dividends	-	-	-19,950
Share-Based Payment	-	-413	-
Gain/loss from hedges and cost of hedging, reclassified in inventories	-	-	-
Reclassification of actuarial losses within equity in accordance with IAS 19.122	-	-	-47,035
Balance as of December 31, 2024	249,375	570,007	534,183

Accumulated other comprehensive income

Currency translation adjustments	Actuarial gains and losses (IAS 19)	Fair value adjustments of financial instruments	Equity attributable to shareholders of Klöckner & Co SE	Non-controlling interests	Total
270,842	-135,158	-5,640	1,956,422	11,834	1,968,256
2,546	-	-	2,546	-15	2,531
-	-	766	766	-	766
-	20,868	-	20,868	-40	20,828
-	-4,489	-	-4,489	15	-4,474
2,546	16,379	766	19,691	-40	19,651
-	-	-	-190,593	791	-189,802
2,546	16,379	766	-170,902	751	-170,151
-	-	-	-39,900	-5,575	-45,475
-	-	-	1,799	-	1,799
-	-	276	276	-	276
273,388	-118,779	-4,598	1,747,695	7,010	1,754,705
273,388	-118,779	-4,598	1,747,695	7,010	1,754,705
40,075	-	-	40,075	48	40,124
-	-	-214	-214	-	-214
-	-	114	114	-	114
-	133,797	-	133,797	-7	133,790
12,552	-	-	12,552	-	12,552
-	-23,348	-	-23,348	2	-23,347
52,627	110,449	-100	162,976	43	163,018
-	-	-	-176,702	1,143	-175,559
52,627	110,449	-100	-13,727	1,186	-12,541
-	-	-	-20	-85	-105
-	-	-	-19,950	-1,140	-21,090
-	-	-	-413	-	-413
-	-	158	158	-	158
-	47,035	-	-	-	-
326,015	38,705	-4,540	1,713,743	6,972	1,720,714

Notes to the consolidated financial statements

of Klöckner & Co SE, Duisburg, as of December 31, 2024

(1) Company information

Klöckner & Co SE is a listed corporation whose registered domicile is Duisburg, Germany. It is entered in the commercial register of Duisburg Local Court under HRB 20486. Since January 2025, the administrative headquarters of Klöckner & Co SE has been located at Peter-Müller-Str. 24, Düsseldorf, Germany.

The consolidated financial statements of Klöckner & Co SE, as the ultimate parent company, and its subsidiaries (the Klöckner & Co Group) were authorized for submission to the Supervisory Board by resolution of the Management Board on March 5, 2025. The Supervisory Board's responsibility is to examine the consolidated financial statements and to issue a statement as to whether it approves them.

(2) Basis of accounting

The consolidated financial statements as of December 31, 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with the additional requirements under Section 315e (1) of the German Commercial Code (Handelsgesetzbuch/HGB). All binding IFRS and the associated interpretations of the IFRS Interpretations Committee (IFRIC) as of December 31, 2024 have been applied.

The financial statements of the companies included in the consolidated financial statements, all of which have been prepared as of the reporting date of the consolidated financial statements, are based on uniform accounting policies.

The consolidated financial statements are prepared in euros. Unless otherwise indicated, all amounts are stated in thousands of euros (€ thousand). There may be discrepancies relative to the unrounded figures.

The consolidated financial statements were prepared on a historical cost basis with the exception of certain financial instruments, which are measured at fair value, and of the net defined benefit liability, which is measured at the present value of the defined benefit obligation less the fair value of plan assets.

(3) Basis of consolidation and consolidation methods

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Klöckner & Co SE and the companies it controls (subsidiaries).

The financial statements of subsidiaries acquired or divested during the fiscal year are included in the consolidated financial statements from the date when control is obtained to the date when control is lost.

Intra-Group receivables, liabilities, balances, income and expenses are eliminated in consolidation. Deferred taxes are recognized for consolidation adjustments, and deferred tax assets and liabilities are offset against each other where they relate to taxes levied by the same taxation authority and to the same period.

The number of consolidated companies changed as follows during the year under review:

	2024	2023
Consolidated entities at the beginning of the financial year ^{*)}	55	51
+ Business combinations	1	7
– Disposals	-13	-
– Mergers	-1	-2
– Liquidations	-	-1
Consolidated entities at the end of the financial year^{*)}	42	55
<i>thereof domestic entities including Klöckner & Co SE</i>	<i>11</i>	<i>11</i>

^{*)} Including consolidated special-purpose entities.

One subsidiary that does not have a significant impact on the Group's results of operations, financial position and net assets is not consolidated (2023: four subsidiaries). A list of affiliated companies included in the consolidated financial statements is attached as an annex to the notes.

Special-purpose entities

One special-purpose entity exists in connection with the Group's European asset-backed securitization program (ABS program). A second, dormant, special-purpose entity was acquired by a French subsidiary in 2023 and merged with that subsidiary's French parent in January 2024. The interests in the special-purpose entity that remains operational are held by an independent and privately owned service company that is responsible for accounting in the parent. The entity purchases merchandise receivables from the subsidiaries participating in the ABS program on contractually agreed terms, financing the purchases with conduit credits refinanced by commercial paper issues or loans granted by the banks involved. The rating required for the commercial paper is ensured by maintaining accounts receivable reserves and meeting performance indicators.

The extent to which this program is used depends on the amount of receivables and the monthly development of the cash flow requirements. This decision is the responsibility of Klöckner & Co SE.

Klößner & Co SE is contractually responsible for payment execution, reporting, management of the purchased receivables, including credit management and collection of receivables in the special-purpose entity. In addition, Klößner & Co SE determines the factor that a subsidiary is required to pay in order to cover all running costs of the special-purpose entity. The special-purpose entity is controlled by Klößner & Co SE and is therefore included in the consolidated financial statements. It is subject to control due to the fact that the Group is exposed to variable returns from the special-purpose entity and is able to influence those returns with its control over the entity.

The companies participating in the program continue to be assigned responsibility by Klößner & Co SE for collection and receivables management, and bear all related costs but receive corresponding remuneration. They also cover the running costs of the special-purpose entity.

For further information on the ABS program, see Note 18 (Trade receivables) and Note 26 (Financial liabilities).

(4) Acquisitions and disposals

The group structure changed in fiscal year 2024 as listed below as a result of acquisitions and disposals, with corresponding impacts on the presentation of the results of operations, financial position and net assets.

ACQUISITIONS IN 2024

Effective July 1, 2024, Kloeckner Metals Corporation, Wilmington, Delaware, USA, acquired 100% of the shares in Amerinox Processing Inc., Camden, New Jersey, USA, which has been included in the consolidated financial statements since that date. The company provides extensive metal processing and polishing services, primarily for large metal service centers in the eastern USA and southern Canada. The purchase price was €9 million (USD 10 million). Customer relationships were measured using the residual value method (a present value model). The fair value of the customer relationships was calculated using an assumed churn rate of 8.0%. A discount rate of 14.3% was used for the present value calculation. The customer relationships are amortized over a period of 17 years. A royalty rate of 2.0% and a discount rate of 13.3% were assumed for the technology. It is depreciated over a period of 2 years. The brand name was calculated at a royalty rate of 0.5% and will be amortized over a period of 10 years. Property, plant and equipment was measured using a cost-based method (the replacement cost method).

The acquisition date fair values of the acquired assets and liabilities of Amerinox are shown in the following table:

<i>(€ thousand)</i>	Amerinox	Subsequent adjustments to company acquisitions in 2023	Total impact
Assets			
Other intangible assets	4,551	-	4,551
<i>thereof customer relationships</i>	3,957	-	3,957
<i>thereof trade names</i>	348	-	348
<i>thereof Software</i>	247	-	247
Property, plant and equipment	15,706	-	15,706
Trade receivables	819	-	819
Other current assets	662	-1,356	-694
Cash and cash equivalents	228	-	228
Total acquired assets	21,966	-1,356	20,611
Liabilities and provisions			
Pensions	16	-	16
Deferred tax liabilities	2,294	-	2,294
Other current provisions	696	540	1,236
Trade payables	200	-	200
Current financial liabilities	11,349	-	11,349
Other current liabilities	3	-	3
Total assumed liabilities	14,559	540	15,100
Acquired net assets	7,407	-1,896	5,511
Considerations	9,131	3,574	12,705
Goodwill	1,724	5,470	7,195
Consideration, paid in cash and cash equivalents	8,851	3,995	12,846
Consideration, deferred purchase price	280	-421	-141

The goodwill arising from the acquisition of Amerinox relates to expected synergies from integrating the company concerned into the existing service portfolio of the Kloeckner Metals Americas segment. The resulting goodwill is tested at the level of the CGU USA. The goodwill in the amount of €2 million in the CGU USA is deductible for tax purposes.

No significant uncollectible receivables were taken over in the acquisitions.

The acquired companies have contributed as follows to net income since the acquisition date:

<i>(€ thousand)</i>	Total
Sales contribution since initial consolidation	5,286
Contribution to net income since initial consolidation	127
Gross contractual amounts of trade receivables	819
Acquisition-related expenses (other operating expenses)	476

Had the acquisition of Amerinox been included in the consolidated financial statements from the beginning of the fiscal year, Group sales would have been €6,637 million and the net loss would have been €175 million. In determining these figures, management assumed that the fair values determined at the acquisition date would also have applied in the case of an acquisition on January 1, 2024.

The acquisition of Industrial Manufacturing Services Inc., Lancaster, South Carolina, USA, on November 2, 2023, resulted in two subsequent adjustments to goodwill in the fiscal year 2024. A tax repayment made to the seller, to which the seller was contractually entitled, led to a purchase price adjustment of €3,795 thousand. In addition, Kloeckner Metals Corporation received a purchase price repayment of €221 thousand from the contractually agreed net working capital adjustment. After these adjustments, the goodwill amounts to €6.5 million.

The acquired assets and liabilities from the acquisition of Kloeckner Metals Service Centers de Mexico, Monterrey, Mexico, were adjusted retrospectively. A VAT receivable of €1.4 million was derecognized and a risk provision was increased by €540 thousand.

In total, these subsequent adjustments increased goodwill by €5.5 million in fiscal year 2024.

Furthermore, contingent consideration of €421 thousand was paid for Müller Wüst AG, Aarau, Switzerland, which was acquired in the prior year, due to the meeting of the relevant milestones.

DISPOSALS, MERGERS AND LIQUIDATIONS 2024

The sale of our steel distribution business in France, the United Kingdom, the Netherlands and Belgium was already successfully completed in the first quarter of 2024, with the sale closing effective February 29, 2024. Assets of €376 million and liabilities of €257 million were sold in this connection. In connection with the preliminary determination of the purchase price at the time of closing, the buyer has already paid Klöckner & Co a preliminary purchase price of €100 million. Following a final agreement in November 2024, €14 million was repaid to the buyer, resulting in a final purchase price less disposal costs of €85 million. Following the write-down of non-current assets to their fair value of €142 million in 2023, the additional loss on disposal, including realized foreign exchange losses, amounted to €47 million as of December 31, 2024.

All income and expenses until disposal and the disposal gain or loss are presented separately in the income statement and statement of cash flows as net income from discontinued operations in fiscal year 2024.

(5) Significant accounting policies

Currency translation

Transactions in foreign currency are translated at the transaction date exchange rate. Monetary items are translated at the reporting date exchange rate. Translation differences arising on the measurement of monetary assets (except exchange differences on net investments) or of monetary liabilities are recognized, regardless of any hedging, in profit or loss as part of other operating income or expenses.

In accordance with the functional currency approach, the annual financial statements of foreign Group companies prepared in foreign currency are translated into euros by the modified current rate method. All subsidiaries conduct their business independently in their domestic markets. As such, the functional currency is generally the local currency with the exception of the Mexican subgroup. The assets and liabilities of subsidiaries are translated at the reporting date closing exchange rate. Income and expenses are translated at the transaction date exchange rate, approximated as the average exchange rate for the reporting period. All translation differences are recognized in other comprehensive income and are not recognized in profit or loss until the period of a subsidiary's disposal.

The exchange rates for the Group's main currencies changed as follows:

€1 =	Closing rate		Average rate	
	December 31, 2024	December 31, 2023	Jan. 1 - Dec. 31, 2024	Jan. 1 - Dec. 31, 2023
Pound Sterling (GBP)	0.8292	0.8691	0.8466	0.8698
Swiss Franc (CHF)	0.9412	0.9260	0.9526	0.9718
US-Dollar (USD)	1.0389	1.1050	1.0824	1.0813

Impairments

The Group assesses at each reporting date whether there is any indication that intangible assets or property, plant and equipment may be impaired. If there is an indication that an asset may be impaired, its recoverable amount is measured in order to determine the size of any impairment loss to be recognized. The recoverable amount is the greater of fair value less costs of disposal and value in use. In the event that a recoverable amount for the specific asset cannot be estimated, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If an impairment loss recognized in prior periods for an asset other than goodwill no longer exists or has decreased, the carrying amount of the asset or cash-generating unit is increased through profit or loss to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Goodwill arising in business combinations is tested for impairment at least annually. The impairment test is performed at the level of the CGU to which the goodwill has been assigned. In the Klöckner & Co Group, the USA, Mexico and Switzerland CGUs have a goodwill asset. Goodwill is tested for impairment as of December 31 of the fiscal year or whenever there is an indication that it may be impaired. If the carrying amount exceeds the recoverable amount, a goodwill impairment is recognized in the amount of the difference and cannot be reversed in subsequent periods.

The recoverable amount is the greater of fair value less costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU. Value in use and fair value less costs of disposal are determined using a DCF approach. The estimated cash flows are based on the Company's current four-year business plan and management's estimates for each business unit. The cost of capital used reflects the risk specific to the underlying business and the country in which the business operates. The interest rates are based among other things on a peer group analysis. The composition of the peer group is regularly reviewed and modified as necessary.

For CGUs whose recoverable amount is less than their carrying amount, fair values are determined at the level of individual assets. Detailed information is provided in Note 16 a) (Intangible assets) and 16 b) (Property, plant and equipment). Depending on future changes in those fair values, additional impairment losses and impairment reversals cannot be ruled out.

Impairment losses are presented separately in the income statement under depreciation and amortization.

Government grants and government assistance

Grants are recognized in profit or loss over the periods in which the related costs are recognized in expense.

Government grants related to assets – mainly property, plant and equipment – are deducted from the cost of the asset.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs are recognized in profit or loss as other operating income in the period in which they become receivable for the Group.

Presentation of the consolidated statement of financial position and consolidated statement of income

Individual items have been combined in the consolidated statement of financial position and the consolidated statement of income; further information is provided separately in these Notes. Assets and liabilities expected to be realized or settled within one year are classified as current.

The consolidated statement of income is prepared according to the nature of expense method.

Estimates, judgments and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognized in the period of the change if the change affects that period only. If more than one period is affected, the change is reflected in the period of the revision and subsequent periods.

Material judgments, estimates and assumptions are required in the following areas:

	Note
Judgements	
– Determination of scope of consolidation in relation to special-purpose entities, where there is no majority of voting rights or capital	3
– Assessment of intangible assets and property, plant and equipment for triggering events for an impairment	16 (a), (b), (c)
Estimates and assumptions	
– Measurement of intangible assets and property, plant and equipment acquired in a business combination within the meaning of IFRS 3	4
– Determination of the fair values or expected sales proceeds of a disposal group of discontinued operations in accordance with IFRS 5	16 (b), 21
– Measurement of the net realizable value for inventories	17
– Estimates of expected useful lives, assumptions about macroeconomic conditions and industry trends and estimates on which the termination of the recoverable amount was based	16
– Recognition and Measurement of tax receivables related to the estimation if sufficient taxable income is available	14
– Assumptions regarding discount rates, mortality rates and, where applicable, expected returns on plan assets for the measurement of provision for pensions and similar obligations	24
– Recognition and measurement of other provisions and contingent liabilities	25

Accounting effects of climate change

During the reporting year, we have taken account of the impacts of climate change and the associated decarbonization and sustainability transformation of the steel industry in relation to our Company and our net assets, financial position and results of operations. Potential impacts were included in the assessment in the course of preparation of the consolidated financial statements, in particular with regard to assumptions, judgments and estimates concerning future developments affecting the Klöckner Group and its environment. From today's perspective, future developments and impacts on the development of the business – such as recurrent floods and natural disasters as a result of global climate change – are subject to a high degree of uncertainty.

As part of our Group strategy, we are working as a pioneer of a sustainable steel industry to establish innovative business models by creating a comprehensive portfolio of sustainable solutions. The sustainability strategy includes the reduction of directly controllable emissions to net zero by 2040 and the almost complete elimination of Scope 3 emissions by 2050. Our net zero carbon targets have been recognized by the Science Based Targets initiative (SBTi) as science-based targets in the standard validation process.

As a global steel distributor, Klöckner & Co once again expanded its range of CO₂-reduced steel and metal products in fiscal year 2024 by entering into strategic partnerships on the procurement side. In the Nexigen® brand, we have created a key strategic framework to exploit future opportunities arising from the decarbonization of the steel industry and continue our growth as well as further expanding our portfolio of sustainable CO₂-reduced product and service solutions for the future. Business activities under the Nexigen® umbrella brand are still in the ramp-up phase. Klöckner & Co expects considerable future sales growth with Nexigen®. The future level of sales cannot be reliably quantified, however, due to factors beyond

Klöckner & Co's control, including the unforeseeable development of new technologies, regulatory requirements and cost increases such as carbon pricing in relation to conventional technologies.

As a share of total operating expenses for 2024, expenses for the sustainability transformation are not material in relation to total capital expenditure and therefore have no material impact on the net assets, financial position and results of operations of the Klöckner Group.

Further information on the accounting consideration of climate-related aspects and on their influence on the estimates and assumptions made in preparation of the financial statements can be found in particular in the additional explanations under Notes 6 (Special items affecting the results), 7 (Sales), 8 (Other operating income), 10 (Personnel expenses), 11 (Other operating expenses) and 16 (Intangible assets and property, plant and equipment).

In this connection, Klöckner keeps an attentive watch on legislation relating to climate change.

Impact of the introduction of global minimum taxation

In December 2021, the OECD published guidelines for a new global minimum tax framework. The EU member states agreed on an EU directive to implement this in December 2022. In Germany, the global minimum taxation rules came into effect by way of the Minimum Tax Act on December 28, 2023. Under this act, the Klöckner Group is subject to the German global minimum taxation rules starting in fiscal year 2024. On the basis of the calculation performed for all country units in 2024, a slightly higher income tax expense was recognized.

New accounting standards and interpretations

The following standards were applied for the first time in fiscal year 2024:

Standard/Interpretation

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

Amendments to IAS 1 – Non-current Liabilities with Covenants

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback

Amendments to IAS 7 and IFRS 7 – Reverse Factoring Agreements

Application of the amendments had no material impact on the consolidated financial statements of Klöckner & Co SE.

The table below lists the published standards and interpretations not yet applied in the Klöckner & Co Group:

Standard/Interpretation	Mandatory application
Endorsed by the EU until authorization date for issuance	
Amendments to IAS 21 – Lack of Exchangeability	2025
EU endorsement outstanding	
Annual improvement project – Improvements on IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	2026
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	2026
IFRS 18 – Presentation and Disclosure in Financial Statements	2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	2027

Early application of these standards is permitted but not planned. The Group currently expects that – except for the introduction of IFRS 18 – the application of the new standards, interpretations and amendments will have no material effects on the consolidated financial statements.

IFRS 18 will replace IAS 1 in the future and introduces new requirements that are intended to improve comparability of financial performance between similar entities and provide more relevant information to users of financial statements. Although IFRS 18 will not have an impact on the recognition or measurement of items in the financial statements, it will have a significant impact on presentation (in particular with regard to the income statement) and the notes (in particular in the form of disclosures on publicly communicated performance indicators ("management-defined performance indicators") that are not defined in IFRS accounting standards but by the Company's management).

The Group will apply the new standard from January 1, 2027 when its application becomes mandatory. Due to mandatory retrospective application, the comparative information for 2026 will also be restated in accordance with IFRS 18. Due to the ongoing process of analyzing and interpreting IFRS 18, the Group is currently unable to estimate the impact in the period of initial application.

Non-current assets held for sale, disposal groups and discontinued operations

An individual non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets and liabilities are presented as a disposal group if they are to be sold or otherwise disposed of as a group in a single transaction and collectively meet the criteria specified in IFRS 5 Non-current Assets held for Sale and Discontinued Operations. The assets and liabilities of a disposal group are presented separately in the statement of financial position under "Assets held for sale" and "Liabilities directly associated with assets classified as held for sale." A disposal group is classified as a discontinued operation if the components of the disposal group represent a separate major line of business or geographical area of operations that is part of a single coordinated plan to dispose of such a line of business or area of operations. The profit or loss of discontinued operations is recognized in the period in which it arises and is presented separately in the income statement under "Discontinued operations (after taxes)."

A disposal group is first measured with its assets in accordance with the relevant IFRS standards. However, individual assets in the disposal group cease to be depreciated or amortized. The resulting carrying amount of the group is then compared with its fair value less costs to sell in order to determine the lower amount for measurement. Impairment losses due to first-time classification as assets held for sale are recognized in profit or loss, as are subsequent impairment losses and impairment reversals.

In the Klöckner & Co Group, the France, United Kingdom, The Netherlands and Belgium CGUs are classified as discontinued operations as a disposal group with effect from December 1, 2023 (see also Note 21 for further information). The disposals were successfully completed with a closing date in first quarter of 2024. The effective date of disposal was February 29, 2024.

In the income statement, the results of the components of this disposal group are presented under discontinued operations. In the statement of cash flows, the cash flows from discontinued operations are presented separately from the cash flows from continuing operations and the prior-period figures have been restated accordingly.

Notes to the consolidated statement of income

(6) Special items affecting the results

Comparability between the fiscal year 2024 results and the prior year is impacted by the following special effects:

<i>(€ thousand)</i>	2024	2023
Restructuring expenses / gains		
– Inventory devaluation	-13,680	0
– Personnel measures	-6,627	-4,760
– Property disposal gains	978	4,740
– Other restructuring expenses	-6,789	-
Hurricane Helene		
– Damages hurricane Helene	-7,387	-
– Indemnification from insurance	6,315	-
EBITDA effects	-27,191	-20
EBT effects	-27,191	-20

2024

Impacts of environmental disasters

The Kloeckner Metals Americas segment was affected by several hurricanes in fiscal year 2024, one of which severely damaged a site. The resulting losses amount to €7 million in the fiscal year, offset by insurance recoveries of €6 million.

Restructuring expenses

Planned restructuring in the Kloeckner Metals Americas and the Kloeckner Metals Europe segment resulted in income from sales of real estate of €1 million, personnel-related site closure expenses of €7 million and other restructuring expenses of €7 million. In addition, there were inventory write-downs of €14 million in fiscal year 2024.

2023

Sale of property, plant and equipment

A line of business in the Kloeckner Metals Europe segment was sold in fiscal year 2023 with a gain on disposal of €5 million.

Personnel-related restructuring expenses

Planned restructuring in the Kloeckner Metals Europe segment resulted in personnel-related restructuring expenses of €5 million.

Impacts of the Russian war of aggression against Ukraine and of other geopolitical and trade conflicts

There has been no change with regard to the uncertainties in assessing the impact on current business performance – including the earnings prospects – of a potential further escalation of the war in Ukraine, the Middle East conflict and numerous other geopolitical and trade conflicts. Klöckner & Co has no business activities of its own in Ukraine, Russia or the Middle East crisis region. Furthermore, the sales and procurement markets in these countries have no relevance for Klöckner & Co and no material sales are generated or material purchases made there. The Russian war of aggression against Ukraine, the Middle East conflict and other geopolitical and trade conflicts therefore have had no direct accounting impact. However, the hostilities have had impacts on the macroeconomic environment that have indirectly affected the development of demand and prices in the sales markets relevant to us. Steel prices in both the US and Europe underwent a significant correction for much of the reporting period, but stabilized again towards the end of the year. As a result, inventory write-downs under IAS 2 as of December 31, 2024 were €12 million lower than a year earlier (please refer to Note 17 – Inventories). If the general economic situation changes in future periods, price movements may result in further inventory write-downs or the reversal of previous inventory write-downs.

From today's perspective, future developments and their impacts on the development of the business are subject to a high degree of uncertainty, including with regard to an impending or prolonged recession, skills shortages in industrialized countries, protectionism, uncertainties regarding further developments in key interest rates, the risk of instability in the financial sector or of individual bank failures, and continued high energy, material and commodity prices.

Against this backdrop, we have conducted impairment tests on critical assets comprising goodwill, intangible assets and property, plant and equipment (Note 16), deferred tax assets (Note 14) and trade receivables and contract assets (Note 18). Please also refer in this connection to our explanatory notes on financial risk management (Note 31) and in addition to the commentary on the results of operations, financial position and net assets in the management report.

(7) Sales

Accounting policies

Revenue from sales of goods are recognized when control has transferred to the buyer. This mostly coincides with the delivery date. Revenues from contracts with customers are only recognized otherwise than at the time of delivery if the buyer already has control before delivery or if control transfers over time. Sales are reported net of allowances such as commissions, trade discounts and rebates, which are determined by estimation if necessary.

The Klöckner & Co Group mainly sells steel and metal products in the form of distribution business, steel service center business and higher value-added business.

Distribution business generally consists of selling material, with little or no processing, to customers out of a stockyard and deliveries in consignment stock on customer premises. Revenue from such transactions is recognized on delivery or collection of the goods.

Steel service center sales primarily entail the processing of coil into various sheet metal products.

Higher value-added business is characterized by goods that have higher margins due to the nature of the product (including aluminum and stainless steel) or that undergo extensive processing prior to delivery to the customer. Such processing is carried out, for example, by fully automated sawing and drilling systems or 3D laser cutting systems. Revenue from such transactions is recognized on delivery of the processed goods to a customer. This category also includes sales of technical products in Switzerland.

Payment terms vary from customer to customer. Frequent payment terms are 30 days net, 60 days net and the 15th of the month following delivery.

The Group's external sales are broken down by region (customer headquarters) as follows:

2024 (€ thousand)	Kloeckner Metals Americas	Kloeckner Metals Europe	Total
Germany	-	1,257,775	1,257,775
EU excluding Germany	-	369,033	369,033
Switzerland	-	1,033,022	1,033,022
Rest of Europe	-	12,391	12,391
USA	3,302,257	725	3,302,983
Central and South America	614,891	13,489	628,380
Asia/Australia	-	28,611	28,611
Sales	3,917,148	2,715,045	6,632,193

2023 (€ thousand)	Kloeckner Metals Americas	Kloeckner Metals Europe	Total
Germany	-	1,602,067	1,602,067
EU excluding Germany	-	349,191	349,191
Switzerland	-	1,124,072	1,124,072
Rest of Europe	-	10,939	10,939
USA	3,527,487	570	3,528,057
Central and South America	303,491	20,018	323,509
Asia/Australia	-	18,773	18,773
Sales	3,830,978	3,125,629	6,956,607

The Group's sales by type of business are as follows:

2024 (€ thousand)	Kloeckner Metals Americas	Kloeckner Metals Europe	Total
Higher value-added business	1,018,225	1,649,798	2,668,023
Steel service center business	2,114,461	576,356	2,690,817
Distribution business	784,463	488,891	1,273,354
External sales	3,917,148	2,715,045	6,632,193

2023 (€ thousand)	Kloeckner Metals Americas	Kloeckner Metals Europe	Total
Higher value-added business	1,065,772	1,824,830	2,890,602
Steel service center business	1,841,195	730,605	2,571,800
Distribution business	924,011	570,195	1,494,206
External sales	3,830,978	3,125,629	6,956,607

Sales include taxonomy-eligible sales of €4 million (2023: €0 million) from the sale of steel scrap for reuse and recycling. Taxonomy-eligible sales are sales that are eligible to be classified as environmentally sustainable under the rules of the EU Taxonomy. Detailed information on this topic is provided in the sustainability report.

(8) Other operating income

<i>(€ thousand)</i>	2024	2023
Income from outcharges of IT-costs to sold activities	8,470	-
Foreign currency exchange gains	4,979	10,302
Income from sale of IP addresses	2,303	-
Gain on disposal of fixed assets		
– intangible assets and property, plant and equipment	1,930	798
– intangible assets and property, plant and equipment (material special effects)	978	4,740
Indemnification payments received	246	2,102
Income from business combinations (excess of acquired net assets over costs - negative goodwill = lucky buy)	-	3,218
Indemnification from insurance hurricane Helene (material special effects)	6,315	-
Other income	12,309	12,203
Other operating income	37,530	33,363

A number of hurricanes caused significant damage at sites in the Kloeckner Metals Americas segment in fiscal year 2024, which was largely covered by insurance reimbursements. Further information is included in Note 6 (Special items affecting the results).

(9) Cost of materials

<i>(€ thousand)</i>	2024	2023
Cost of materials, supplies and purchased merchandise	5,475,239	5,794,172
Cost of purchased services	2,481	2,978
Cost of materials	5,477,720	5,797,149

(10) Personnel expenses

<i>(€ thousand)</i>	2024	2023
Wages and salaries	448,185	430,010
Social security contributions (including welfare benefits)	79,405	79,618
Retirement benefit cost	8,252	20,132
Restructuring expenses/income	6,627	4,760
Personnel expenses	542,469	534,520

On a currency-adjusted basis, personnel expenses in fiscal year 2024 amount to €540 million, compared to €535 million in the prior year, and show an increase by 1.1%, mainly due to a larger number of employees resulting from acquisition activity in the second half of fiscal year 2023.

Wages and salaries include €0.9 million (2023: €1.1 million) in climate-related variable remuneration components for management, including the Management Board, that are measured on the basis of the reduction in CO₂e emissions (Scope 1 and Scope 2 emissions) relative to the 2019 base year. Further information and explanatory notes on the targets for variable remuneration can be found in our remuneration report.

The average number of employees in the Klöckner & Co Group pursuant to Section 314 (1) 4 of the German Commercial Code (HGB) was as follows in the reporting year:

	2024	2023
Salaried employees	3,894	3,715
Wage earners	2,389	2,142
Apprentices	157	159
Employees	6,440	6,016

(11) Other operating expenses

<i>(€ thousand)</i>	2024	2023
Forwarding cost	169,030	160,414
Third-party services	104,320	100,017
Repairs, maintenance and other expenses for plant and buildings	53,240	51,880
Supplies	49,382	47,281
Audit fees and consulting	22,316	23,175
Other taxes	13,866	13,508
Travel expenses	13,681	11,987
Other insurance	12,960	10,743
Advertising and representation expenses	7,114	5,619
Foreign currency exchange losses	6,922	7,531
Postal charges and telecommunication	6,789	6,125
Bad debt expenses	1,807	1,531
Credit insurance	1,688	950
Losses on asset disposal hurricane Helene (material special effect)	7,387	-
Other restructuring expenses (material special effect)	6,789	-
Other expenses	21,437	24,899
Other operating expenses	498,726	465,661

The other expenses mainly relate to fringe benefits, office supplies, incidental bank charges and membership fees. In addition, in the fiscal year, they include exceptional losses on the disposal of property, plant and equipment and current assets destroyed as a result of hurricane damage in the United States. The damage was largely covered by reimbursements from our insurance (see Notes 6 and 8).

(12) Income from investments

Income from investments comprises dividends and measurement gains/losses on unconsolidated affiliated companies and other investments and breaks down as follows:

<i>(€ thousand)</i>	2024	2023
Dividends	107	75
Changes in market value from the valuation of equity instruments	-1,714	-3,630
Income from investments	-1,607	-3,555

The changes in fair value from the measurement of equity instruments relate to investment by kloeckner.v GmbH in various venture capital companies.

(13) Financial result

Accounting policies

Interest income is recognized pro rata temporis based on the outstanding principal amount and the applicable interest rate using the effective interest method. Dividends are recognized when the right to receive payment is legally established.

<i>(€ thousand)</i>	2024	2023
Other interest and similar income	2,313	2,825
Finance income	2,313	2,825
Interest and similar expenses	-58,774	-44,272
Interest cost for leases	-4,731	-3,758
Interest cost for post-employment benefits	-718	-946
Finance expenses	-64,223	-48,976
Financial result	-61,910	-46,151

The financial result includes net interest expenses of €57,818 thousand (2023: €42,960 thousand), which were calculated and recognized using the effective interest method.

The increase in interest and similar expenses is due to higher average net financial liabilities than in the previous year.

(14) Income taxes

Accounting policies

Income tax expense is the sum total of current and deferred tax expenses.

Current tax expense is calculated on the basis of taxable income for the fiscal year. Tax liabilities are measured at the amount for which payment to the taxation authorities is expected. The liabilities are measured at the tax rates that have been enacted by the reporting date.

Deferred taxes are calculated using the balance sheet liability method. They result from differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax base (temporary differences) and from consolidation entries. No deferred taxes are recognized for goodwill on initial consolidation. Deferred taxes are measured based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is also recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow part or all of deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and a previously unrecognized deferred tax asset is recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Klöckner & Co Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off and they relate to income taxes levied by the same taxation authority and current tax assets and tax liabilities are intended to be settled on a net basis.

Current and deferred taxes are recognized in profit or loss unless they relate to items that are recognized directly in equity or in other comprehensive income. In such cases, they are also charged or credited to equity or other comprehensive income.

Income taxes in the income statement

Income tax income/expense for the Klöckner & Co Group is as follows:

<i>(€ thousand)</i>	2024	2023
Current income tax expense (+)/benefit (-)	27,653	35,519
<i>thereof related to prior periods</i>	-5,019	395
<i>thereof related to current period</i>	32,672	35,124
Domestic	1	-114
Foreign	27,652	35,633
Deferred tax expense (+)/benefit (-)	34,588	-19,194
<i>thereof related to temporary differences</i>	4,199	-4,364
<i>thereof related to loss carry forwards</i>	30,389	-14,829
Domestic	37,718	-13,053
Foreign	-3,130	-6,141
Income tax expense (+)/benefit (-)	62,241	16,325

The combined income tax rate is 31.9% (2023: 32.1%), comprising corporate income tax (including solidarity surcharge) of 15.8% and trade tax for Klöckner & Co of 16.1%. Foreign tax rates vary between 9.0% and 34.0%.

The Company incurred current income tax of €27,653 thousand for the reporting year (2023: €35,519 thousand). It should be noted, however, that cross-border offsetting of tax profits and tax losses is not permitted. In particular, tax losses in individual countries cannot be offset against tax profits in other countries.

The Group operates in numerous different countries. Its income is therefore subject to various tax jurisdictions. Tax receivables, tax liabilities, temporary differences, tax loss carryforwards and the resulting deferred taxes must be determined separately for each taxable entity. Management is required to make estimates in calculating current and deferred taxes. Deferred tax assets can only be recognized to the extent that their realization is probable. The realization of deferred taxes notably depends on sufficient taxable income being available for the type of tax and tax jurisdiction concerned. Various factors must be taken into consideration when gauging the probability of the future flow of economic benefits, such as historical earnings, budgets, loss carryforward restrictions and tax planning strategies. The recognition of deferred taxes is assessed once again at each reporting date.

IFRIC 23 clarifies the application of the recognition and measurement rules in IAS 12 in the event of uncertainty about the income tax treatment. Recognition and measurement require estimates and assumptions about such questions as to whether uncertain tax treatments are considered separately or together, whether the most likely value or the expected value method is used to resolve the uncertainty and whether there have been changes relative to the prior period. Detection risk is immaterial to the accounting of uncertain financial statement items. They are accounted for on the basis of the assumption that the tax authorities investigate the matter in question and have full knowledge of all relevant information.

The notes contain the following information on the estimates, assumptions and discretionary decisions. In addition, information on the potential effects of the uncertainty must be disclosed as a tax-related contingent liability in accordance with IAS 12.88.

There are no material effects on the consolidated financial statements of Klöckner & Co SE.

Expected tax income/expense is reconciled to actual tax income/expense as follows:

<i>(€ thousand)</i>	2024	2023
Expected tax rate	31.9%	32.1%
Income before taxes	-83,456	16,055
Expected tax expense/benefit at domestic tax rate	-26,622	5,153
Foreign tax rate differential	-2,247	-10,723
Tax rate changes	-174	-280
Tax reduction due to tax free income	-1,493	-689
Tax increase due to non-deductible expenses	23,368	8,111
Current income tax levied or refunded for prior periods	-5,018	513
Current tax benefit resulting from previously unrecognized deferred tax assets on loss carryforwards and on temporary differences	-8,271	-3,096
Tax increase due to non-capitalization of deferred tax assets on loss carryforwards and deductible temporary differences including valuation allowances	80,545	15,526
Other income taxes	65	-
Other tax effects	2,088	1,810
Effective income tax benefit/expense	62,241	16,325
Effective tax rate	-74.6%	101.7%

The negative actual tax rate of -74.6% in the fiscal year under review is below the expected combined income tax rate of 31.9%. This mainly relates to higher tax due to losses for which no deferred tax asset can be recognized and to valuation allowance on deferred tax assets.

Taxes recognized directly in other comprehensive income

Current and deferred taxes are normally recognized in profit or loss. Current and deferred taxes are normally recognized in profit or loss, with the exception of taxes relating to items accounted for in other comprehensive income.

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023
Change in deferred tax assets and liabilities (net), not affecting net income	-23,346	-6,465
<i>thereof reported</i>		
<i>– in other comprehensive income</i>	-23,346	-6,465

Deferred taxes on adjustments of pension provisions in other comprehensive income in accordance with IAS 19, net investment hedges and changes in the fair values of derivative financial instruments designated in hedge accounting are recognized directly in other comprehensive income.

The deferred tax liabilities relating to items accounted for in equity totaled €13,229 thousand at the end of the reporting year (2023: deferred tax assets of €11,737 thousand). In the reporting year, these relate in their entirety to pension obligations.

Deferred tax assets and liabilities

Deferred tax assets and liabilities associated with items in the consolidated statement of financial position and to tax loss carryforwards are as follows:

<u>As of January 1, 2024</u>			
(€ thousand)	Net balance	Recognized in profit and loss	Recognized in OCI
From temporary differences and consolidations	-52,128	-8,872	-27,723
Intangible assets	-19,171	-2,597	-1,610
Property, plant and equipment	-55,819	3,729	-4,687
Non-current investments			
Inventories	-19,808	12,464	-1,663
Receivables	-5,251	2,802	-441
Other current assets	25,355	32,030	2,129
Provisions for pensions and similar obligations	-13,365	-12,629	-24,468
Other provisions and accrued liabilities	5,561	-4,715	467
Financial liabilities	9,164	-7,452	769
Other liabilities	21,206	-32,504	1,781
Tax loss carryforwards/interest carryforwards	38,253	-25,716	3,212
Deferred tax assets/liabilities (before offsetting)	-13,875	-34,588	-24,511
Offsetting			
Deferred tax assets/liabilities	-13,875		

<u>As of January 1, 2023</u>			
(€ thousand)	Net balance	Recognized in profit and loss	Recognized in OCI
From temporary differences and consolidations	-32,378	4,363	-34,062
Intangible assets	-6,260	-9,116	-5,721
Property, plant and equipment	-32,992	-2,813	-30,149
Non-current investments	-	-	-
Inventories	-9,940	-3,838	-9,083
Receivables	-1,464	-2,899	-1,338
Other current assets	12,650	5,031	11,560
Provisions for pensions and similar obligations	-6,908	2,206	-10,786
Other provisions and accrued liabilities	6,270	-4,513	5,729
Financial liabilities	6,097	-631	5,572
Other liabilities	169	20,936	154
Tax loss carryforwards/interest carryforwards	30,150	14,830	27,552
Deferred tax assets/liabilities (before offsetting)	-2,228	19,193	-6,510
Offsetting	-		
Deferred tax assets/liabilities	-2,228		

As of December 31, 2024

	Recognized directly in equity	Acquired in business combinations	Other (e.g. non-current assets held for sale and discontinued operations)	Net balance	Deferred tax assets	Deferred tax liabilities
	-	-233	4,660	-84,295	68,964	-153,259
		-86	1,714	-21,750	745	-22,495
		-249	4,990	-52,036	965	-53,001
		-89	1,771	-7,325	4,399	-11,724
		-23	469	-2,444	818	-3,262
		113	-2,267	57,361	57,589	-228
		-60	1,195	-49,327	113	-49,440
		25	-497	841	2,490	-1,649
		41	-819	1,703	1,743	-40
		95	-1,896	-11,318	102	-11,420
		-2,061	-4,000	9,688	9,688	-
	-	-2,294	660	-74,607	78,652	-153,259
					-61,533	61,533
				-74,607	17,119	-91,726

As of December 31, 2023

	Recognized directly in equity	Acquired in business combinations	Other (e.g. non-current assets held for sale and discontinued operations)	Net balance	Deferred tax assets	Deferred tax liabilities
	-	7,612	2,334	-52,128	79,023	-131,151
	-	1,472	451	-19,171	643	-19,814
	-	7,756	2,378	-55,819	430	-56,249
	-	-	-	-	-	-
	-	2,337	717	-19,808	4,222	-24,030
	-	344	106	-5,251	1,948	-7,199
	-	-2,974	-912	25,355	28,395	-3,040
	-	1,624	498	-13,365	4,391	-17,756
	-	-1,474	-452	5,561	7,484	-1,923
	-	-1,433	-440	9,164	9,164	-
	-	-40	-12	21,206	22,346	-1,140
	-	-30,276	-4,000	38,253	38,253	-
	-	-22,664	-1,666	-13,875	117,276	-131,151
				-	-62,425	62,425
				-13,875	54,851	-68,726

Klöckner & Co recognizes deferred tax assets only to the extent that tax planning calculations indicate that the related tax benefits will be utilized within a certain planning horizon, as we can only assess utilization to the required level of probability within such a forward horizon. As of December 31, 2024, deductible temporary differences and loss carryforwards that are able to be utilized are recognized over a planning horizon of four years (2023: planning horizon of four years).

In accordance with IAS 12.39, no deferred tax liabilities were recognized for taxable temporary differences associated with investments in subsidiaries (outside basis differences) in the amount of €27.5 million (2023: €21.8 million).

The following deferred tax assets on unused tax loss carryforwards and deductible temporary differences have not yet been recognized because their realization cannot be reliably guaranteed:

<i>(€ million)</i>	December 31, 2024	December 31, 2023
Unrecognized tax losses		
– Corporate income tax	461	578
– Trade tax and similar taxes	285	110
– Interest carry forward	23	2
Temporary differences	25	11

The majority of the unrecognized tax loss carryforwards are not subject to a maximum carryforward period under prevailing law and therefore do not expire unless specific circumstances arise (such as change of control). The unrecognized tax loss carryforwards that are subject to a maximum carryforward period expire as follows:

<i>(€ million)</i>	December 31, 2024	December 31, 2023
until December 31, 2024	-	-
until December 31, 2034	13	1
after December 31, 2034	19	12

Temporary differences are deductible indefinitely.

Pillar Two

Klöckner & Co falls within the scope of the OECD Global Anti-Base Erosion (GloBE) Model Rules (Pillar Two) for the reform of international corporate taxation and makes use of the temporary exemption from accounting for deferred taxes. With the entry into force of the Pillar Two legislation from January 1, 2024, the Group will be exposed to a slightly increased tax burden from Pillar Two. Under the legislation, for each jurisdiction, the Group must pay a top-up tax in the amount of any difference between the GloBE effective tax rate and the 15% minimum tax rate. With the exception of one subsidiary with a permanent establishment in Hungary, the Group is subject to an effective tax rate in excess of 15% in all jurisdictions in which it operates. The analysis for Hungary showed an average effective tax rate of 8.95% based on the IFRS earnings for the 2024 reporting period. Taking into account the effects of specific adjustments under the Pillar Two legislation, the Group recognized a current income tax expense of €65 thousand.

(15) Earnings per share

Accounting policies

Basic earnings per share are calculated by dividing consolidated net income for the year attributable to shareholders of Klöckner & Co SE by the average number of shares outstanding during the period. Potential shares from convertible bonds are treated as dilutive if, and only if, their conversion to shares would decrease earnings per share or increase loss per share.

		2024	2023
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	-176,702	-190,593
– from continuing operations		-146,781	-1,061
– from discontinued operations		-29,921	-189,532
Weighted average number of shares	(thousands of shares)	99,750	99,750
Basic earnings per share from continuing operations	(€/share)	-1.47	-0.01
Basic earnings per share from discontinued operations	(€/share)	-0.30	-1.90
Sum of basic earnings per share	(€/share)	-1.77	-1.91
Diluted earnings per share from continuing operations	(€/share)	-1.47	-0.01
Diluted earnings per share from discontinued operations	(€/share)	-0.30	-1.90
Sum of diluted earnings per share	(€/share)	-1.77	-1.91

Notes to the consolidated statement of financial position

(16) Intangible assets and property, plant and equipment

a) Intangible assets

Accounting policies

Intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses if economic benefits are expected from the asset and the cost of the asset can be measured reliably.

Intangible assets are amortized on a straight-line basis over their expected useful life. Intangible assets recognized in business combinations for customer relationships are amortized based on the expected churn rate.

The expected useful lives are as follows:

	Useful life in years
Software	2–5
Customer relations	2.5–17
Trade names	3–15
Other intangible assets	1–15

The useful life is reviewed annually and changed as necessary in accordance with future expectations. Intangible assets with an indefinite useful life – in the Klöckner & Co Group solely goodwill – are reviewed for impairment at least annually and whenever there is an indication that they may be impaired.

(€ thousand)	Intangible assets (without Software/ Goodwill/ Customer relationships)	Customer relationships from business combinations	Software	Goodwill	Total intangible assets
Cost as of January 1, 2023	36,096	413,401	83,139	340,606	873,242
Accumulated amortization and impairments	-33,876	-379,667	-69,047	-306,127	-788,717
Balance as of January 1, 2023	2,220	33,734	14,092	34,479	84,525
Exchange rate differences	-2	-693	557	1,784	1,646
Additions from business combinations	4,586	93,206	2,881	48,152	148,825
Additions	233	72	6,211	-	6,516
<i>thereof taxonomy-eligible</i>	-	-	2,802	-	2,802
Disposals	-2	-	-	-	-2
Reversal of impairment	-	-	5	-	5
Impairments	-111	-	-231	-5,486	-5,828
Depreciation and amortization	-1,329	-21,215	-5,782	-	-28,326
Transfers	-754	-	800	-	46
Reclassification to assets held for sale	-1	-	-3	-	-4
Balance as of December 31, 2023	4,840	105,104	18,530	78,929	207,403
Cost as of December 31, 2023	39,324	496,120	90,251	369,562	995,257
Accumulated amortization and impairments	-34,484	-391,016	-71,721	-290,633	-787,854
Balance as of January 1, 2024	4,840	105,104	18,530	78,929	207,403
Exchange rate differences	185	5,700	-27	2,445	8,303
Additions from business combinations	348	3,957	247	7,195	11,746
Additions	14	-	3,436	-	3,449
<i>thereof taxonomy-eligible</i>	-	-	-	-	-
Impairments	-	-	-	-37	-37
Depreciation and amortization	-2,837	-15,451	-6,144	-	-24,432
Transfers	-140	-	291	-	151
Balance as of December 31, 2024	2,410	99,310	16,332	88,531	206,584
Cost as of December 31, 2024	40,419	525,325	92,816	393,442	1,052,002
Accumulated amortization and impairments	-38,009	-426,015	-76,484	-304,911	-845,419

Intangible assets include €2 million (2023: €3 million) for self-developed software at kloeckner.i GmbH. Research and development expenses came to €0.1 million (2023: €1 million).

Intangible assets in the prior year include taxonomy-eligible CAPEX of €3 million. Taxonomy-eligible CAPEX is capital expenditure that is eligible to be classified as environmentally sustainable under the rules of the EU Taxonomy. Detailed information on this topic is provided in the sustainability report.

Of the €99 million carrying amount of customer relationships from initial consolidations, €4 million relates to an acquisition in the USA during the reporting year and is amortized on a straight-line basis over the expected useful life of the customer relationships.

Goodwill impairment testing in accordance with IAS 36

Under IAS 36 (Impairment of Assets), cash-generating units (CGUs) to which goodwill has been allocated have to be tested annually for impairment. This is done on the basis of the business plan approved by the respective committees in the fourth quarter. In addition, an impairment test is carried out whenever there is an indication that a CGU may be impaired.

The recoverable amount of a CGU is calculated as value in use using the discounted cash flow method, which is based on bottom-up planning. Planning covers a four-year period. Klöckner & Co utilizes a uniform planning model for all CGUs.

The discount rates are based on the Capital Asset Pricing Model (CAPM). Its main inputs are the risk-free rate of return, the volatility (beta) of peer group shares relative to the capital market, assumptions about credit risk and the market risk premium for return on equity.

The figures were determined with the assistance of outside experts.

Assumptions used in impairment testing of material goodwill

The following assumptions were used for the compound annual growth rate (CAGR) of shipments, gross profit per ton and OPEX in the detailed planning period for the purposes of impairment testing of goodwill:

CGU (relative change in %)	Year	Shipments in tons	Gross profit € per ton	OPEX in €
Switzerland	2024	3.4%	2.1%	7.5%
	2023	2.5%	3.2%	4.7%
USA	2024	6.6%	1.6%	5.5%
	2023	6.2%	1.2%	5.7%
Mexico	2024	10.8%	4.4%	10.4%
	2023	10.7%	2.2%	8.2%

Growth rates of 1.0% (Switzerland CGU; 2023: 1.0%) and 2.0% (USA and Mexico CGUs; 2023: 2.0%) were used in determining the expected future cash flows.

The expected future cash flow primarily takes into account the cyclical nature of the business model, based on averaging over the detailed planning period of four years.

In addition, the projected cash inflows largely depend on expected shipments and future gross profit per ton. This is prognosticated on the basis of normalized gross profit. Shipments are estimated taking into account macroeconomic and industry-specific trends.

Other major factors affecting the sustainable level of future cash inflows comprise the expected development of operating expenses (OPEX) and the determination of discount rates, including the future growth rate assumed in perpetuity. OPEX is determined on the basis of individual business budgeting and on assessment of macroeconomic developments.

Judgements on macroeconomic and sector-specific trends forming the basis for shipment volumes and gross margins also include assumptions about the impact of climate-related aspects and the influence of other sustainability factors on business development or the product portfolio due, for example, to changes in customer demand or regulatory requirements. In this connection, Klöckner keeps an attentive watch on legislation relating to climate change. On this basis, there are no indications of a climate-related impairment of goodwill.

Impairment testing of goodwill allocated to the CGUs

The carrying amounts of goodwill total €89 million and relate to the Mexico CGU (€32 million), the Switzerland CGU (€34 million) and the USA CGU (€23 million). Recoverability was confirmed for all goodwill. The positive headroom amounts to €36,148 thousand (2023: €50,667 thousand) for Switzerland and to €26,914 thousand and €323,079 thousand (2023: €29,065 and €240,668 thousand), respectively, for the two Mexico and USA CGUs.

The following table shows the percentages by which the key assumptions used in calculating the terminal value in the impairment test would have to change, with all other factors held constant, in order for the estimated recoverable amount of the CGU to equal its carrying amount (sensitivity analysis):

CGU	Shipments in tons	Gross profit per tons in €	OPEX in €	WACC in %	Growth rate in %
USA	-8.5%p	-6.6%p	+7.2%p	+2.4%p	-12.6%p
Mexico	-7.2%p	-5.1%p	+6.6%p	+0.8%p	-2.7%p
Switzerland	-1.3%p	-1.1%p	+1.2%p	+0.4%p	-0.9%p

Value in use was measured on the basis of a pretax WACC of 11.7% (2023: 11.8%) for the USA CGU, a pretax WACC of 14.1% (2023: 14.0%) for the Mexico CGU and a pretax WACC of 8.0% (2023: 8.5%) in Switzerland.

b) Property, plant and equipment

Accounting policies

Property, plant and equipment is carried at cost less accumulated depreciation and impairments plus impairment reversals.

The cost of self-constructed assets comprises all direct costs and attributable overheads. Administrative costs are only included in the cost of an asset to the extent that they relate to its construction. Property, plant and equipment subject to depreciation is normally depreciated on a straight-line basis. Maintenance and repair costs are expensed as incurred.

Depreciation is based on the following useful lives:

	Useful life in years
Office building, factory and warehouse buildings	10–50
Plant facilities similar to buildings	8–33
Warehouse and crane equipment and other technical equipment	2–20
Operating and office equipment	1–15

(€ thousand)	Land, similar land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and construction in progress	Total property, plant and equipment
Cost as of January 1, 2023	963,932	462,675	442,947	50,045	1,919,599
Accumulated amortization and impairments	-493,773	-318,906	-307,672	-51	-1,120,402
Balance as of January 1, 2023	470,159	143,769	135,275	49,994	799,197
Exchange rate differences	8,167	-1,489	2,120	-391	8,407
Additions from business combinations	31,654	23,826	3,558	253	59,291
Additions	37,749	33,057	47,749	43,986	162,541
<i>thereof taxonomy-eligible</i>	17,493	-	15,947	-	33,440
Disposals	-3,968	-10,814	-3,448	-773	-19,003
Reversal of impairment	321	161	26	-	508
Impairments	-90,641	-18,461	-21,696	-3,543	-134,341
Depreciation and amortization	-40,901	-31,935	-40,294	-	-113,130
Transfers	10,826	25,291	9,638	-45,801	-46
Reclassification to assets held for sale	-2,225	-401	-261	-42	-2,929
Balance as of December 31, 2023	421,141	163,004	132,667	43,683	760,495
Cost as of December 31, 2023	823,469	411,745	388,417	43,732	1,667,363
Accumulated amortization and impairments	-402,328	-248,741	-255,750	-49	-906,868
Balance as of January 1, 2024	421,141	163,004	132,667	43,683	760,495
Exchange rate differences	6,771	6,827	2,364	1,777	17,739
Additions from business combinations	11,349	4,180	176	-	15,706
Additions	28,585	25,164	45,026	42,031	140,805
<i>thereof taxonomy-eligible</i>	31,444	-	14,704	-	46,149
Disposals	-773	-1,397	-944	-339	-3,453
Reversal of impairment	-	-	50	-	50
Impairments	-448	-2,447	-311	-	-3,206
Depreciation and amortization	-37,085	-31,032	-33,279	-	-101,395
Transfers	3,372	25,389	5,113	-34,025	-151
Reclassification to assets held for sale	-12,724	-595	-826	-	-14,145
Balance as of December 31, 2024	420,188	189,094	150,035	53,127	812,443
Cost as of December 31, 2024	850,802	478,501	426,375	53,127	1,808,805
Accumulated amortization and impairments	-430,615	-289,407	-276,340	-	-996,362

Property, plant and equipment includes right-of-use assets (IFRS 16) in the amount of €136,282 thousand (2023: €123,248 thousand).

Property, plant and equipment with a carrying amount of €40,508 thousand (2023: €41,845 thousand) was pledged as security in the form of liens for financial liabilities.

The additions to property, plant and equipment include taxonomy-eligible CAPEX of €46 million (2023: €33 million), mainly in relation to economic activities in the transportation sector (such as vehicle fleet electrification and the installation of charging facilities) and real-estate activities.

Impairment testing of other non-current assets

If there are indications of impairment for CGUs – which are normally identified at country level – to which no goodwill has been allocated, the recoverable amount is measured at the level of the CGU concerned. The figures were determined with the assistance of outside experts.

Klöckner & Co SE's market capitalization was less than the book value of equity as of December 31, 2024. There was thus a triggering event within the meaning of IAS 36.12 (d) that may be an indication of impairment of other non-current assets (such as buildings or machinery). In addition, there were internal indications within the meaning of IAS 36.12 (f) that there may be an impairment of the recoverable amount of the Brazil and Becker CGUs (since the first quarter of 2024) and of the Germany CGU due to the significantly poorer business performance criteria in the second half of the fiscal year.

GERMANY, BRAZIL AND BECKER CGUS

The impairment tests conducted on non-current assets for all CGUs showed that the values in use of the Germany, Brazil and Becker CGUs were less than their carrying amounts, hence the recoverable amount cannot be determined from the cash flows from continuing use.

Any impairment must be allocated in a second step to reduce the carrying amounts of the assets of the CGUs (IAS 36.104). In allocating the impairment loss, the carrying amount of an asset may not be reduced below its fair value less costs of disposal or its value in use (IAS 36.105). The fair values of the individual assets were therefore determined.

The carrying amounts of the tested non-current assets of the CGUs in question before impairment testing were as follows as of December 31, 2024:

<i>(€ thousand)</i>	Germany	Becker	Brazil
Other intangible assets	137	3,551	30
Land and buildings	16,978	34,952	143
Technical equipment and machinery	14,358	25,933	1,717
Other equipment, operating and office equipment	14,849	8,745	111
Payments on account/Assets under construction	4,364	1,028	-
Right-of-use assets	12,570	1,697	80
Total	63,256	75,906	2,081

In determining the fair values of land assets, use was also made of outside appraisals and external sources for land values. Any appraisals from prior periods were updated in line with observed market changes. The values are based on the sales comparison approach.

The individual fair values of technical equipment and other equipment, furniture and fixtures, and office equipment were determined separately on the basis of an indexed replacement value approach. Price indices were obtained from the respective national statistical offices. For all items that have reached 50% of their economic life, an allowance for functional obsolescence (loss in value or usefulness caused by inefficiencies or inadequacies of the asset when compared to a more efficient or less costly replacement asset developed by new technology) of 1% p.a. was applied to the depreciated cost when new (replacement cost based on current age). Allowances for economic obsolescence caused by factors extraneous to the asset (such as loss in demand for the product, decommissioned assets, increased competition or environmental regulations) were applied in a range between 10% and 50%.

The fair values of right-of-use assets in accordance with IFRS 16 are determined on the basis of benchmark lease payments and price developments for comparable assets.

For most assets, the fair values determined in this way exceed the carrying amounts of the assets of the CGUs. Impairments were recognized in the amount of €1,242 thousand for the Becker CGU, €2,021 thousand for the Germany CGU and €867 thousand for the Brazil CGU.

The recoverability of non-current assets is thus demonstrated via the assumption of individual disposal or alternative use or taken into account by impairment losses in the financial statements. Depending on future changes in their fair values, however, the necessity for additional impairment losses cannot be ruled out.

Klöckner & Co SE also signed a new rental agreement for a property in Düsseldorf with effect from December 16, 2024. The previous rental agreement for the Duisburg site runs until June 30, 2025, but is no longer used. The €448 thousand carrying amount of the right-of-use asset was written off in full in the fiscal year.

c) Leases

Accounting policies

THE GROUP AS LESSOR

Klößner & Co does not act as lessor to any significant extent.

THE GROUP AS LESSEE

At the inception of a contract, Klößner & Co assesses whether the contract is, or contains, a lease. For all leases in which a Group company is lessee, a right-of-use asset and a corresponding lease liability are recognized. Exceptions to this are short-term leases (defined as leases with a term of 12 months or less) and leases of low-value assets (such as tablets, personal computers, small items of office furniture and telephones). For these leases, lease payments are recognized as other expenses on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

The lease liability is initially recognized at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate is determined on the basis of external sources. These are adjusted to take account of the lease terms and the type of asset.

Lease payments are included in measurement of the lease liability as follows:

- Fixed lease payments (including in-substance fixed payments), less any incentives receivable
- Variable lease payments based on an index or rate, initially measured using the index or rate at the commencement date of the lease
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

For subsequent measurement of the lease liability, the carrying amount is increased to reflect interest on the lease liability (applying the effective interest method) and reduced to reflect the lease payments made.

Lease liabilities are remeasured and the corresponding right-of-use asset adjusted accordingly in the following cases:

- There is a change in the lease term or there is a significant event or significant change in circumstances resulting in a change in the assessment of an option to purchase. In such cases, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- There is a change in future lease payments resulting from a change in an index or a rate or a change in the amounts expected to be payable under a residual value guarantee. In these cases, the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments results from a change in floating interest rates, in which case a revised discount rate is used).
- There is a lease modification and the lease modification is not accounted for as a separate lease. In such cases, the lease liability is remeasured on the basis of the modified lease term by discounting the revised lease payments using a revised discount rate at the effective date of the lease modification.

Initial measurement of the right-of-use assets comprises any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred. Subsequent measurement is at cost less any accumulated depreciation and any accumulated impairment losses.

If Klöckner & Co has an obligation to dismantle or remove the asset underlying a lease or to restore the asset or site on which it is located to the condition required by the terms and conditions of the lease, a provision is recognized and measured in accordance with IAS 37. If such costs relate to a right-of-use asset, they are recognized as part of the cost of the right-of-use asset.

Right-of-use assets are normally depreciated over the lease term. However, if the useful life of the underlying asset is shorter than the lease term, the right-of-use asset is depreciated over the useful life of the underlying asset. The same applies if the lease transfers ownership of the underlying asset or if the Group is reasonably certain to exercise a purchase option agreed in the lease and the exercise price is therefore already included in the cost of the right-of-use asset. Depreciation begins on commencement of the lease.

Right-of-use assets are presented as a separate item in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any impairment loss as described in the accounting principles for property, plant and equipment.

Variable lease payments that do not depend on an index or rate are not included in measurement of the lease liability and the right-of-use asset. Such payments are recognized in the other expenses item of the income statement in the period in which the event or condition that triggers the payments occurs.

Among the practical expedients provided for in IFRS 16, a lessee can elect not to separate non-lease components from lease components and instead to account for each lease component and any associated non-lease components as a single agreement in accordance with IFRS 16. Klöckner & Co applies this practical expedient for leases of technical equipment and machinery and for leases of operating and office equipment. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on the relative stand-alone selling price of the lease component and the aggregate stand-alone selling prices of the non-lease component(s).

Klöckner & Co presents right-of-use assets in property, plant and equipment and lease liabilities in financial liabilities.

Klößner & Co primarily leases stockyard and office premises, trucks, cars and machinery. The leases for vehicles and machinery typically have terms of between three and ten years. In the case of stockholding and office sites, they have terms of between three and 30 years, in some cases with an extension option beyond the lease term. There are also leasehold contracts in Germany with terms of up to 80 years. Lease payments are renegotiated every few years to reflect market rates. Some leases provide for additional lease payments based on changes in local price indices or include agreed percentage rates of increase.

Information on leases in which Klößner & Co is lessee is presented in the following.

Right-of-use assets

Right-of-use assets relating to leased property that does not meet the definition of investment property are presented in property, plant and equipment (see Note 16 b)).

<i>(€ thousand)</i>	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Total
January 1, 2023	100,653	4,892	47,328	152,873
Depreciation	-23,558	-1,926	-19,083	-44,567
Impairments and reversal of impairments	-25,862	-3,173	-12,019	-41,054
Addition right-of-use	32,757	4,320	21,533	58,610
Addition right-of-use from business combinations	2,360	-	-	2,360
Disposals right-of-use	-3,060	-	-432	-3,492
Assets held for sale	-318	-41	-144	-503
Foreign currency adjustments	-392	-95	-490	-977
December 31, 2023	82,580	3,977	36,691	123,248
January 1, 2024	82,580	3,977	36,691	123,248
Depreciation	-22,736	-974	-12,155	-35,864
Impairments and reversal of impairments	-448	-	-	-448
Addition right-of-use	20,412	738	12,224	33,375
Addition right-of-use from business combinations	11,349	-	-	11,349
Disposals right-of-use	-357	-	-145	-502
Assets held for sale	-	-	-	-
Foreign currency adjustments	3,371	225	1,529	5,125
December 31, 2024	94,171	3,966	38,145	136,282

Amounts recognized in profit and loss

<i>(€ thousand)</i>	2024	2023
Interest expenses for lease agreements	4,731	3,758
Expenses for short-term leases	4,625	3,711
Variable payments, not included in the lease liability	2,252	3,435
Expenses for leases of an asset of minor value	376	297
Income from subleases	-35	-6

Amounts recognized in the statement of cash flows

Cash outflows for leases totaled €43,937 thousand (2023: €37,390 thousand). If all options to extend or terminate not accounted for in the lease liability are exercised, additional payments totaling €62,362 thousand (2023: €49,726 thousand) will be incurred in the future.

Extension options

A number of leases for property, trucks and cars contain extension options exercisable up to one year before the end of the non-cancelable period of the lease. Where possible, the Klöckner & Co Group seeks to have extension options included in new leases for operational flexibility. Such extension options can only be exercised by Klöckner & Co and not by the lessor. An assessment is made at the commencement date as to whether the extension option is reasonably certain to be exercised. Should a significant event or a significant change in circumstances occur that is within Klöckner & Co's control, the assessment as to whether the extension option is reasonably certain to be exercised is made again.

There were no significant sale-and-lease-back transactions on the balance sheet date.

(17) Inventories

Accounting policies

Inventories are measured at the lower of cost and net realizable value. Determining net realizable value requires management to estimate sales prices and costs until sale.

Costs of conversion include costs directly related to the units of production, based on normal capacity. As well as directly attributable costs, costs of conversion also include a systematic allocation of indirect materials and indirect labor, including production-related depreciation (e.g. for certain coil inventories). Measurement is normally on a monthly moving average basis. In certain cases, cost is assigned by specific identification of individual costs.

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023
Merchandise	596,431	677,935
Raw materials and supplies	522,783	590,127
Finished goods	162,540	111,138
Work in progress	8,916	20,670
Inventories	1,290,669	1,399,869

Raw materials and supplies also include coil inventories at steel service centers.

Of the inventories as of December 31, 2024, €317,060 thousand (2023: €261,241 thousand) are carried at net realizable value. Write-downs to net realizable value were recognized as expense in the amount of €34,065 thousand (2023: €45,921 thousand). As a result of the significant reduction in inventories, particularly in the case of inventories that had been written down in the prior year, the (currency-adjusted) write-down in the fiscal year was €12,375 thousand smaller than in the prior year (2023: reduction of €11,311 thousand). The amount of inventories recognized as expense in cost of materials in 2024 was €5,475 million (2023: €5,794 million).

In addition to reservations of title in the ordinary course of business, inventories with a carrying amount of €688,964 thousand (2023: €566,297 thousand) are pledged as security for financial liabilities. As of December 31, 2024, drawings on the corresponding credit lines amounted to €423,540 thousand (2023: €407,240 thousand) under the ABL programs in the USA and Mexico.

(18) Trade receivables and contract assets

a) Trade receivables

Trade receivables are normally invoiced in the local currency of the relevant subsidiary; foreign currency export receivables are generally hedged.

The Klöckner & Co Group sells trade receivables as a rule under an ABS program within the Group. The trade receivables are sold by participating Klöckner & Co companies to a fully consolidated special-purpose entity (SPE).

The receivables purchased by the special-purpose entity serve as collateral for loan debts to several banks or bank conduits.

The carrying amount of the receivables of the companies participating in the European ABS program as of December 31, 2024 is €90 million (2023: €112 million).

For further information on the ABS program, see Note 26 (Financial liabilities) and Note 3 (Basis of consolidation and consolidation methods).

The following table provides information on the extent of credit risks attributable to trade receivables:

TRADE RECEIVABLES AND CONTRACT ASSETS

Gross trade receivables	Of which not overdue as of the reporting date	Of which overdue by days as of the reporting date ^{*)}					Write-downs	Carrying amount
		1- 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days		
December 31, 2024								
671,718	540,283	91,413	15,739	3,799	3,647	16,837	-5,436	666,281
December 31, 2023								
723,964	570,273	109,664	17,721	5,179	6,205	14,922	-4,949	719,015

*) Including contract assets: €55,585 thousand (2023: €59,112 thousand).

As of December 31, 2024, trade receivables of companies not participating in the ABS program were pledged in the amount of €9,135 thousand (2023: €8,392 thousand) as collateral for loan liabilities.

b) Contract assets

Contract assets changed as follows in fiscal year 2024:

(€ thousand)	2024	2023
Contract assets as of January 1	59,112	49,078
Additions/ Disposals	-6,113	11,259
Exchange rate differences	2,586	-1,224
Contract assets as of December 31	55,585	59,112

c) Bonus claims to suppliers

Bonus claims to suppliers are determined on the basis of contractual agreements and accepted shipments.

(19) Other financial and non-financial assets

<i>(€ thousand)</i>	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Other financial assets	15,729	34,553	13,373	35,400
Investments	-	32,348	-	32,604
Non-current loans and securities	-	207	-	211
Fair value of derivative financial instruments	433	-	651	-
Vendors with debit balance	2,062	-	3,578	-
Miscellaneous other financial assets	13,233	1,997	9,144	2,585
Other non-financial assets	51,193	211,175	44,707	73,549
Receivables from social security carriers	1,007	-	1,130	-
Reinsurance claims from pension obligations	-	1,290	-	1,363
Prepaid pension cost	-	209,885	-	72,186
Claims of other taxes	23,247	-	18,050	-
Prepaid expenses	11,173	-	11,223	-
Advance payments	15,765	-	14,304	-
Other assets	66,921	245,728	58,080	108,949

The payments on account include an amount of €10 million (2023: €6.5 million) paid to a steel producer for the future delivery of CO₂-reduced green steel. For further information on CO₂-reduced green steel, please refer to our sustainability strategy in the management report.

(20) Cash and cash equivalents

Cash and cash equivalents mainly comprise bank balances and short-term deposits. There were no restrictions as of the reporting date.

(21) Assets held for sale

Accounting policies

An individual non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets and liabilities are presented as a disposal group if they are to be sold or otherwise disposed of as a group in a single transaction and collectively meet the criteria specified in IFRS 5 Non-current Assets held for Sale and Discontinued Operations. The assets and liabilities of a disposal group are presented separately in the statement of financial position under "Assets held for sale" and "Liabilities directly associated with assets classified as held for sale." A disposal group is classified as a discontinued operation if the components of the disposal group represent a separate major line of business or geographical area of operations that is part of a single coordinated plan to dispose of such a line of business or area of operations. The profit or loss of discontinued operations is recognized in the period in which it arises and is presented separately in the income statement under "Discontinued operations (after taxes)."

The income statement for the prior period has been restated accordingly by presenting the results of the components of disposal group under discontinued operations. In the statement of cash flows, the cash flows from discontinued operations are presented separately from the cash flows from continuing operations and the prior-period figures have been restated accordingly.

Due to the first-time classification as held for sale, the non-current assets are measured at the lower of carrying amount and fair value less costs to sell; they are no longer depreciated or amortized. A disposal group is first measured in accordance with the relevant IFRS standards and the resulting carrying amount of the group is then compared with its net fair value in order to determine the lower amount for measurement. Impairment losses due to first-time classification as assets held for sale are recognized in profit or loss, as are subsequent impairment losses and impairment reversals up to the amount of the cumulative impairment losses.

Under IFRS 5, if a change in a disposal plan means that the criteria for classification as a discontinued operation are no longer met, the disposal group concerned must be returned to being treated as a continuing operation. The income statement must then be restated both for the reporting year and the prior year so that the income and expenses of the disposal group are once again included in net income from continuing operations. Similarly, in the statement of cash flows, the cash inflows and outflows of the disposal group for both reporting years are once again classified under continuing operations. In the statement of financial position, for both reporting years, the assets and liabilities of the disposal group are no longer presented separately and instead are once again presented within the individual line items. A disposal group that ceases to be classified as held for sale is measured at the lower of amortized cost and its recoverable amount.

The assets held for sale relate in 2024 to individual sites in Switzerland (€12,911 thousand) and the USA (€1,472 thousand) and relate to the following assets:

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023
Intangible assets	-	4
Land and buildings	12,926	4,068
Technical equipment and machinery	620	2,282
Other non-current assets	838	26,419
Inventories	-	147,147
Trade receivables	-	107,349
Cash and cash equivalents	-	13,103
Other current assets	-	20,266
Total assets	14,383	320,638
Non-current financial liabilities	-	33,407
Other non-current liabilities	-	28,452
Trade liabilities	-	111,163
Current financial liabilities	-	11,692
Other current financial liabilities	-	60,050
Total liabilities	-	244,764
Net assets	14,383	75,874

On December 22, 2023, Klöckner & Co SE received an irrevocable offer from Hierros Añon S.A., Spain, which includes the sale of the France, United Kingdom, The Netherlands and Belgium CGUs. Klöckner & Co SE accepted the offer on February 15, 2024. Consequently, the disposal group was classified as discontinued operation in accordance with IFRS 5. For discontinued operations, all income and expenses, including the gain or loss on disposal, are presented separately in the income statement and all cash flows are presented separately in the statement of cash flows until disposal. Expenses and income and the items in the consolidated statement of cash flows were also presented accordingly in the prior year. The carrying amounts in the consolidated statement of financial position were reclassified as of December 31, 2023. Their composition is shown in the above table under December 31, 2023.

The sale of the disposal group to Hierros Añon S.A. took place effective February 29, 2024. Following the write-down of non-current assets to their fair value of €142 million as of December 31, 2023, the carrying amount at the acquisition date was €119 million. The loss on disposal is as follows:

<i>(€ thousand)</i>	2024
Remuneration received	85,549
Carrying amount of the net assets sold	119,015
Loss on disposal before tax and before reclassification of currency conversion reserve	-33,466
Reclassification of the currency conversion reserve through profit and loss	-12,551
Cost to sell	-632
Minority interest recorded in equity	86
Loss on disposal	-46,563

The profit or loss from discontinued operations in the full fiscal year 2024 is shown in the table below. This shows the income statement for two months including the gain or loss on disposal for 2024. The figures for 2023 show the gain or loss for the full 12-month financial year. The gain or loss on disposal is included in net income from discontinued operations. In the prior year, the write-downs to fair value were recognized in the amount of €133 million under impairment losses on intangible assets and property, plant and equipment and in the amount of €9 million under income taxes.

In accordance with IFRS 5, the prior-year profit or loss has been reclassified and made comparable:

<i>(€ thousand)</i>	2024	2023
Sales	125,201	785,606
Other operating income	21,606	6,780
Cost of materials	-100,938	-634,319
Personnel expenses	-14,633	-95,397
Depreciation and amortization	-3,427	-23,815
Impairment losses of intangible assets and property, plant and equipment	-	-132,607
Other operating expenses (Result from disposal)	-46,563	-
Other operating expenses	-10,955	-85,755
Operating result	-29,709	-179,507
Finance income	193	1,189
Finance expenses	-487	-1,807
Financial result	-294	-618
Income before taxes from discontinued operations	-30,003	-180,125
Income taxes	142	-9,407
Net income from discontinued operations (net of tax)	-29,861	-189,532

STATEMENT OF COMPREHENSIVE INCOME

<i>(€ thousand)</i>	2024	2023
Net income	-29,861	-189,532
Other comprehensive income not reclassifiable		
Actuarial gains/losses (IAS 19)	986	-1,644
Total	986	-1,644
Other comprehensive income reclassifiable		
Foreign currency translation	-620	-21,915
Reclassification to profit and loss due to sale of foreign subsidiaries	12,552	-
Total	11,931	-21,915
Related income taxes	-116	1,652
Other comprehensive income	12,802	-21,907
Group total comprehensive income	-17,060	-211,439
Non-controlling interest	61	-418

STATEMENT OF CASH FLOWS

<i>(€ thousand)</i>	2024	2023
Cash flow from operating activities	-45,504	34,794
Cash flow from investing activities	109,656	-2,500
Cash flow from financing activities	-2,753	-14,003
Net-Increase cash and cash equivalents from discontinued operations	61,399	18,291

(22) Equity and non-controlling interests

a) Subscribed capital

The subscribed capital of Klöckner & Co SE is €249,375,000, as in the prior year, and is divided into 99,750,000 no-par-value shares, each notionally corresponding to €2.50 of the share capital.

Acquisition of treasury stock

By Annual General Meeting resolution of June 1, 2022, the Management Board is authorized, subject to approval from the Supervisory Board, to acquire, by or before May 31, 2027, treasury stock of up to 10% of the Company's share capital in issue at the time of adoption of the resolution by the Annual General Meeting on June 1, 2022 or, if lower, the Company's share capital in issue at the time of exercise of the authorization. The Management Board was additionally authorized to acquire treasury stock using derivatives (put options, call options or forward purchase contracts). The authorization may be utilized in whole or in part, on one or more occasions, by the Company, by Group companies or by third parties acting on the Company's account or on the account of Group companies. The authorization may be used for any legally permissible purpose. Trading with treasury stock is prohibited. No use has been made of the authorization so far.

Conditional capital

CONDITIONAL CAPITAL 2013

At the Annual General Meeting of May 12, 2017, the Conditional Capital 2013 was adjusted such that the Company's share capital is subject to a smaller conditional increase of up to €24,932,500 by the issue of up to 9,973,000 new no-par-value registered shares. The corresponding provision of the Articles of Association is Section 4 (6). This authorization can effectively no longer be used as conversion rights from bonds issued in accordance with the authorization of the Annual General Meeting of May 24, 2013 no longer exist or can no longer be exercised following the full repayment of the 2016 convertible bond in fiscal year 2023.

CONDITIONAL CAPITAL 2022

By resolution of the Annual General Meeting of June 1, 2022, the share capital was conditionally increased by up to €24,937,500 by the issue of up to 9,975,000 new no-par-value registered shares (Conditional Capital 2022). The new no-par-value registered shares issued under the contingent capital increase will each have dividend rights from the beginning of the fiscal year in which they are issued. The Conditional Capital 2022 serves to grant shares to the holders of warrant-linked and/or convertible bonds that are issued, in accordance with the authorization under agenda item 8 of the Annual General Meeting of June 1, 2022, by the Company or by companies controlled by the Company or in which the Company holds a majority interest. For further details, see Section 4 (7) of the Articles of Association. The authorization also granted in the case of an adjustment of the conversion ratio in relation to the 2016 convertible bond became obsolete with the full repayment of the 2016 convertible bond in fiscal year 2023.

Authorized capital

AUTHORIZED CAPITAL 2022

By resolution of the Annual General Meeting on June 1, 2022, the Management Board was authorized, until May 31, 2027, subject to approval from the Supervisory Board, to increase the share capital on one or more occasions by up to a total of €49,875,000 against cash or non-cash contributions by the issue of up to 19,950,000 new no-par-value registered shares. The corresponding provision of the Articles of Association is Section 4 (3) (Authorized Capital 2022).

b) Capital reserves

Capital reserves as of December 31, 2024 were €570,007 thousand (December 31, 2023: €570,420 thousand). The €413 thousand change in capital reserves includes the portion of variable Management Board remuneration that is granted in shares as a personal investment component (see also Notes 23 and 33). As equity-settled share-based payment in accordance with IFRS 2, this is presented as of the reporting date in capital reserves.

c) Retained earnings

Retained earnings include the accumulated undistributed earnings of the companies included in the consolidated financial statements, to the extent that no distributions are made outside the Group, as well as effects on equity from consolidation.

d) Accumulated other comprehensive income

Accumulated other comprehensive income comprises translation differences from translation of the financial statements of foreign subsidiaries, changes in the fair value of cash flow hedges and changes in actuarial gains and losses on pension obligations under IAS 19, including related deferred taxes.

e) Non-controlling interests

Non-controlling interests represent third-party interests in consolidated subsidiaries.

f) Proposal for the appropriation of net income

The Management Board and Supervisory Board propose that an amount of €19,950 thousand should be distributed to shareholders as dividend from Klöckner & Co SE's unappropriated profits for fiscal year 2024. At 99,750,000 eligible no-par-value shares, the dividend proposal corresponds to a dividend of €0.20 per share.

In fiscal year 2024, a dividend of €0.20 per share was paid out, which at 99,750,000 eligible no-par-value shares corresponded to a distribution of €19,950 thousand.

(23) Share-based payments

Accounting policies

The share-based compensation plans in the Klöckner & Co Group are cash-settled virtual stock option (VSO) plans. A provision is recognized pro rata temporis in the amount of the fair value of the payment obligation as of each reporting date; any subsequent change in the fair value is recognized in profit or loss.

The fair value of the virtual stock options is measured for the determination of provisions using Monte Carlo simulation with the following parameters:

<i>in %</i>	December 31, 2024	December 31, 2023
Risk-free rate of return	2.0 to 2.3	1.9 to 3.0
Expected volatility	43.5	42.2

The expected volatility is based on market-traded options on the shares.

The Management Board remuneration system of Klöckner & Co SE includes long-term variable remuneration components that are granted in shares at the time of payment of the variable remuneration component. In accordance with IFRS 2, as this remuneration component is classified as share-based remuneration that is not linked to share price performance criteria (so-called "non-performance criteria"), it is accounted for in capital reserves, until granted, at the equivalent value calculated from target achievement in the remuneration system.

Virtual stock options (VSOs)

The Klöckner & Co Group has operated cash-settled share-based payment programs since 2006. The beneficiaries are the selected members of senior management in Germany and internationally who are granted an annual allocation of virtual stock options (VSOs). The contracts provide for a cash payment to the beneficiary on exercise of the option. The strike price is based on the average price of Klöckner & Co shares over the last 30 stock market trading days of the year prior to issuance of the respective tranche. The cash payment amounted to the difference between the average share price (XETRA trading, Deutsche Börse AG, Frankfurt am Main) over the last 30 trading days prior to exercising the option and the strike price for the respective tranche. The settlement amount was capped at €25 per option after adjusting for dividend payments in the meantime and any dilutive effects of capital increases. The vesting period is uniformly three years.

The total number of outstanding virtual stock options has changed as follows:

<i>(Number of virtual stock options)</i>	Total
Outstanding at the beginning of the year (continuing operations)	2,373,723
Outstanding at the beginning of the year (discontinued operations)	432,000
Granted	604,859
Forfeited	-312,000
Deconsolidation of discontinued operations	-432,000
Outstanding at the end of the reporting period	2,666,582
<i>thereof exercisable at the reporting date</i>	<i>2,666,582</i>
<i>weighted average remaining contractual lifetime (months)</i>	<i>48</i>
<i>range of strike prices (€/VSO)</i>	<i>4.42–8.62</i>
<i>weighted average strike price (€/VSO)</i>	<i>6.77</i>

In fiscal year 2024, 604,859 (2023: 670,391) virtual stock options were granted and none were exercised (2023: 377,499 exercised). The average share price per stock option on exercise in 2023 was €10.15.

The provision recognized pro rata temporis for stock options granted amounted as of the reporting date to €2,600 thousand (2023: €4,738 thousand) and was not utilized (2023: utilized in the amount of €1,733 thousand). The reversal of the provision resulted in a gain of €2,138 thousand (2023: gain on reversal of the provision: €2,423 thousand). Net income from discontinued operations included an income share of €876 thousand from the disposal of the companies sold. The intrinsic value of virtual stock options exercisable as of the reporting date was €5 thousand (2023: €1,189 thousand).

Long-term variable Management Board remuneration

The long-term, performance-related variable remuneration – the so-called personal investment component (LTI) – for members of the Management Board of Klöckner & Co SE consists of 60% of the annual variable bonus (30% of the gross bonus), which is to be invested in shares in the Company and which the members of the Management Board are free to sell after a four-year lock-up period. In fiscal year 2024, €1,386 thousand (prior year: €1,798 thousand) was recognized in personnel expenses for this portion of variable Management Board remuneration and credited to the capital reserve at fair value as of December 31, 2024 (equity-settled share-based payment in accordance with IFRS 2).

(24) Provisions for pensions and similar obligations

Accounting policies

Pension obligations arising from defined benefit plans are determined using the projected unit credit method. The expected benefits, including dynamic components (e.g., pension and salary increases), are recognized over an employee's entire period of service. Actuarial advice is obtained.

Actuarial gains or losses resulting from differences between the expected and actual changes in plan participants and actuarial assumptions are recognized in other comprehensive income in the period in which they arise. They are presented separately in the statement of comprehensive income. The statement of financial position consequently shows the full scale of the obligation while avoiding earnings fluctuations in the income statement as a result of changes in measurement parameters.

Service cost is reported in personnel expenses. Interest expense from the unwinding of the discount on pension obligations and returns on plan assets are presented in the financial result as net interest expense at the rate used to discount the obligations.

To meet pension obligations, the Klöckner & Co Group holds assets in trust under contractual trust arrangements (CTAs). The assets are measured at fair value. The fair value is based on the market values of the asset management companies at the reporting date. The plan assets are offset against the benefit obligation. Any net plan liability is accounted for in provisions. Any excess of plan assets over plan liabilities is presented in assets as a pension plan surplus.

The amount of the resulting asset to be recognized is limited to the present value of available refunds plus the reduction of future contributions to the plan (asset ceiling).

Past service cost is recognized in profit or loss.

Employer contributions to defined contribution plans under which the Klöckner & Co Group pays set contributions into a separate entity under defined contribution plans and has no legal or constructive obligation to pay further contributions are expensed as incurred.

Most employees in the Klöckner & Co Group have pension benefits, with the type of provision varying from country to country according to the national legal, economic and tax situation. Pension plans in the Group include both defined contribution and defined benefit plans as follows:

In fiscal year 2021, plan assets in Germany were significantly increased in order to fund and secure future pension payments. Pension obligations in Germany were fully funded by establishing and paying €190 million into a contractual trust arrangement (CTA). Depending on their year of entry, employees either have a defined benefit entitlement equaling a percentage of eligible salary for each qualifying year of service or, for entrants after 1979, a fixed capital amount scaled by salary band for each qualifying year of service. There are also individual entitlements for executive staff in accordance with various Essener Verband benefit plans. Older entitlements among these are employer-funded entitlements to pension benefits, while the more recent pension plans are defined contribution plans in which employees are able to add employee-funded contributions. The more recent entitlements feature a choice between a lump sum payment and an annuity.

The Klöckner & Co Group's Swiss companies and their employees fund pensions through legally independent pension funds subject to the Swiss Occupational Pensions Act (BVG). The D&A Group pension fund, Pensionskasse der D&A-Gruppe, is a Swiss-law trust domiciled in St. Gallen, Switzerland. It has the purpose of providing old-age, survivors' and disability benefit plans for company employees. These plans are provided by the fund on a mandatory basis under the Swiss Occupational Pensions Act, for which purpose it is listed in the occupational benefit plans register. The Board of Trustees, as the supreme governing body of the pension fund, consists of equal numbers of employee and employer representatives and is responsible for the trust's financial stability and performance. The insurance plan is set out in a charter and provides for benefits that exceed the statutory minimum benefits. Employer and employee contributions are set as a percentage of pensionable earnings and financed by equal contributions. The lifelong retirement pension is determined by the size of the pension balance on retirement multiplied by conversion rates specified in the charter. Employees can alternatively have retirement benefits paid out as a lump sum. Survivors' and spouse's pensions are specified as percentages of pensionable earnings. The pension fund bears the actuarial and investment risk itself. Investing the assets is the responsibility of the pension fund. This sets the investment strategy and oversees the investment process and the asset manager. The investment strategy is periodically reviewed by the Board of Trustees and is specified in such a way that the insured benefits can be paid when due.

Swiss law provides for minimum guaranteed benefits, and the Board of Trustees may adopt restructuring measures in the event of a trust fund deficit (or impending deficit); this may also take place at the employer's expense. The pension arrangement consequently qualifies as a defined benefit plan under IAS 19.

PC-Tech SA, acquired in 2022, provides occupational benefits to its employees through two pension funds, each of which has contracted a full insurance solution with an insurance company to cover insurance risks. The Board of Trustees, as the supreme governing body of the pension funds, consists of equal numbers of employee and employer representatives and is responsible for the trust's financial stability and performance. While the pension funds' pension liability insurance policies remain in force, the insurer is obliged to make up any shortfall in cover within the meaning of the pension law. As the insurer can cancel the pension liability insurance policies, the insured risks can revert to the responsibility of the employer, so that the pension solutions also qualify as defined benefit plans under IAS 19.

In the USA, pension benefits are provided in the form of a defined contribution plan and several defined benefit plans. A 401(k) plan gives employees the option to pay a set percentage of their basic salary into a fund, thus entitling them to a subsidy from the employer. This is a defined contribution plan. Unionized employees who joined the Company by December 31, 2013 participate in a defined benefit plan that provides a life annuity equaling a set percentage of eligible salary for each qualifying year of service. The provisions for defined benefits in this plan were frozen as of December 31, 2024. This plan amendment resulted in a €13 million reduction in the present value of the defined benefit obligation (reduction of past service cost) in the fiscal year, which was recognized in the income statement. The defined benefit plan for non-unionized employees provides for a fixed amount per year of service and remains open for new employees and for future defined benefit provisions. Alongside the aforesaid regular pension plans in the USA, there is also a retiree welfare plan, likewise closed to new entrants, with post-retirement healthcare benefits for former employees of an acquired company. In general, all of the above are funded plans. Under US law, employers must pay funding contributions to a tax-qualified defined benefit plan if a special solvency assessment shows funding to fall short of 100% and contribute to the 401(k) plan based on a percentage of salary specified in the plan documents. The only exception from the funding policy is a plan for upper management, which is exclusively financed through provisions. The retiree welfare plan is also financed entirely out of provisions.

In order to reduce risks related to volatility in the funded status of the defined benefit asset-based plans due to changes in discount rates and capital markets, a liability-driven investment strategy has been implemented with assets selected to match the duration of the liabilities. Investment and directives on the payment of employer contributions are integrated into this approach, which has the objective of maintaining and/or improving the plans' actuarial funded status.

The main elements of the investment strategy specified in the directive are as follows:

- Establishment of two portfolios for each plan – a liability-driven portfolio matching the durations of the plan liabilities and a growth-driven portfolio to generate attractive long-term returns, ideally above the discount rate.
- Risk reduction for the investments applying a predefined glide path investment strategy when the plans' actuarial funded status improves.

RISKS ASSOCIATED WITH DEFINED BENEFIT PLANS

The main risk other than normal actuarial risk – including longevity risk and foreign exchange risk – relates to financial risk associated with plan assets.

On the pension liability side, this mostly means inflation risk on plans with salary-linked benefits (notably final salary plans); a marked rise in pay would increase the obligation under these plans. Plans of this kind exist only on a small scale in the Klöckner & Co Group or are largely closed to new entrants.

Adjustments to retirement benefit plans currently in payment are made for legacy plans awarded up to 1979 under Section 16 of the German Occupational Pensions Act (BetrAVG). In the case of Essener Verband benefit plans, which are likewise no longer awarded, adjustments are based on the rules of Essener Verband. Otherwise there is, with one exception, no pension arrangement within the Klöckner & Co Group that carries an obligation to increase the benefit amount in excess of inflation or in excess of the surplus generated on plan assets. Only for a number of entitlements for executive staff in Germany is there a commitment to increase benefits by 1% a year from retirement regardless of actual inflation.

The return on plan assets in accordance with IAS 19 is assumed on the basis of the discount rate for the defined benefit obligation. If the actual rate of return is below the discount rate, the net liability goes up. For the funded plans, however, notably given the share of plan assets invested in equities, we expect that long-term returns will exceed the discount rate. Nonetheless, short to medium-term fluctuations cannot be ruled out, with a corresponding effect on the net liability.

With the defined contribution plans, the Company pays contributions to private or state pension funds under statutory or contractual obligations. The Company's employee benefit obligations are settled on payment of the contributions. The amount recognized as expense for this purpose in the fiscal year was €7,521 thousand (2023: €10,069 thousand). This does not include employer contributions to the statutory pension insurance scheme. These amounted to €8,436 thousand (2023: €8,268 thousand) in Germany.

In the fiscal year, for countries with material pension obligations, the following actuarial assumptions were used in the actuarial calculations performed by third-party actuaries:

2024				
in %		Germany	Switzerland	United States
Discount rate		3.30	1.00	5.45
Salary trend		3.00	1.00	n/a
Pension trend*)		2.20	0.00	0.00

*) Germany 2025: 3,50%, 2026: 2,60%, from 2027: 2,20%

2023				
in %		Germany	Switzerland	United States
Discount rate		3.20	1.50	4.78
Salary trend		3.00	1.00	3.50
Pension trend		2.20	0.00	0.00

The discount rates reflect the bond markets' interest rates in the respective jurisdiction for high-quality corporate bonds with corresponding maturities. A uniform discount rate was selected for the eurozone.

The biometric parameters used for pension accounting in the various countries are as follows:

	2024	2023
Germany	Richttafeln 2018 G von Prof. Dr. Klaus Heubeck	Richttafeln 2018 G von Prof. Dr. Klaus Heubeck
Switzerland	BVG 2020	BVG 2020
United States	Private Pension Plan 2012	Private Pension Plan 2012

There are also reimbursement rights – primarily life insurance policies and claims under other insurance policies – used to fund pension obligations. These changed as follows in the reporting year:

<i>(€ thousand)</i>	2024	2023
Reimbursement rights as of January 1	1,363	2,617
Expected return	39	93
Actuarial gains (losses)	11	-1,084
Benefits paid	-123	-263
Reimbursement rights as of December 31	1,290	1,363

The actual return on reimbursement rights was €50 thousand in the fiscal year (2023: losses of €990 thousand).

The net provision changed as follows:

	Defined benefit obligation		Fair value of plan assets		Asset Ceiling		Net provision/assets	
	2024	2023	2024	2023	2024	2023	2024	2023
(€ thousand)								
As of January 1	919,746	916,722	-1,123,616	-1,144,647	156,532	200,741	-47,338	-27,184
thereof fully or partly funded	904,340	888,807						
Included in statement of income								
Service cost	12,109	9,225	-	-	-	-	12,109	9,225
Interest cost for pension plans/ Asset ceiling	23,350	30,116	-	-	2,282	4,475	25,632	34,591
Interest income from plan assets	-	-	-26,234	-35,704	-	-	-26,234	-35,704
Administration expenses	-	-	946	1,922	-	-	946	1,922
Settlements/amendments	-12,345	-758	-	-	-	-	-12,345	-758
	23,114	38,583	-25,288	-33,782	2,282	4,475	108	9,276
Included in other comprehensive income								
Actuarial losses (gains) due to change in demographic assumptions	-	-8,312	-	-	-	-	-	-8,312
Actuarial losses (gains) due to change in financial assumptions	14,092	71,638	-	-	-	-	14,092	71,638
Experience losses (gains)	10,163	15,055	-	-	-	-	10,163	15,055
Revaluation of plan assets	-	-	-31,306	-41,567	-	-	-31,306	-41,567
Unrecognized asset due to asset ceiling	-	-	-	-	-125,742	-58,726	-125,742	-58,726
Foreign currency exchange rate differences	4,081	25,074	-585	-37,599	-4,027	10,042	-531	-2,483
	28,336	103,455	-31,891	-79,166	-129,769	-48,684	-133,324	-24,395
Other								
Employee contributions	15,036	13,236	-15,036	-13,236	-	-	-	-
Employer contributions	-	-	-8,029	-12,101	-	-	-8,029	-12,101
Benefits paid	-58,693	-62,885	56,464	58,555	-	-	-2,229	-4,330
Transfers/Acquisitions	-	2,235	-	-	-	-	-	2,235
Reclassification to assets held for sale								
	-	-91,600	-	100,761	-	-	-	9,161
	-43,657	-139,014	33,399	133,979	-	-	-10,258	-5,035
As of December 31 (active surplus [-] / passive surplus [+])	927,539	919,746	-1,147,396	-1,123,616	29,045	156,532	-190,812	-47,338
thereof included in consolidated statement as other non-financial assets							-209,885	-72,187
Provisions for pensions and similar obligations							19,073	24,849
thereof fully or partly funded	912,985	904,340						

The table below shows the analysis of the net provision (asset) by countries:

(€ thousand)	December 31, 2024			December 31, 2023		
	Defined benefit obligation	Fair value of plan assets*)	Net provision/assets	Defined benefit obligation	Fair value of plan assets*)	Net provision/assets
Germany	163,915	217,521	-53,606	171,246	212,690	-41,444
Austria	1,212	-	1,212	1,170	-	1,170
Switzerland	553,353	708,367	-155,014	530,823	560,541	-29,718
USA / Mexico	209,059	192,463	16,596	216,508	193,854	22,654
Total	927,539	1,118,351	-190,812	919,747	967,085	-47,338

*) Including €29,045 thousand (2023: €156,532 thousand) asset ceiling (Switzerland).

The table below shows how the defined benefit obligation would have been affected by changes in key actuarial assumptions:

(€ thousand)	2024	2023
Present value of benefit obligation if		
discount rate would be higher by 1.0%	816,188	818,322
discount rate would be lower by 1.0%	1,046,817	1,046,535
the expected salary trend would be higher by 0.5%	929,877	922,913
the expected salary trend would be lower by 0.5%	925,153	916,312
pension increase would be higher by 0.5%	962,426	952,111
pension increase would be lower by 0.5%	922,750	914,499
longevity would be 1 year longer	958,492	949,881

The sensitivities indicated are computed on the basis of the same methods and assumptions as are used to determine the present value of the defined benefit obligations. If one of the actuarial assumptions is changed for the purpose of computing the sensitivity of results to changes in that assumption, all other actuarial assumptions are held constant.

When appraising sensitivities, it should be noted that the change in the present value of the defined benefit obligation resulting from changing multiple actuarial assumptions simultaneously is not necessarily equivalent to the cumulative effect of the individual sensitivities.

The table below disaggregates plan assets into classes of asset:

(€ thousand)	December 31, 2024			December 31, 2023		
	Price quote from active market	No price quote from active market	Total	Price quote from active market	No price quote from active market	Total
Shares	255,768	4,030	259,798	240,822	3,814	244,636
Bonds	186,858	152,652	339,510	188,658	144,305	332,963
Real estate	42,357	223,043	265,400	58,652	215,296	273,948
Other assets	237,995	44,694	282,689	228,451	43,618	272,069
Fair value of plan assets as of December 31	722,978	424,419	1,147,397	716,583	407,033	1,123,616

Plan assets do not include any of the entity's own financial instruments; plan assets that are property occupied by, or other assets used by, the entity totaled €38,702 thousand (2023: €29,869 thousand).

Other assets include the following:

December 31, 2024				
(€ thousand)	Germany	Switzerland	United States	Total
Mixed fund	120,627	-	-	120,627
Cash and cash equivalents	-	27,577	1,246	28,823
Infrastructure (alternative investments)	-	39,083	-	39,083
Commodities, Private debt, Hedge funds, Insurance linked securities	-	50,708	-	50,708
Reinsurance claims	41,422	2,026	-	43,448
Other assets	162,049	119,394	1,246	282,689

December 31, 2023				
(€ thousand)	Germany	Switzerland	United States	Total
Mixed fund	117,585	-	-	117,585
Cash and cash equivalents	-	31,472	781	32,253
Infrastructure (alternative investments)	-	25,168	-	25,168
Commodities, Private debt, Hedge funds, Insurance linked securities	-	54,226	-	54,226
Reinsurance claims	41,034	1,803	-	42,837
Other assets	158,619	112,669	781	272,069

The actual return on plan assets was €57,541 thousand in the fiscal year (2023: €73,941 thousand).

The weighted average duration was 13 years. Employer contributions to plan assets for fiscal year 2025 are expected to amount to €7,943 thousand.

The maturity analysis of benefit payments is as follows:

(€ thousand)	
Future benefit payments	
- due in 2025	63,726
- due in 2026	45,058
- due in 2027	44,025
- due in 2028	46,701
- due in 2029	46,578
- due 2030–2034	236,093

(25) Other provisions and accrued liabilities

Accounting policies

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and where applicable IAS 19 (Employee Benefits), other provisions allow for all identified obligations and impending risks as well as all uncertain liabilities, provided they are present obligations, it is probable that they will be incurred, and that a reliable estimate can be made of their amount. Provisions are only recognized for legal or constructive obligations to third parties.

Provisions are recognized at the expected settlement amount and not net of any reimbursement rights. The settlement amount also includes any cost increases to be taken into account at the reporting date. Where the effect of the time value of money in connection with settlement of the obligation is material, provisions are discounted at rates that reflect current market assessments of the time value of money and the risks specific to the liability.

Warranty provisions are recognized on the basis of the estimated probability of claims. Provisions are recognized for onerous sale or purchase contracts when the total costs of meeting the obligations under the contract exceed the expected sales.

Provisions for restructuring measures are recognized if there is a detailed restructuring plan and it has been announced to those affected.

Provisions for onerous contracts are recognized if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Other provisions changed as follows in the reporting year:

(€ thousand)	As of January 1, 2024	Additions	Accretion/ Discount	Utilization	Reversals	Other changes ^{*)}	As of December 31, 2024
Other provisions							
Other taxes	4,443	424	-	-198	-19	1	4,651
Personnel-related obligations							
– anniversary payments	4,298	432	10	-429	-1	-80	4,230
– other	472	106	-	-5	-	34	607
Onerous contracts	1,401	2,531	-	-677	-13	-	3,243
Restructuring expenses	11,119	5,828	-	-6,752	-340	-919	8,936
Pending litigation	278	275	-	-66	-	-16	471
Warranties	1,987	850	-	-16	-684	-	2,137
Miscellaneous provisions	21,163	8,894	5	-1,340	-2,483	-592	25,648
	45,162	19,340	15	-9,483	-3,541	-1,571	49,922
Other accrued liabilities							
Personnel-related obligations	52,808	33,508	-	-37,627	-1,478	-11,750	35,461
Miscellaneous accrued liabilities	11,415	7,512	-	-7,048	-13	-1,220	10,645
	64,223	41,020	-	-44,675	-1,492	-12,970	46,106
Other provisions and accrued liabilities	109,385	60,359	15	-54,158	-5,033	-14,540	96,028

^{*)} Change in scope of consolidation, foreign currency adjustments, reclassification and transfers to/from third parties.

Analysis by maturities:

(€ thousand)	December 31, 2024		December 31, 2023	
	Non-current	Current	Non-current	Current
Other provisions				
Other taxes	-	4,651	-	4,443
Personnel-related obligations				
– anniversary payments	4,230	-	4,298	-
– other	533	74	421	51
Onerous contracts	-	3,243	-	1,401
Restructuring expenses	-	8,936	-	11,119
Pending litigation	140	330	24	254
Warranties	-	2,137	-	1,987
Miscellaneous provisions	4,058	21,590	5,478	15,686
	8,962	40,960	10,221	34,942
Other accrued liabilities				
Personnel-related obligations	-	35,461	116	52,692
Miscellaneous accrued liabilities	-	10,645	-	11,415
	-	46,106	116	64,107
Other provisions and accrued liabilities	8,962	87,066	10,336	99,048

The provisions for other taxes mainly relate to real estate tax.

Provisions for personnel-related obligations mainly relate, in the amount of €4,230 thousand (2023: €4,298 thousand), to anniversary payments in Switzerland (2023: Switzerland). The determination of the provision is based on actuarial calculations with an interest rate of 0.9% (2023: 1.5%). The other provisions for personnel-related obligations mainly relate to additional employee benefits such as parental leave.

The provisions for onerous contracts relate to contractual obligations in which contract fulfillment results in a loss.

The provisions for restructuring relate to obligations resulting from termination benefits granted in redundancy programs in an amount of €8,936 thousand (2023: €11,109 thousand) that either result in an outflow of resources in the following year or, to the extent they are material, are recognized as of the reporting date at their discounted settlement amount. The provisions for site closures and social plans were determined on the basis of cost estimates (for example, site ancillary charges still to be paid for closed sites) or derived from experience from comparable social plans.

The provisions for pending litigation cover expenses for various legal proceedings and claims that may result, in particular, in the payment of damages or other cost-intensive measures.

Provisions for warranties are recognized at the time of sale of the goods or provision of the services concerned. The size of the provision is based on the historical development of warranties and an analysis of all possible future warranty events weighted by probability of occurrence.

Miscellaneous provisions relate among other things to provisions for asset retirement obligations and recultivation on leased sites and provisions for environmental remediations on sold sites. The cash outflow from the obligations is determined by the duration of the leases.

Accrued liabilities for employee-related obligations include performance-based remuneration of €26,614 thousand (2023: €43,921 thousand) as well as vacation entitlements and flextime balances in the amount of €6,189 thousand (2023: €5,983 thousand). The miscellaneous accrued liabilities relate to customer bonuses, discounts, commissions and other bonuses.

(26) Financial liabilities

The details of financial liabilities are as follows:

(in T€)	December 31, 2024				December 31, 2023			
	Up to 1 year	1-5 years	Over 5 years	Total	Up to 1 year	1-5 years	Over 5 years	Total
Liabilities to banks	150,138	592,175	4,800	747,113	155,064	633,556	5,800	794,419
- Liabilities under ABL programs	-	423,540	-	423,540	-	407,240	-	407,240
- Liabilities under ABS program	30,092	-	-	30,092	97,777	-	-	97,777
- Other liabilities to banks	120,046	168,635	4,800	293,481	57,286	226,316	5,800	289,402
Lease liabilities	33,176	76,814	38,917	148,907	30,473	71,491	31,202	133,167
	183,314	668,989	43,717	896,019	185,537	705,047	37,002	927,587

Financial liabilities of €11,125 thousand (2023: €12,160 thousand) are secured by liens. Inventories as set out in Note 17 (Inventories) and trade receivables as set out in Note 18 (Trade receivables and contract assets) are also pledged as collateral.

Transaction costs directly attributable to the assumption of financial liabilities in the amount of €4,664 thousand (2023: €2,025 thousand) have been deducted from the liabilities.

Liabilities to banks

After the facility amount of the syndicated loan was increased from €250 million to €400 million in February 2024, we renewed the facility ahead of schedule in December 2024. In an amend and extend process, we adjusted the facility amount from €400 million to €350 million and extended it ahead of schedule to January 2028. The amendments became effective in January 2025. By doing so, Klöckner & Co improved the maturity profile of Group finances. The facility is provided by a syndicate of seven banks. As of December 31, 2024, the outstanding nominal amount was €170 million.

The financial covenants require that gearing, defined as net financial debt divided by the book value of equity less non-controlling interests and less goodwill resulting from acquisitions after May 23, 2024, may not exceed 165%. Hence, the adjusted book value of equity may not fall below €600 million ("minimum equity"). Breach of the financial covenants would require repayment of all outstanding amounts. Subsequent drawings would then be possible if the covenants were once again complied with. The financial covenants were complied with in the reporting year. The Group expects that the financial covenants to be complied each quarter will be complied with over the 12-month period following the reporting date.

Local financial covenants have been agreed for some subsidiary-level loans where Klöckner & Co SE is not the borrower. These financial covenants are normally balance sheet-oriented and conceptually based on our syndicated loan. Corporate Treasury negotiates and monitors the agreed loan terms. This ensures that there is sufficient leeway under the financial covenants and that they can continue to be complied with in the future.

The other bilateral credit facilities totaling approximately €210 million were drawn in the amount of €125 million (excluding lease liabilities) at the end of 2024.

The largest portion of our bilateral credit lines is accounted for by the Swiss country organization at CHF 160 million (approximately €170 million), with drawings of CHF 80 million (approximately €85 million) as of the reporting date. These revolving credit lines with three banks were most recently renewed in July 2021 and extended through to March 2025. In January 2025, Klöckner & Co terminated these credit lines in agreement with the core banks and established an unsecured syndicated loan with a volume of CHF 200 million (€212 million) as a new financing instrument. In this connection, the bank syndicate was expanded from three to four banks. The facility has a term of four years until January 2029.

There are also other bilateral borrowings at subsidiaries, used among other things to finance net working capital or for capital expenditure.

Liabilities under ABL programs

We use two borrowing base asset-based lending (ABL) facilities in the Group. Most ABL is accounted for by the ABL facility at the US country organization. The facility was originally agreed in November 2020 and was increased in March 2022 from USD 330 million to USD 450 million. In July 2022, the facility was renewed ahead of schedule on improved terms and with a five-year duration to July 2027. In connection with the acquisition of National Material of Mexico, the facility was increased in December 2022 from USD 450 million to USD 650 million (approximately €626 million) with the same terms and maturity while expanding the banking syndicate from three to four banks. Utilization of the program totaled USD 390 million (approximately €376 million) as of the reporting date.

In September 2024, Klöckner & Co agreed a new USD 115 million (approximately €111 million) ABL facility in Mexico. The facility is provided by three banks and has a term of three years until September 2027. Utilization of the program totaled USD 50 million (approximately €48 million) as of the reporting date.

Utilization of the two programs including accumulative interest breaks down as follows:

<i>(€ million)</i>	December 31, 2024	December 31, 2023
– utilization	424	407
– maximum volume	736	588

Liabilities under ABS program

Since July 2005, the Klöckner & Co Group has operated a European ABS program. The size of the program was increased in April 2022 from €220 million to €300 million. In December 2022, Klöckner & Co secured an extension of the program ahead of schedule on unchanged terms, with the volume remaining unchanged. The term of the facility ends in January 2026. The agreed financial covenants are also based on the statement of financial position and the covenant levels are equivalent to those for the syndicated loan. Utilization of the program totaled €30 million as of the reporting date. The financial covenants were complied with in the reporting year.

Utilization of the program including accumulative interest breaks down as follows:

<i>(€ million)</i>	December 31, 2024	December 31, 2023
– utilization	30	98
– maximum volume	300	300

For further information on the ABS program, see Note 3 (Basis of consolidation and consolidation methods) and Note 18 (Trade receivables and contract assets).

Finance lease liabilities

Lease liabilities have the following term structure:

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023
Due within one year	40,831	35,979
Due between one and five years	90,313	85,981
Due after five years	43,113	39,767
Future minimum lease payments (nominal value)	174,258	161,727
Due within one year	7,655	5,506
Due between one and five years	13,499	14,490
Due after five years	4,196	8,565
Interest included in future minimum lease payments	25,351	28,561
Due within one year	33,176	30,473
Due between one and five years	76,814	71,491
Due after five years	38,917	31,202
Total present value of future minimum lease payments	148,907	133,166

(27) Trade payables

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023
Trade payables	622,046	661,037
Provisions for pending invoices	16,500	15,403
Trade payables	638,547	676,440

(28) Other financial and non-financial liabilities

<i>(€ thousand)</i>	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Other financial liabilities	24,822	1,359	18,152	1,649
Negative fair value of derivative financial instruments	1,028	-	888	-
Customers with credit balances	9,017	-	9,150	-
Miscellaneous other financial liabilities	14,778	1,359	8,114	1,649
Other non-financial liabilities	5,115	-	7,102	-
Contract liabilities	3,191	-	4,903	-
Advance payments received	1,924	-	2,199	-
Other non-financial liabilities	21,095	-	15,786	-
Value-added tax liabilities	7,398	-	3,821	-
Other tax liabilities	2,155	-	2,516	-
Deferred income	4,308	-	2,193	-
Liabilities to employees	2,513	-	1,591	-
Social security contributions	4,310	-	4,746	-
Miscellaneous other non-financial liabilities	410	-	919	-
Other liabilities	51,032	1,359	41,040	1,649

Within contract liabilities and advance payments received as of December 31, 2023, amounts of €4,903 thousand and €2,199 thousand were recognized as revenue in fiscal year 2024 (2023: €2,519 thousand and €5,637 thousand).

Other disclosures

(29) Information on capital management

The Klöckner & Co Group determines its capital requirements in relation to risk. Management of and any adjustment in the capital structure is carried out with due regard to changes in the economic environment. Options for maintaining or adjusting the capital structure include adjusting dividend payments, capital repayments to shareholders, issuing new shares and the sale of assets to reduce liabilities.

Capital is managed on the basis of gearing. The Klöckner & Co Group's target is to maintain gearing below the 165% (2023: 165%) required under the financial covenants in order to be able to continue borrowing on reasonable terms.

Further information about the basis of calculation for gearing and about minimum capital requirements is provided in Note 26 (Financial liabilities).

Gearing is determined as follows:

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023	Variance
Financial liabilities	896,019	927,587	-31,567
Transaction costs	4,664	2,025	2,638
Liquid funds	-120,793	-154,903	34,109
Net financial debt (before deduction of transaction cost)	779,890	774,709	5,181
Consolidated shareholders' equity	1,720,714	1,754,705	-33,990
Non-controlling interests	-6,972	-7,010	39
Goodwill from business combinations subsequent to May 23, 2019 ^{*)}	-59,479	-45,182	-14,297
Adjusted shareholders' equity	1,654,264	1,702,513	-48,250
Gearing^{*)}	47%	46%	1.6%p

^{*)} Under the new definition in the agreement entered into on extending the syndicated loan and signed on December 31, 2024 goodwill from business combinations subsequent to May 23, 2024 is €1,834 thousand and gearing as of December 31, 2024 is consequently 46%.

(30) Financial instruments

Accounting policies

The Group's financial assets primarily consist of cash and cash equivalents, trade receivables and derivative financial instruments with positive fair values. The Group's financial liabilities include bonds, liabilities to banks, trade payables, lease liabilities and derivative financial instruments with negative fair values.

The Klöckner & Co Group recognizes all regular way contracts as of the settlement date, regardless of their classification. For derivative financial instruments classified as held for trading, the Group applies trade date accounting.

The fair value option provided by IFRS 9 (Financial Instruments) is not applied.

Financial instruments are measured on initial recognition at fair value, less transaction costs if applicable. Trade receivables are measured at the transaction price. Transaction costs directly attributable to the acquisition or issue of a financial instrument are included in the carrying amount except in the case of financial instruments at fair value through profit or loss. Subsequent measurement of financial assets is carried out using the categories under IFRS 9 (Financial Instruments) according to business model and contractual cash flow characteristics. This results in measurement at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income. Financial liabilities are measured at amortized cost or at fair value through profit or loss.

a) Non-derivative financial assets and financial liabilities and equity instruments issued by Klöckner & Co

Cash and cash equivalents include cash on hand, bank balances and short-term securities with an original maturity of less than three months that are subject only to an insignificant risk of changes in value and are used for short-term liquidity management. They are measured at amortized cost, which in this case is equal to the nominal value. Foreign currency balances are measured at the mid-point rate at the reporting date. Financial assets at fair value through profit or loss include financial assets initially classified as held for trading. In the Klöckner & Co Group, this classification is applied exclusively to derivative financial instruments that are designated hedging instruments to which hedge accounting is applied. Such assets are presented as other financial assets in the statement of financial position.

Financial assets and financial liabilities are measured at amortized cost using the effective interest method. Also classified in this category are non-current securities that are not quoted in an active market and long-term loans measured at amortized cost.

With one exception, equity investments within the scope of IFRS 9 are measured at fair value through profit or loss.

All identifiable risks are accounted for by recognizing appropriate valuation allowances for expected credit losses taking into account any credit insurance. These are determined on the basis of weighted probabilities and applied to financial assets measured at amortized cost or at fair value through other comprehensive income. The three-stage impairment model is generally applied. A risk allowance is recognized in the amount of the expected 12-month credit losses (Stage 1) or in the amount of the expected lifetime credit losses if the credit risk has increased significantly since initial recognition (Stage 2) or if financial assets are credit-impaired (Stage 3). Financial assets are considered to be credit-impaired if there is objective evidence such as substantial financial difficulty on the part of the obligor, knowledge of an insolvency filing, or overdue status, which is not already assumed on exceeding 30 days past due. In the event that a financial asset is categorized as bad debt, it is written off, including the amount of the valuation allowance.

An equity or debt instrument is classified as a financial liability or as equity according to the substance of the contractual agreement. Equity instruments are recognized in the amount of the issue proceeds less directly attributable transaction costs.

The components of compound financial instruments such as convertible bonds are recognized separately as financial liabilities and equity. At the issue date, the fair value of the liability component is determined by discounting at the market interest rate for comparable financial instruments without conversion rights. Subsequent accounting of the liability component as a financial liability is on an amortized cost basis until conversion or maturity of the bond. Applying the residual method, the remaining difference represents the equity component, which is accounted for in capital reserves with no subsequent adjustment.

Financial liabilities are either classified as liabilities at fair value through profit or loss or as other financial liabilities.

In the Klöckner & Co Group, only derivative financial instruments that are not designated and effective as hedging instruments are recognized as liabilities at fair value through profit or loss. Any negative fair value of such instruments is presented in other financial liabilities.

Other financial liabilities, including borrowings, are initially recognized at fair value less transaction costs. After initial recognition, other financial liabilities are generally measured at amortized cost using the effective interest method.

An exchange between Klöckner & Co SE and a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Subject to qualitative considerations, terms are deemed to be substantially different if the discounted present value of the cash flows under the new terms differs from the discounted present value of the remaining cash flows under the original terms by more than 10%.

b) Derivative financial instruments

The Group uses a variety of derivative financial instruments to manage its exposure to interest, foreign exchange rate and commodity price risks. These include forward exchange transactions, currency swaps, cross-currency swaps, interest rate swaps, interest rate caps and commodity forwards.

Derivatives are initially measured at fair value on inception and subsequently measured at fair value at each reporting date. Any gain or loss from a change in the fair value of a derivative financial instrument that is not a designated and effective cash flow hedge or hedge of a net investment is immediately recognized in operating income. For derivative financial instruments that are designated hedges, the timing of the recognition of gains or losses depends on the type of hedge. The Klöckner & Co Group uses certain derivative financial instruments to hedge recognized assets or liabilities. Certain unrecognized firm commitments are also hedged.

Steel purchase contracts entered into to receive or deliver non-financial items in accordance with own requirements are treated as pending transactions (own use exemption) and not accounted for as derivatives.

If embedded derivatives are identified in contracts, they are examined to establish whether they are closely related to the economic characteristics of the host contract. If not, they are accounted for separately as derivatives.

Forward exchange contracts are used to hedge foreign-currency receivables and liabilities (unrecognized firm commitments and recognized receivables and liabilities) arising from the operating business and to hedge intercompany loans. They are measured item by item at the forward rate as of the reporting date, and exchange differences arising due to the contracted forward exchange rate are recognized in profit or loss.

Interest exchange amounts from interest rate swaps are recognized in profit or loss at the payment date or on accrual at the reporting date. In all other respects, interest rate swaps, like interest rate caps, are measured at fair value at the reporting date and – unless hedge accounting is applied – changes in their fair value during the reporting period are recognized in profit or loss.

Derivatives held for hedging purposes are classified as non-current assets or liabilities if the remaining term of the hedging relationship is more than twelve months and as current assets or liabilities if the remaining term of the hedging relationship is less than twelve months.

Derivatives not designated in a hedging relationship are classified as current assets or liabilities.

c) Hedge accounting

Hedge accounting is applied in accordance with IFRS 9. The Klöckner & Co Group designates individual derivatives held for hedging purposes either as cash flow hedges or as hedges of foreign net investments, according to volume, term and risk structure.

The relationship between the hedged item and the hedging instrument, including the risk management objectives and the Company's strategy for undertaking the hedge, are documented at the inception of the hedge. At the inception of the hedge and regularly on an ongoing basis, the hedge is assessed and it is documented whether the hedge is highly effective in offsetting changes in the cash flows attributable to the hedged risk or the net investment. Changes in the reserve for fair value adjustments of financial instruments within other comprehensive income are shown in the summary of changes in consolidated equity.

The effective portion of the change in the fair value of derivative financial instruments designated as cash flow or net investment hedges is recognized in equity through other comprehensive income; the ineffective portion is recognized directly in profit or loss. The amounts recognized in other comprehensive income are reclassified to profit or loss in the period in which the hedged item is recognized in profit or loss. In the case of commodity forwards that hedge purchase prices, the amounts are reclassified to inventories (basis adjustment) and, on consumption of the inventories, the effect on earnings is recognized in cost of materials.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or ceases to be effective. Any cumulative gain or loss that has been recognized through other comprehensive income from changes in the fair value of the derivative remains in other comprehensive income and is reclassified to profit or loss when the forecast transaction is recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in other comprehensive income is immediately recognized in profit or loss.

Additional disclosures on financial instruments

The carrying amounts and fair values by category of financial instruments are as follows:

Financial assets as of December 31, 2024		Category				Fair value			
(€ thousand)	Presented in the Statement of Financial Positions as	Carrying amount	Fair value recognized in profit and loss	Fair value recognized in equity	Amortized costs	Level 1	Level 2	Level 3	Total
Measured at fair value									
Derivative financial instruments not designated in hedge accounting (held for trading)	Current and non-current other financial assets	433	433	-	-	-	433	-	433
Participations	Financial assets	32,556	32,442	114	-	-	-	32,556	32,556
Short term deposits (< 3 months)	Cash and cash equivalents	12	12	-	-	-	12	-	12
Not measured at fair value									
Trade receivables and contract assets	Trade receivables and contract assets	666,281	-	-	666,281	-	-	-	-
Cash and cash equivalents	Cash and cash equivalents	120,782	-	-	120,782	-	-	-	-
Other financial assets at cost	Current and non-current other financial assets	17,293	-	-	17,293	-	17,293	-	17,293
Other financial assets at cost	Bonus claims to suppliers	55,414	-	-	55,414	-	-	-	-
Total		892,770	32,887	114	859,770	-	17,737	32,556	50,293

Financial liabilities as of December 31, 2024		Category / Hedge Accounting / Leasing				Fair value			
(€ thousand)	Presented in the Statement of Financial Positions as	Carrying amount	Fair value recognized in profit and loss	Fair value recognized in equity	Amortized costs	Level 1	Level 2	Level 3	Total
Measured at fair value									
Derivative financial instruments not designated in hedge accounting (held for trading)	Other current and non-current financial liabilities	984	984	-	-	-	984	-	984
Derivative financial instruments designated in hedge accounting	Other current and non-current financial liabilities	43	-	43	-	-	43	-	43
Other financial liabilities	Other non-current financial liabilities	1,359	1,359	-	-	-	-	1,359	1,359
Other financial liabilities	Other current financial liabilities	2,082	2,082	-	-	-	-	2,082	2,082
Not measured at fair value									
Financial liabilities at cost	Current and non-current financial liabilities	747,113	-	-	747,113	-	746,531	-	746,531
Lease liabilities	Current and non-current financial liabilities	148,907	-	-	148,907	-	-	-	-
Trade payables	Trade payables	638,547	-	-	638,547	-	-	-	-
Other financial liabilities at cost	Other current financial liabilities	21,712	-	-	21,712	-	-	-	-
Total		1,560,748	4,426	43	1,556,279	-	747,558	3,441	751,000

Financial assets as of December 31, 2023		Category				Fair value			
(€ thousand)	Presented in the Statement of Financial Positions as	Carrying amount	Fair value recognized in profit and loss	Fair value recognized in equity	Amortized costs	Level 1	Level 2	Level 3	Total
Measured at fair value									
Derivative financial instruments not designated in hedge accounting (held for trading)	Current and non-current other financial assets	651	651	-	-	-	651	-	651
Participations	Financial assets	32,816	32,816	-	-	-	-	32,816	32,816
Short term deposits (< 3 months)	Cash and cash equivalents	8	8	-	-	-	8	-	8
Other financial assets	Current and non-current other financial assets	-	-	-	-	-	-	4,867	4,867
Not measured at fair value									
Trade receivables and contract assets	Trade receivables and contract assets	719,016	-	-	719,016	-	-	-	-
Cash and cash equivalents	Cash and cash equivalents	154,895	-	-	154,895	-	-	-	-
Other financial assets at cost	Current and non-current other financial assets	15,308	-	-	15,308	-	15,308	-	15,308
Other financial assets at cost	Bonus claims to suppliers	53,694	-	-	53,694	-	-	-	-
Total		976,388	33,475	-	942,913	-	15,967	37,683	53,650

Financial liabilities as of December 31, 2023		Category / Hedge Accounting / Leasing				Fair value			
(€ thousand)	Presented in the Statement of Financial Positions as	Carrying amount	Fair value recognized in profit and loss	Fair value recognized in equity	Amortized costs	Level 1	Level 2	Level 3	Total
Measured at fair value									
Derivative financial instruments not designated in hedge accounting (held for trading)	Other current and non-current financial liabilities	888	888	-	-	-	888	-	888
Derivative financial instruments designated in hedge accounting	Other current and non-current financial liabilities	-	-	-	-	-	-	-	-
Other financial liabilities	Other non-current financial liabilities	1,649	1,649	-	-	-	-	1,649	1,649
Other financial liabilities	Other current financial liabilities	2,016	2,016	-	-	-	-	2,016	2,016
Not measured at fair value									
Financial liabilities at cost	Current and non-current financial liabilities	794,419	-	-	794,419	-	793,676	-	793,676
Lease liabilities	Current and non-current financial liabilities	133,167	-	-	133,167	-	-	-	-
Trade payables	Trade payables	676,440	-	-	676,440	-	-	-	-
Other financial liabilities at cost	Other current financial liabilities	15,249	-	-	15,249	-	-	-	-
Total		1,623,828	4,552	-	1,619,275	-	794,564	3,665	798,229

Measurement of the fair value of the equity investments in the amount of €32,556 thousand (2023: €32,816 thousand) is classified as level 3. These are mostly unquoted financial instruments (equity investments) for which there is no active market. Of the change in the fiscal year, an increase of €1,345 thousand (2023: €3,325 thousand) is attributable to capital measures and a decrease of €1,604 thousand (2023: €3,622 thousand) to changes in fair value. Fair value is measured on the basis of available financial information, such as transaction prices for financing rounds or business plans to the extent that this information is reliable, or, as an approximation, as cost, which is considered an appropriate estimate of fair value as no more suitable information is available. A review is carried out on a quarterly basis using all information available on the equity investments to establish whether cost is still representative of fair value. This would no longer be the case, for example, in the event of a change in the economic environment, a significant change in the market in which the equity investments are active or other events relevant to measurement. As cost is the sole input factor for fair value, a percentage change in cost results in an equal change in fair value. The estimated fair value would increase (decrease) with any increase (decrease) in cost. Given the size of the investment amount, even a 10% increase in cost would not have a material impact on fair value.

The fair values of non-current financial liabilities are determined on the basis of risk-adjusted discounted cash flows.

In the case of current financial assets (mostly other assets), fair values are largely identical to carrying amounts. The fair values of financial liabilities reflect the current market situation for the respective financial instruments as of December 31, 2024. Their fair values are not reduced by transaction costs. For current financial liabilities, when there are no transaction costs to be deducted, their carrying amount is identical to fair value.

Financial instruments are classified as Level 1 if the fair value is obtained from quoted prices in active markets. Fair values determined using other directly observable market inputs are classified as Level 2.

Changes in hierarchy levels are taken into account at the end of the period in which the change took place. There were no transfers between hierarchy levels during the reporting year.

The Level 3 fair value includes contingent consideration due to the acquisition of the shares in Amerinox Processing Inc., Camden, New Jersey, USA. The sellers will receive up to USD 250 thousand in each of the years 2025 and 2026 if certain milestones are reached. The fair value of the contingent consideration amounts to USD 285 thousand (€274 thousand), of which €230 thousand is current.

Other current liabilities include an earn-out clause from the acquisition of Sol Components LLC, Sacramento, USA, under which a subsequent purchase price adjustment of a maximum of USD 3.0 million was agreed subject to the achievement of specified sales targets as of June 30, 2025. The fair value of the earn-out clause was measured using a discount rate of 6.3% and amounts to USD 1.8 million (€1.7 million).

Also included is contingent consideration of CHF 1.2 million (€1.2 million) for the acquisition of the shares in Müller Wüst AG, Aarau, Switzerland, which will fall due in the years 2025 and 2026. For certain qualitative components linked to specific milestones, the sellers will receive a maximum amount of CHF 150 thousand (€159 thousand) per year for the years 2025 and 2026 – a total of CHF 300 thousand (€319 thousand). Consideration of CHF 850 thousand (€903 thousand) is dependent on cumulative net sales for the years 2024 to 2026 and the EBITDA margin in 2026.

The fair value also includes a current purchase price liability from the acquisition of PC-Tech SA, Penthalaz, Switzerland, in the amount of €106 thousand (2023: €540 thousand). The estimated fair value would decrease if the agreed EBITDA were not met.

They also include a put liability from the acquisition of ODS Belgium B.V., Essen, Belgium. The put option was entered into for a potential future transfer of non-controlling interests valued by discounting future earnings based on budget figures. The future earnings are based on budget figures. Liabilities totaled €137 thousand in the fiscal year (2023: €137 thousand). IFRS 13.97 applies.

Derivative financial instruments

The Klöckner & Co Group is exposed to interest, currency and commodity price risk in its operating business. This risk is hedged using derivative financial instruments.

The Group exclusively uses market instruments with sufficient market liquidity. Derivative financial instruments are entered into and managed in compliance with internal directives governing the scope of action, responsibilities and controls. According to these directives, the use of derivative financial instruments is a primary responsibility of the Corporate Treasury department of Klöckner & Co SE, which manages and monitors the use of such instruments. Such transactions are only entered into with credit institutions with impeccable ratings. Derivative financial instruments are not allowed to be used for speculative purposes and may only be used to hedge risks associated with hedged items.

Derivative financial instruments are accounted for at fair value in accordance with IFRS 9. Hedge accounting is applied in accordance with IFRS 9.

Derivatives are initially measured at fair value on inception and subsequently measured at fair value at each reporting date. Any gain or loss from a change in the fair value of a derivative financial instrument that is not a designated and effective cash flow hedge or hedge of a net investment is immediately recognized in profit or loss. For derivative financial instruments that are designated hedges, the timing of the recognition of gains or losses depends on the type of hedge and its effectiveness. The Klöckner & Co Group uses certain derivative financial instruments to hedge recognized assets or liabilities. Certain unrecognized firm commitments are also hedged.

Forward exchange transactions are measured item by item at the forward rate as of the reporting date, and exchange differences arising due to the contracted forward exchange rate are recognized in profit or loss.

Commodity forwards are designated in cash-flow hedge accounting and classified into planned and unrecognized firm commitment procurement transactions. Two potential causes of ineffectiveness are over-hedging and divergence between the derivative's underlying and the hedged steel price component from the reference price formula. Any ineffectiveness is accounted for in cost of materials.

The notional amounts and fair values of the derivative financial instruments in interest rate and currency hedges as of the reporting date and risks of price fluctuations in procurement transactions are as follows:

(<i>€ million</i>)	December 31, 2024			December 31, 2023		
	Not designated in hedge accounting	Designated in hedge accounting	Average hedge rate (in €)	Not designated in hedge accounting	Designated in hedge accounting	Average hedge rate (in €)
Nominal values						
Forward exchange transactions	64.4	-	-	127.0	-	-
Commodity forwards	-	0.2	17,401	-	-	-

The notional amounts correspond to the non-netted sum of the currency, interest rate and price portfolio.

The amounts relating to items designated as hedging instruments were as follows:

(€ million)	December 31, 2024		December 31, 2023	
	Fair value		Fair value	
	Forward exchange transactions	Commodity forwards	Forward exchange transactions	Commodity forwards
Not designated in hedge accounting	-0.6	-	-0.2	-
Designated in hedge accounting	-	-	-	-
Change in value of hedging instrument recognized in other comprehensive income	-	-0.1	-	-
Ineffectiveness recognized in profit or loss	-	-	-	-
Gains and losses on hedges reclassified to inventories – basis adjustment	-	0.2	-	-
Amount reclassified from hedging reserve to profit or loss	-	-	-	-
Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied	-56.6	-	-56.6	-

Forward exchange contracts are presented in other current financial assets and liabilities; commodity forwards are presented in other current financial liabilities.

The amounts relating to items designated as hedged items were as follows:

(€ million)	December 31, 2024	December 31, 2023
	Change in value for calculation of hedge ineffectiveness	Change in value for calculation of hedge ineffectiveness
Commodity forwards	-	-

The fair values of the derivative financial instruments are determined on the basis of quantitative finance methods using standard banking models. Counterparty risk as of the measurement date is taken into account in the determination of fair values. Where market prices exist, these correspond to the price a third party would pay for the rights or obligations arising from the financial instruments. The fair values are the market values of the derivative financial instruments, irrespective of any offsetting changes in the value of hedged items.

Forward exchange contracts with a notional amount of €64 million (2023: €127 million) have a remaining maturity of less than one year. In the prior year, these included a notional amount of €58 million for the hedging of intra-Group loans.

Commodity forwards with a notional amount of €0.2 million (2023: none) have a remaining maturity of less than one year.

Commodity price risks and opportunities for steel are presented using sensitivity analyses in accordance with IFRS 7. These show how equity as of the reporting date is affected by changes in prices. Commodity price risk is measured as cash flow risk.

Scenario-based sensitivity analysis is used to show the effects on Klöckner & Co of a parallel shift in price curves.

On the basis of the commodity forwards as of December 31, 2024, a 10% fall in the price level in each case would have no material effect (December 31, 2023: no material effect) that would have to be accounted for in equity, in the cash flow hedge reserve.

Derivatives that constitute a financial asset or a financial liability where the right of set-off is contingent on breach of contract or insolvency of one of the counterparties do not meet, or only partly meet, the criteria for offsetting in the consolidated statement of financial position under IAS 32.

The table below in accordance with IFRS 7.13C discloses the gross and net amounts of the financial instruments that are subject to master netting arrangements:

2024 (€ thousand)	Gross amounts in balance sheet	thereof subject to offsetting according to master netting agreements	Net amounts according to master netting agreements
Financial assets			
Current and non-current other financial assets			
- Forward exchange transactions	433	-220	213
Financial liabilities			
Current and non-current other financial liabilities			
- Forward exchange transactions	-984	220	-764
- Commodity forwards	-43	-	-43
2023 (€ thousand)	Gross amounts in balance sheet	thereof subject to offsetting according to master netting agreements	Net amounts according to master netting agreements
Financial assets			
Current and non-current other financial assets			
- Forward exchange transactions	651	-130	521
Financial liabilities			
Current and non-current other financial liabilities			
- Forward exchange transactions	-888	130	-758

(31) Financial risk management

IFRS 7 requires an entity to provide disclosure that enables users of financial statements to evaluate the nature and the extent of risks arising from financial instruments. These risks encompass credit risk, market risk (interest rates, exchange rates and commodity prices) and liquidity risk. For a description of the methods, processes, responsibilities and objectives of the risk management system, please refer to the information provided in the Group management report under heading 5.3 (Risks and opportunities).

Credit risk

The Company is exposed to credit risk mainly in its operating business. A credit risk is defined as an unexpected loss on financial assets, such as if a customer is unable to meet its obligations when due. Operating receivables are locally monitored on an ongoing basis. Credit risk is taken into account by valuation allowances.

The maximum exposure to credit risk is reflected by the carrying amounts of financial assets in the statement of financial position. The Klöckner & Co Group addresses credit risk with its own credit management and by taking out trade credit insurance. As of December 31, 2024, €130 million (December 31, 2023: €155 million) of trade receivables were covered by credit insurance.

Trade receivables

Prospective customers are credit-checked against an in-house risk board before order acceptance. Additionally, there is an active receivables management system incorporating trade credit insurance. The broadly diversified receivables pool is also used for financing purposes an ABS program in Europe and two ABL facilities in the USA and Mexico.

In addition to local monitoring by each subsidiary, Klöckner & Co SE also monitors significant credit risk at Group management level in order to better control specific individual risks and any cumulative risk.

There is no risk concentration at Group level as trade receivables relate to large numbers of customers from a variety of sectors and regions. Klöckner & Co applies the simplified approach to trade receivables and contract assets, recognizing the lifetime expected credit losses on inception. Determination of expected credit losses under the simplified approach is performed at Klöckner & Co in risk groups using historic credit loss rates. The assignment to risk groups is made on the basis of shared credit risk characteristics. For Klöckner & Co, these include a customer's geographical location and the past due status of contract assets.

Future-oriented information is incorporated by adjusting historic credit loss rates with scaling factors. These are based on gross domestic product (GDP) growth rates in each region. Due to the structure of the receivables portfolio, the impact of this was small (under €0.3 million).

Contract assets relate to work in progress that has not yet been invoiced and generally have the same risk characteristics as trade receivables for the same types of contract. Klöckner & Co has therefore concluded that the expected credit loss rates on trade receivables not past due are a suitable approximation of loss rates for contract assets.

Individual valuation allowances are recognized under the simplified approach when one or more events have occurred that have a detrimental impact on the debtor's creditworthiness. Such events include payment delays, imminent insolvency or the granting of concessions to the debtor on account of payment difficulties. Trade receivables and contract assets are written off if recovery is no longer probable. This is the case, for example, if a debtor becomes insolvent.

(€ thousand)	2024	2023
Writedowns as of January 1 under IFRS 9	4,949	8,250
Utilization	-954	-3,760
Additions	1,297	467
Exchange rate differences	144	-8
Writedowns as of December 31	5,436	4,949

The change in the valuation allowance is mainly due to the increase/decrease in the gross carrying amount of trade receivables/contract assets that are credit-impaired.

The table below contains information on credit risk and expected credit losses on trade receivables and contract assets.

2024	Gross trade receivables (€ thousand)	Average default rates (in %)	Expected credit loss (€ thousand)
Germany	118,451	0.016-0.036	81
Switzerland	81,157	0.008	5
USA	348,149	0.041	126
Other	123,960	0.004-0.023	3
Total	671,718	0.004-0.041	216
Writedowns	-5,436		
Carrying amount trade receivables	666,281		

2023	Gross trade receivables (€ thousand)	Average default rates (in %)	Expected credit loss (€ thousand)
Germany/Austria	161,977	0.017-0.041	52
Switzerland	91,681	0.007	6
USA	362,082	0.051	181
Other	108,225	0.006-0.016	4
Total	723,965	0.006-0.051	243
Writedowns	-4,949		
Carrying amount trade receivables	719,016		

In addition to the expected credit losses, valuation allowances were recognized in the amount of €5,221 thousand (2023: €4,706 thousand) for incurred losses on trade receivables.

Cash and cash equivalents and other financial assets

As part of liquidity management, Klöckner & Co SE deposits cash and cash equivalents exclusively with the Group's core banks, which hold immaculate ratings. Their credit standing is also regularly monitored against credit default swaps (CDSs).

Cash consists of bank balances and short-term deposits in the form of call and time deposits. The maximum investment period is 90 days.

On the basis of the limited investment period, the banks' credit ratings and current CDS premiums, cash and cash equivalents have low default risk. No material impairment losses were therefore recognized on cash and cash equivalents in fiscal year 2024.

The other financial assets are mainly bonus claims to suppliers. Bonus claims are immediately offset against the next deliveries and their credit risk is assessed as immaterial.

Disclosures on liquidity risk

Liquidity requirements are continuously budgeted by the Klöckner & Co Group and monitored by the Corporate Treasury Department to ensure appropriate levels of liquidity for the Group.

In total, the Group has credit facilities (including leases) in the amount of approximately €1.8 billion (2023: €1.5 billion). Financial liabilities plus transaction costs came to €896 million (2023: €928 million). This corresponds to approximately 50% of the credit facilities (2023: 61%). For further information on our credit facilities, see Note 26 (Financial liabilities).

The Russian war of aggression against Ukraine and the Middle East conflict have had no impact on liquidity risk to date.

December 31, 2024		Cash outflows			Total
(€ thousand)		Less than 1 year	1-5 years	More than 5 years	
Bank loans, ABL	Nominal values	-	423,525	-	423,525
Bank loans, Other	Nominal values	31,651	258,198	5,000	294,849
ABL	Interest	25,688	40,597	-	66,284
Other	Interest	12,013	19,885	321	32,219
	Total	69,352	742,205	5,321	816,878
ABS	Nominal values	30,000	-	-	30,000
	Interest	2,596	214	-	2,810
	Total	32,596	214	-	32,810
Lease liabilities	Nominal values	33,176	76,814	38,917	148,907
	Interest	7,655	13,499	4,196	25,351
	Total	40,831	90,313	43,113	174,258
Total financial liabilities		142,779	832,732	48,434	1,023,945
Cash outflows from derivative financial instruments designated in interest hedging relationships		-	-	-	-

December 31, 2023		Cash outflows			Total
(€ thousand)		Less than 1 year	1-5 years	More than 5 years	
Bank loans, ABL	Nominal values	-	407,240	-	407,240
Bank loans, Other	Nominal values	56,374	227,952	5,863	290,189
ABL	Interest	26,396	53,643	-	80,039
Other	Interest	15,961	10,003	476	26,440
	Total	98,731	698,838	6,339	803,908
ABS	Nominal values	98,014	-	-	98,014
	Interest	6,102	5,388	-	11,490
	Total	104,116	5,388	-	109,504
Lease liabilities	Nominal values	30,473	71,491	31,202	133,166
	Interest	5,506	14,490	8,565	28,561
	Total	35,979	85,981	39,767	161,727
Total financial liabilities		238,826	790,207	46,106	1,075,139
Cash outflows from derivative financial instruments designated in interest hedging relationships		-	-	-	-

The table includes all instruments for which contractual payments are agreed as of the reporting date; budgeted payments for new liabilities to be assumed in the future are not included. Variable interest on financial instruments is determined on the basis of the forward yield curve immediately before the reporting date. For drawings on the revolving credit facility, it was assumed that the level of drawings as of the reporting date will be maintained for the remaining term of the facility.

Net gains or losses by category

Net gains or losses in the assets at amortized cost measurement category are presented in the table below. For the presentation of net interest income, please refer to Note 13 (Financial result).

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023
Exchange rate differences	-2,359	5,837
Valuation allowance	-3,904	-2,326
Subtotal	-6,263	3,511
Net income credit insurance	-290	77
Net result	-6,553	3,588

There was a net effect in the fiscal year of €114 thousand (2023: €0 thousand) in the equity instruments at fair value through other comprehensive income (OCI) category.

The net gain or loss in the other financial liabilities category relates to currency translation. In the fiscal year, there was a net gain of €173 thousand (2023: net loss of €2,175 thousand).

Financial assets measured at fair value total €433 thousand (2023: €651 thousand). The positive net effect on earnings (other effects recognized in profit or loss) amounts to €105 thousand (2023: negative net effect of €787 thousand). Further information about income from long-term equity investments measured at fair value is provided in Note 12 (Income from investments).

There are €984 thousand (2023: €888 thousand) in financial liabilities measured at fair value and €1,556,279 thousand (2023: €1,619,275 thousand) in financial liabilities measured at amortized cost. This resulted in negative net income effects of €108 thousand (2023: positive net income effects of €335 thousand) (other effects recognized in profit or loss).

Disclosures on interest rate risk

Klöckner & Co is exposed to interest rate changes due to the use of financial instruments. The hedging policy is geared to risk arising from interest rate changes on variable-rate financial liabilities. The Klöckner & Co Group faces interest rate risk exposure on its central financing instruments in the eurozone (syndicated loan; European ABS) and on local borrowings, notably in the US and Mexico (ABL) and in Switzerland (bilateral credit lines). There is additional interest rate risk exposure on short-term deposits of liquid funds at banks. The Corporate Treasury Department monitors and controls interest rate risk on financial liabilities.

As part of central Group financing, the Group's borrowing needs are primarily met with a diversified portfolio of financing instruments. These mainly comprise the working capital instruments (syndicated loan; European ABS; US and Mexico ABL). The working capital instruments are variable-rate financial instruments, generally with flexible drawing provisions.

Taking into account local borrowings in the amount of €16 million and lease liabilities in the amount of €149 million, €165 million or approximately 18% of financial liabilities before transaction costs were fixed-rate as of December 31, 2024 (2023: €159 million or approximately 17%).

Interest rate risk exposures and opportunities are presented using sensitivity analyses in accordance with IFRS 7. These show how interest income and expense and equity as of the reporting date are affected by changes in market interest rates. Interest rate risk is measured as cash flow risk.

Scenario-based sensitivity analysis is used to show the effects on Klöckner & Co's profit or loss of a parallel shift in yield curves in the relevant currencies. The cash flow effect of the shift in the yield curve relates solely to interest expense and income for the following reporting period.

On the basis of financial liabilities as of December 31, 2024, an increase in market interest rates on each of the relevant currencies by 100 basis points would have a negative effect on the financial result in the amount of approximately €6.9 million (2023: €7.5 million) for an analysis period of one year.

	2024	2023
(€ million)	100 bp	100 bp
EUR	2.2	2.8
USD	3.8	4.1
CHF	0.9	0.6
Total	6.9	7.5

A rising interest rate scenario creates upside potential for the accumulated holdings of liquidity. Assuming a one-year investment period, an increase in market interest rates by 100 basis points would have a positive effect in the amount of €1.2 million (2023: €1.6 million).

	2024	2023
(€ million)	100 bp	100 bp
EUR	0.3	0.3
USD	0.8	1.2
CHF	0.1	0.1
Total	1.2	1.6

Conversely, we expect that a fall in market interest rates by 100 basis points would result in the aforesaid effects in the opposite direction.

Disclosures on currency risk

Within our risk strategy, only transaction risk and risk on intra-Group borrowings are subject to our hedging policy. Our hedging activities do not target translation risk relating to the translation of income and expenses into our Group currency. Currency risk therefore arises from borrowing, intra-Group dividend payments, acquisitions and operating activities.

The Klöckner & Co Group operates central foreign currency management. Domestic and foreign subsidiaries are required to identify currency risk and to hedge it through the Corporate Treasury Department or, within set limits, individually with banks. The hedges cover currency risk on recognized sales and purchases as well as on firm sale and purchase commitments. With regard to currency risk on firm sale commitments, the hedging strategy takes into account the compensatory effects of operating measures and market changes (natural hedges).

At the reporting date, the Klöckner & Co Group did not have any material exposure to currency risk arising from its operating activities or acquisitions.

In financing, currency risk arose on foreign currency loans provided by Klöckner & Co SE to subsidiaries. These loans are granted to finance Group companies as part of central Group financing and are fully hedged. There were no such financing measures as at the reporting date (2023: loans totaling €58 million). The intra-Group loans, including ongoing interest payments, have been hedged with forward contracts and currency swaps.

Currency transactions at our subsidiaries in Germany, the USA, Switzerland, the Netherlands and Brazil amounted to €64 million at the year-end. These relate to forward exchange contracts and currency swaps entered into to hedge customer and supplier payments.

Our currency swaps had a negative fair value as of the reporting date of €0.6 million (2023: €0.2 million).

Commodity price risk

Due to its business model, the company is dependent on steel, the price of which is highly volatile due to cyclical demand and speculation. To limit the price risk on expected future net requirements, Klöckner & Co enters into contracts with suppliers for future physical delivery.

In addition, cash-settled OTC steel forwards are used, which are entered into at the American country organization in coordination with Corporate Treasury and result in a settlement payment based on a market index. Forward positions vary according to expected production volumes and price movements during the year.

Commodity forwards are designated in cash-flow hedge accounting and classified into planned and unrecognized firm commitment procurement transactions. Two potential causes of ineffectiveness are over-hedging and divergence between the derivative's underlying and the reference price formula. Any ineffectiveness is accounted for in cost of materials.

Due to the existing contract volumes as of December 31, 2024, there are no material sensitivities on these positions (December 31, 2023: no material sensitivities). Commodity price risks and opportunities for steel are presented using sensitivity analyses in accordance with IFRS 7. These show how equity as of the reporting date is affected by changes in prices. Commodity price risk is measured as cash flow risk.

Scenario-based sensitivity analysis is used to show the effects on Klöckner & Co of a parallel shift in price curves.

(32) Litigation, contingent liabilities and commitments

Contingent liabilities are possible obligations which arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. They also include present obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Unless the possibility of any outflow in settlement is remote, a description of the nature of the contingent liability is disclosed.

The Klöckner & Co Group is not involved in any litigation or arbitration proceedings that could have a material impact on the Group's financial situation. Notwithstanding extensive compliance measures, however, isolated compliance violations and legacy cases cannot be ruled out.

There are also guarantees that are given on divestments and property disposals. Such guarantees cover customary representations and warranties as well as environmental and tax contingencies.

Other commitments arise from purchase obligations; these amounted as of December 31, 2024 to €57.6 million (2023: €29.1 million).

(33) Related party transactions

Klöckner & Co SE is a dependent company of SWOCTEM GmbH, Haiger, within the meaning of Section 312 of the German Stock Corporation Act (AktG). The majority shareholder of SWOCTEM GmbH is Prof. Dr. E.h. Friedhelm Loh, who is to be regarded as a controlling party of Klöckner & Co. SE due to his shareholding in SWOCTEM. Pursuant to Section 312 (1) of the German Stock Corporation Act, the Management Board of Klöckner & Co SE has therefore prepared a report on relations with affiliated companies. Please see the concluding statement to the report in section 4.1 of the combined management report for fiscal year 2024.

Related parties within the meaning of IAS 24 therefore include SWOCTEM GmbH, entities related to it and entities which are controlled, jointly controlled or significantly influenced by Prof. Dr. E.h. Friedhelm Loh or his close family members or in which key management positions are held by these persons. In the reporting year, the Group supplied these companies with goods to the value of €7,278 thousand (2023: €4,669 thousand) and purchased goods to the value of €72 thousand (2023: €260 thousand) and services to the value of €31 thousand (2023: €0 thousand). All transactions took place at arm's length. There were receivables of €561 thousand (2023: €309 thousand) and liabilities of €12 thousand (2023: €0 thousand) as of the reporting date.

The Management Board, the Supervisory Board and their close family members are also classified as related parties within the meaning of IAS 24. With the exception of the above disclosures concerning Prof. Dr. E.h. Friedhelm Loh, transactions with members of the Management Board and Supervisory Board are restricted in the reporting period to transactions in their capacity as members of the Management Board or Supervisory Board as set out below. The members of the Management Board are Guido Kerkhoff, Dr. Oliver Falk and John Ganem. The members of the Supervisory are Prof. Dr. Dieter H. Vogel, Dr. Ralph Heck, Prof. Dr. Tobias Kollmann, Prof. Dr. E.h. Friedhelm Loh, Uwe Röhrhoff, Dagmar Steinert (from May 23, 2024) and Ute Wolf (until May 23, 2024).

Remuneration for Management Board members consists of non-performance-related and performance-related components. The non-performance-related components consist of a monthly fixed salary, retirement provision and ancillary benefits. The performance-related remuneration is granted in the form of a variable target bonus, which is made up of a short-term (cash) and a long-term (personal investment) component. This personal investment component requires the purchase of shares in Klöckner & Co SE at the grant date and is subject to a four-year lock-up period. The figure of €1,386 thousand (2023: €1,799 thousand) stated for share-based remuneration relates to the fair value of the Management Board's personal investment component to be paid out in shares for the fiscal year and corresponds to the entitlement granted. A provision of €924 thousand (2023: €1,199 thousand) is recognized at the reporting date for the portion of performance-related remuneration granted to the Management Board as the cash component.

Supervisory Board remuneration comprises basic remuneration, attendance fees, expenses and the value added tax payable on the remuneration components. As of December 31, 2024, there was a provision for basic remuneration for the Supervisory Board in the amount of €644 thousand (2023: €647 thousand).

The components of the remuneration system for the Management Board and the Supervisory Board are set out in detail with disclosures for individual members in the remuneration report. The table below shows total compensation of members of the Management Board and of the Supervisory Board of Klöckner & Co SE – differing from the disclosures of remuneration granted and owed contained in the remuneration report – pursuant to the stipulations of German commercial law:

<i>(€ thousand)</i>	2024	2023
Management Board		
Fixed components	2,253	2,228
Bonuses	2,310	2,998
Other remunerations	918	875
Total pursuant to Section 314 No. 6a of the German Commercial Code (HGB) – Management Board	5,481	6,101
Supervisory Board		
Fixed components	644	647
Total pursuant to Section 314 No. 6a of the German Commercial Code (HGB) – Supervisory Board	644	647

The following table illustrates the remuneration in accordance with IAS 24 (Related Party Disclosure) for the Management Board and the Supervisory Board:

<i>(€ thousand)</i>	2024	2023
Short-term benefits (IAS 24.17 a)		
- Management Board	4,095	4,371
- Supervisory Board	644	647
Termination benefits (IAS 24.17 d)	-	754
Share-based payments long term incentive variable bonus Management Board (IAS 24.17 e)	1,386	1,799
Total remunerations IFRS	6,125	7,571

There are pension provisions of €6,963 thousand (2023: €6,789 thousand) for members of the Management Board as of the reporting date.

Pursuant to Section 314 No. 6 b) of the German Commercial Code (HGB), total remuneration paid to former members of the Management Board was €915 thousand in the reporting year (2023: €1,604 thousand). In fiscal year 2023, this included a severance payment of €754 thousand on termination of a Management Board member's service on the Management Board. In addition, there are pension provisions for former Management Board members in the amount of €20,666 thousand (2023: €21,377 thousand).

As of December 31, 2024, as in the prior year, no loans or advances had been granted to members of the Management Board or Supervisory Board; likewise, as in the prior year, no commitments had been assumed into in favor of members of the Management Board or Supervisory Board.

Furthermore, all Group companies listed in the annex to the notes to the consolidated financial statements of the parent company of Klöckner & Co SE are also classified as related parties within the meaning of IAS 24. All transactions with related parties included in the consolidated financial statements have been eliminated in the consolidation entries. Transactions with associates or non-consolidated subsidiaries generally resulted from normal trading in goods and services. In the reporting year, the Group supplied these companies with goods to the value of €43 thousand (2023: €6 thousand) and services to the value of €0 thousand (2023: €0 thousand) and purchased goods from them to the value of €943 thousand (2023: €897 thousand). All transactions took place at arm's length. There were liabilities of €112 thousand (2023: €0 thousand) and receivables of €0 thousand (2023: €0 thousand) as of the reporting date.

Without exception, the transactions between the Group companies and related parties are attributable to ordinary activities and were conducted on an arm's length basis.

(34) Notes to the consolidated statement of cash flows

The consolidated statement of cash flows is presented in accordance with IAS 7 (Statement of Cash Flows). It is of central importance in assessing the cash flows of the Klöckner & Co Group.

The changes in the items of the statement of financial position that provide the basis for the statement of cash flows cannot be directly reconciled to the statement of financial position due to the effects of currency translation and changes in the scope of consolidation, which are eliminated in preparing the statement of cash flows.

Cash and cash equivalents (including €9 million (2023: €0 million) in short-term deposits) at the year-end 2024 came to €121 million (2023: €155 million).

Cash flow from operating activities

Cash flow from operating activities was €160 million in the fiscal year (2023: €287 million). The main drivers of cash flow from operating activities are operating income (EBITDA) and changes in net working capital. The additional release of funds net of exchange rate effects and changes in the scope of consolidation were as follows:

(€ thousand)	Variance	
	2024/2023	2023/2022
Inventories	-148,646	-168,739
Trade receivables	-72,516	-128,322
Contract assets	-6,113	12,894
Supplier bonus receivables	445	13,366
Trade payables	64,742	19,847
Contract liabilities	1,747	-2,397
Advance payments received	270	2,219
Net working capital	-160,071	-251,132

Cash flow from investing activities

Cash outflows of €112 million from capital expenditure on property, plant and equipment, intangible assets and financial assets and of €13 million for the acquisition of consolidated subsidiaries were offset by a total of €3 million in cash inflows from disposal of property, plant and equipment and financial assets. The net outcome was a cash outflow of €121 million (2023: €432 million). Of the capital expenditure on fixed assets, €15 million (2023: €16 million) was taxonomy-eligible CAPEX.

Cash flow from financing activities

The negative €-140 million (2023: positive €125 million) cash flow from financing activities includes a cash outflow of €20 million for dividend payments to shareholders of Klöckner & Co SE, €1 million for dividend payments to non-controlling shareholders of Klöckner & Co SE and €34 million for lease liability repayments in accordance with IFRS 16. The €1 million (2023: €1 million) payments for derivatives in financing activities relate to the settlement of currency transactions with banks (currency swaps) used to hedge intercompany loans.

The Klöckner & Co Group's business activities constantly generate short-term cash inflows. These are generally used within one month to repay working capital facilities.

Financial liabilities changed as follows:

<i>(€ thousand)</i>	Bonds	Liabilities to bank	Liabilities under ABS program	Liabilities from leases	Total
Balance as of January 1, 2023	139,022	296,739	159,026	164,567	759,354
Changes from financing cash flows					
Repayment of convertible Bond	-139,022	-	-	-	-139,022
Borrowings	-	678,287	4,910	-	683,198
Repayment of financial liabilities	-	-276,257	-66,855	-29,624	-372,737
Changes from financing cash flows	-139,022	402,030	-61,945	-29,624	171,439
Changes arising from obtaining or losing control of subsidiaries or other businesses	-	-	-	2,512	2,512
The effect of changes in foreign exchange rates	-	-6,072	696	-1,163	-6,539
Other changes liability-related					
New leases	-	-	-	58,610	58,610
Early terminated leases	-	-	-	-2,650	-2,650
Interest expense	4,492	30,473	8,625	3,758	47,348
Interest paid	-4,492	-26,515	-8,625	-3,758	-43,390
Interest received	-	1,306	-	-	1,306
Changes from discontinued operations	-	-1,319	-	-59,085	-60,404
Total liability-related other changes	-	3,945	-	-3,125	820
Balance as of December 31, 2023	-	696,642	97,777	133,167	927,587
Balance as of January 1, 2024	-	696,642	97,777	133,167	927,587
Changes from financing cash flows					
Borrowings	-	331,149	9,736	-	340,885
Repayment of financial liabilities	-	-344,467	-77,752	-34,205	-456,424
Changes from financing cash flows	-	-13,318	-68,016	-34,205	-115,539
Changes arising from obtaining or losing control of subsidiaries or other businesses	-	-	-	11,349	11,349
The effect of changes in foreign exchange rates	-	22,818	331	5,704	28,853
Other changes liability-related					
Changes in bank overdraft	-	-989	-	-	-989
New leases	-	-	-	33,375	33,375
Early terminated leases	-	-	-	-483	-483
Interest expense	-	53,341	5,414	4,731	63,486
Interest paid	-	-42,417	-5,414	-4,731	-52,562
Interest received	-	944	-	-	944
Total liability-related other changes	-	10,878	-	32,892	43,770
Balance as of December 31, 2024	-	717,021	30,092	148,907	896,019

(35) Segment reporting

Reporting of operating segments in accordance with IFRS 8 is based on the internal organization and reporting structure. The Klöckner & Co Group is organized by regions. The reporting structure covers all companies domiciled in these regions. Central functions not assigned to a segment and consolidation adjustments are reported separately.

As a result of the sale of the French, Belgian and Dutch Group companies and the companies in the United Kingdom, the Klöckner & Co Group has been divided since the first quarter of 2024 into two operating segments: Kloeckner Metals Americas and Kloeckner Metals Europe. The prior-year figures have been restated accordingly.

The segments use the same significant accounting policies as described in Note 5 (Significant accounting policies), except in the case of intra-Group transactions (especially profit distributions and impairments on consolidated affiliated companies), which are eliminated within the individual segments.

With the exception of consolidated net income and cash flow from operating activities, the following segment reporting shows the figures for continuing operations only. For discontinued operations, all income and expenses were presented separately in the income statement and all cash flows were presented separately in the statement of cash flows until disposal on February 29, 2024.

(€ thousand)	Kloekner Metals Americas		Kloekner Metals Europe		Total segments	
	2024	2023	2024	2023	2024	2023
	Shipments (Tto)	2,845,203	2,521,613	1,607,543	1,725,990	4,452,746
External sales	3,917,148	3,830,978	2,715,045	3,125,629	6,632,193	6,956,607
Sales from other segments	-	-	-	221	-	221
Gross profit	668,321	664,871	444,425	492,388	1,112,746	1,157,260
Gross profit margin (%)	17.1	17.4	16.4	15.8	16.8	16.6
Segment result (EBITDA)	149,326	186,412	-34,871	20,966	114,455	207,378
EBITDA before material special effects	153,925	186,412	-17,838	20,985	136,088	207,398
Income from investments	-	-	-	-	-	-
Earnings before interest and taxes (EBIT)	82,585	125,165	-93,827	-39,075	-11,242	86,090
Scheduled depreciation on intangible assets and property, plant and equipment	-65,818	-61,247	-57,134	-52,900	-122,953	-114,147
Impairment losses on intangible assets and property, plant and equipment	-923	-	-1,872	-7,141	-2,795	-7,141
Reversals of impairments on intangible assets and property, plant and equipment	-	513	50	8	50	521
Interest revenue	572	1,045	2,642	2,524	3,214	3,569
Interest expense	-41,271	-23,805	-32,260	-29,807	-73,532	-53,612
Income before taxes	41,885	102,405	-123,445	-66,358	-81,560	36,047
Income before taxes and material special effects	46,485	102,405	-106,412	-66,339	-59,927	36,066
Income taxes	-22,309	-25,795	-4,704	-3,822	-27,013	-29,617
Other non-cash income/expenses	-	-3,217	-216	905	-216	-2,312
Net income from continuing operations	19,576	76,610	-128,149	-70,180	-108,573	6,430
Net income from discontinued operations	-	-	-47,571	-212,894	-47,571	-212,894
Capital expenditure for intangible assets, property, plant and equipment and financial investment	-57,512	-41,073	-51,587	-44,117	-109,099	-85,190
Cash flow from operating activities from continuing operations	58,886	251,276	94,038	43,319	152,924	294,595
Cash flow from operating activities from discontinued operations	-	-	-45,504	10,040	-45,504	10,040

(€ thousand)	Kloekner Metals Americas		Kloekner Metals Europe		Total segments	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Net working capital	742,241	703,223	622,129	784,639	1,364,370	1,487,862
Employees at year-end (headcount)	3,109	2,918	3,174	3,196	6,283	6,114

Holding and other group companies		Consolidation		Total	
2024	2023	2024	2023	2024	2023
-	-	-	-	4,452,746	4,247,603
-	-	-	-	6,632,193	6,956,607
-	-	-	-221	-	-
-	-	-	-	1,112,746	1,157,260
-	-	-	-	16.8	16.6
-3,381	-2,034	-1,993	-14,902	109,081	190,441
2,177	-2,034	-1,993	-14,902	136,272	190,461
-1,607	-3,555	-	-	-1,607	-3,555
-6,704	-5,428	-1,993	-14,902	-19,939	65,760
-2,875	-3,393	-	-	-125,827	-117,540
-448	-	-	-	-3,243	-7,141
-	-	-	-	50	521
31,672	35,389	-32,573	-36,133	2,313	2,825
-21,857	-23,073	31,166	27,710	-64,223	-48,976
1,503	3,333	-3,400	-23,325	-83,456	16,055
7,062	3,333	-3,400	-23,325	-56,266	16,074
-35,228	13,292	-	-	-62,241	-16,325
3	-8	-	-	-213	-2,320
-33,724	16,625	-3,400	-23,325	-145,698	-270
-	-	17,710	23,362	-29,861	-189,532
-2,757	-6,785	-	-	-111,856	-91,974
7,285	11,289	-	-19,112	160,209	286,772
-	-	-	24,754	-45,504	34,794
Holding and other group companies		Consolidation		Total	
Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
4,333	1,174	-	-	1,368,702	1,489,036
224	261	-	-	6,507	6,375

For the breakdown of sales by customer location and type of transaction, please see Note 7 (Sales).

EBITDA, as a key performance indicator, is defined as earnings before interest, taxes, depreciation, amortization, impairments and reversals of impairments of intangible assets and property, plant and equipment. The material special effects adjusted out of EBITDA are shown in Note 6 (Special items affecting the results).

Net working capital comprises inventories and trade receivables, including contract assets and supplier bonus receivables, less trade payables, including contract liabilities and advance payments received.

Non-cash income and expenses mainly relate to changes in fair values of derivative financial instruments.

Non-current assets by country

Intangible assets and property, plant and equipment are broken down by country as follows:

<i>(€ thousand)</i>	2024	2023
USA	361,340	309,610
Mexico	173,781	165,930
Switzerland	319,721	334,640
Germany	147,013	142,622
Other countries	17,172	15,096
Total	1,019,027	967,898

(36) Subsequent events

In January 2025, in agreement with the Swiss core banks, Klöckner & Co terminated bilateral credit lines with a total volume of CHF 160 million (approximately €170 million) and established an unsecured syndicated loan with a volume of CHF 200 million (approximately €212 million) as a new financing instrument. In this connection, the bank syndicate was expanded from three to four banks. The facility has a term of four years until January 2029.

On February 25, 2025, Klöckner & Co signed a contract for the sale of the Brazilian subsidiary Kloeckner Metals Brasil Ltda., São Paulo, Brazil, from the Kloeckner Metals Americas segment to a major Brazilian steel producer. The economic transfer of the shares to the buyer is expected in the first half of 2025 (closing). The non-current assets accounted for approximately 0.2% of total Group assets. With 90 employees, the Brazilian company generated sales of €32 million in the past fiscal year, contributing around 0.5% to Klöckner & Co's consolidated sales. The company's earnings before taxes (EBT) have recently been negative due to the continued difficult economic environment in Brazil.

(37) Fees and services of the auditor of the consolidated financial statements

The auditor of the individual and consolidated financial statements of Klöckner & Co SE in the reporting year is PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf. The audit opinion is signed by Wirtschaftsprüferin (German Public Auditor) Antje Schlotter (from fiscal year 2023) and Wirtschaftsprüferin (German Public Auditor) Verena Polzer (from fiscal year 2023).

The following fees were incurred for services performed by the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf and companies of the worldwide PwC network:

	2024	
	Total	thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
<i>(€ thousand)</i>		
Audit of financial statements	2,771	1,400
Other assurance services	159	159
Total	2,930	1,559
	2023	
	Total	thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
<i>(€ thousand)</i>		
Audit of financial statements	3,112	1,443
Other assurance services	38	25
Total	3,150	1,468

The fees for the audit of financial statements mainly relate to the audit of the consolidated financial statements in accordance with IFRS and the audits performed by the auditors of the separate financial statements of the consolidated subsidiaries and the review of the 2024 half-year financial report.

The fees for other assurance services relate to other statutory or contractual audits.

(38) Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board submitted the Declaration of Conformity in accordance with Section 161 AktG on December 11, 2024 and made it permanently publicly available to shareholders on the Klöckner & Co SE website.

Duisburg, March 5, 2025

Klöckner & Co SE
MANAGEMENT BOARD

Guido Kerkhoff
CHAIRMAN OF THE MANAGEMENT BOARD
(CEO)

Dr. Oliver Falk
MEMBER OF THE MANAGEMENT BOARD
(CFO)

John Ganem
MEMBER OF THE MANAGEMENT BOARD
(CEO AMERICAS)

Declaration of the Management Board

Statement by the Management Board on the consolidated financial statements and the Group management report

To the best of our knowledge, and in accordance with International Financial Reporting Standards (IFRS), the consolidated financial statements give a true and fair view of the results of operations, financial position and net assets of the Group, and the Group management report, which has been combined with the management report for the Company, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Duisburg, March 5, 2025

Klöckner & Co SE

MANAGEMENT BOARD

Guido Kerkhoff

CHAIRMAN OF THE MANAGEMENT BOARD
(CEO)

Dr. Oliver Falk

MEMBER OF THE MANAGEMENT BOARD
(CFO)

John Ganem

MEMBER OF THE MANAGEMENT BOARD
(CEO AMERICAS)

Independent Auditor's Report

To Klöckner & Co SE, Duisburg

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

AUDIT OPINIONS

We have audited the consolidated financial statements of Klöckner & Co SE, Duisburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Klöckner & Co SE, which is combined with the Company's management report for the financial year from 1 January to 31 December 2024.

In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU

Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows::

- 1. Recoverability of intangible assets and property, plant and equipment**
- 2. Recoverability of goodwill**

Our presentation of these key audit matters has been structured in each case as follows:

- Matter and issue
- Audit approach and findings
- Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of intangible assets and property, plant and equipment

- In the Company's consolidated financial statements intangible assets (excluding goodwill) amounting in total to €118.1 million (3.3% of total assets) and property, plant and equipment amounting in total to €812.4 million (23.0% of total assets) are reported. Intangible assets (excluding goodwill) and property, plant and equipment were tested for impairment as at the balance sheet date in accordance with IAS 36. The carrying amount of the relevant cash-generating units is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. This is based on external expert opinions and external sources on standard land values. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that the cash-generating units Germany, Becker and Brazil recognised impairment losses on property, plant and equipment totalling €4.1 million after taking into account the fair value less costs to sell.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

- b) As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable..

- c) The Company's disclosures on intangible assets (excluding goodwill) and property, plant and equipment are contained in sections 16 (a) and 16 (b) of the notes.

2. Recoverability of goodwill

- a) In the Company's consolidated financial statements goodwill amounting in total to €88.5 million (2.5% of total assets) is reported under the "Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined, after taking into account the fair value less costs to sell, that there is no need for impairments on goodwill for any cash-generating unit.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit. .

- b) As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable..

- c) The Company's disclosures on goodwill are contained in section 16 (a) of the notes.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the group statement on corporate governance pursuant to § 289f and § 315d HGB included in section "7. Corporate Governance Statement"
- the information contained in the Group management report that is marked as unaudited.

The other information comprises further

- the separate non-financial group report to comply with §§ 315b to 315c HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act] for which the Supervisory Board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

The executive directors and the supervisory board are further responsible for the preparation of the remuneration report, including the related disclosures, which is included in a separate section of the group management report and complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

ASSURANCE OPINION

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file kloeckner-2024-12-31-de_Konzernabschluss.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

BASIS FOR THE ASSURANCE OPINION

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process..

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 23 May 2024. We were engaged by the supervisory board on 3 December 2024. We have been the group auditor of the Klöckner & Co SE, Duisburg, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER - USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Antje Schlotter.

Düsseldorf, March 5, 2025

PricewaterhouseCoopers GmbH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Antje Schlotter
WIRTSCHAFTSPRÜFERIN
(GERMAN PUBLIC AUDITOR)

ppa. Verena Polzer
WIRTSCHAFTSPRÜFERIN
(GERMAN PUBLIC AUDITOR)



Individual financial statements

Klöckner & Co SE

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Individual financial statements

Statement of income

for the 12-month period ending December 31, 2024

<i>(€ thousand)</i>	2024	2023
Sales	35,160	41,954
Other operating income	14,872	3,446
Cost of purchased services	-5,195	-5,511
Personnel expenses	-15,104	-21,283
Depreciation of intangible assets and property, plant and equipment	-353	-470
Other operating expenses	-31,312	-51,487
Income from participations	20,473	143,409
Income from profit transfer agreements	284	30
Other interest and similar income	31,838	31,221
Impairment of investments	-5,028	-204,073
Expenses from loss transfer agreements	-104,358	-60,412
Interest and similar expenses	-15,862	-11,270
Result before taxes	-74,584	-134,445
Income taxes	-55	114
Net income	-74,639	-134,331
Unappropriated profits carried forward	19,950	73,321
Dividends	-19,950	-39,900
Appropriation to other revenue reserves	-	-33,421
Withdrawals from other revenue reserves	94,589	154,281
Unappropriated profits	19,950	19,950

Balance sheet

as of December 31, 2024

ASSETS

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023
Property, plant and equipment	1,113	898
Non-current investments	881,562	873,539
Fixed assets	882,675	874,437
Trade receivables	6	14
Receivables from affiliated companies	268,513	438,652
Other assets	1,499	5,324
Cash and cash equivalents	18,393	175
Current assets	288,411	444,165
Prepaid expenses	2,463	1,096
Pension plan surplus	12,232	7,929
Total assets	1,185,780	1,327,626

EQUITY AND LIABILITIES

<i>(€ thousand)</i>	December 31, 2024	December 31, 2023
Equity		
Subscribed capital	249,375	249,375
Capital reserves	585,777	585,776
Other revenue reserves	130,462	225,052
Unappropriated profits	19,950	19,950
Equity	985,564	1,080,153
Provisions for taxes	1,808	6,842
Other provisions	14,768	18,597
Liabilities to banks	173,197	180,715
Trade payables	649	963
Liabilities to affiliated companies	4,283	39,733
Other liabilities	5,512	623
Total equity and liabilities	1,185,780	1,327,626

Movements in intangible assets, property, plant and equipment and non-current investments

as of December 31, 2024 (annex to the Notes)

	Intangible assets	Property, plant and equipment			Non-current investments	Fixed assets
			Other equipment, operating and office equipment		Investments in affiliated companies	
(€ thousand)	Software	Buildings		Prepayments		Total
Acquisition and manufacturing costs as of Jan. 01, 2024	1,548	1,747	1,777	-	1,385,305	1,390,378
Additions	-	-	50	831	24,200	25,081
Disposals	-	-1,719	-280	-36	-450,217	-452,252
Acquisition and manufacturing costs as of Dec. 31, 2024	1,548	28	1,547	795	959,288	963,208
Accumulated depreciation as of Jan. 01, 2024	-1,548	-1,361	-1,266	-	-511,766	-515,941
Additions	-	-243	-109	-	-5,028	-5,380
Reversal of impairment	-	-	-	-	10,051	10,051
Disposal depreciation	-	1,576	146	-	429,017	430,739
Accumulated depreciation as of Dec. 31, 2024	-1,548	-28	-1,230	-	-77,726	-80,533
Fixed assets, net as of Dec. 31, 2024	-	-	318	795	881,562	882,675

	Intangible assets	Property, plant and equipment			Non-current investments	Fixed assets
	Software	Buildings	Other equipment, operating and office equipment	Prepayments	Investments in affiliated companies	Total
<i>(€ thousand)</i>						
Acquisition and manufacturing costs as of Jan. 01, 2023	1,571	1,715	1,719	23	1,381,304	1,386,332
Additions	-	10	84	-	4,001	4,095
Reclassification	-	23	-	-23	-	-
Disposals	-23	-	-26	-	-	-49
Acquisition and manufacturing costs as of Dec. 31, 2023	1,548	1,747	1,777	-	1,385,305	1,390,378
Accumulated depreciation as of Jan. 01, 2023	-1,451	-1,120	-1,183	-	-307,693	-311,447
Additions	-120	-241	-109	-	-204,073	-204,543
Disposal depreciation	23	-	26	-	-	49
Accumulated depreciation as of Dec. 31, 2023	-1,548	-1,361	-1,266	-	-511,766	-515,941
Fixed assets, net as of Dec. 31, 2023	-	387	511	-	873,539	874,437

Notes to the financial statements

For the 12-month period ending December 31, 2024

General information

Klößner & Co SE & Co SE is the parent company of the Klößner & Co Group and has its registered domicile in Duisburg, Germany. It is entered in the commercial register of Duisburg Local Court under HRB 20486. Since January 2025, the administrative headquarters of Klößner & Co SE has been located at Peter-Müller-Str. 24, Düsseldorf, Germany.

Klößner & Co SE is in charge of operating management of the Klößner & Co Group. It directly holds the ownership interests in most management companies heading the Group's national and international country organizations, as well as in individual country operating companies themselves.

Since the initial public offering on June 28, 2006, Klößner & Co SE's shares have been listed on the Frankfurt Stock Exchange's Regulated Market (Prime Standard).

The annual financial statements and the consolidated financial statements are published in the Federal Gazette.

Accounting policies

The financial statements for the fiscal year January 1 to December 31, 2024 are prepared in accordance with the stipulations applying for large corporations in the German Commercial Code (HGB) and in accordance with the German Stock Corporation Act (AktG).

Klößner & Co SE prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The presentation of the annual financial statements is in accordance with Sections 266–277 HGB.

Assets

Acquired intangible assets and property, plant and equipment are normally carried at cost less accumulated amortization and depreciation recognized in accordance with commercial law. The option of recognizing self-generated intangible assets is not used. Moveable depreciable assets are depreciated on a straight-line basis. Minor assets are expensed in the year of purchase or production. If the attributable value of a depreciable asset is diminished as of the reporting date, a write-down for impairment is recognized. Other operating and office equipment is depreciated over between three and 13 years.

Financial assets are accounted for at cost of purchase and in case of other-than-temporary impairment at their lower attributable cost. For material investments in affiliated companies, attributable value is determined using the discounted cash flow method. The cash flows used in the discounted cash flow method are based on budgets for each affiliate for the next four years, extrapolated using long-term growth rate assumptions. They are discounted at a discount rate derived from the yield on a risk-equivalent alternative investment.

Receivables and other assets are normally measured at cost. Specific valuation allowances are established to account for identifiable risks. Foreign currency receivables are translated at the midpoint spot rate at the reporting date. Section 253 (1) sentence 1 and Section 252 (1) 4 HGB are not applied if the remaining maturity is less than one year.

Equity and liabilities

Provisions for pensions are measured using the projected unit credit method (analogous to IAS 19). In accordance with the requirements under the Accounting Law Modernization Act (BilMoG), the parameters for valuation were as follows: for salary increases 3.0% (2023: 3.0%); for pension increases 3.5% for 2025, 2.6% for 2026 and 2.2% from 2027 (2023: pension increases of 4.6% for 2024, 3.5% for 2025 and 2.2% from 2026). The biometric parameters are based on the Prof. Dr. Klaus Heubeck 2018 G tables (2023: Prof. Dr. Klaus Heubeck 2018 G tables). The obligation is discounted at the average market rate based on an assumed remaining maturity of 15 years as regularly published by the German Bundesbank. Ten years are assumed for calculation of the average discount rate. At the reporting date, this is 1.9% (2023: 1.83%). Ring-fenced assets that exclusively serve the purpose of meeting pension obligations are offset against the corresponding liability. To meet pension obligations, assets are held in trust under a contractual trust arrangement (CTA). The assets are measured at fair value. The fair value is based on the market values of the asset management companies at the reporting date. The plan assets are offset against the benefit obligation. Any net plan liability is accounted for in provisions. Any excess of plan assets over plan liabilities is presented in assets as a pension plan surplus.

Other provisions account for all identifiable obligations and emerging risks. They are recognized at their settlement amount estimated with the due care and diligence of a prudent businessman. Provisions with a remaining maturity of more than one year are discounted to the reporting date. The discount rate is the past seven-year average market interest rate for congruent maturities as published by the German Bundesbank.

Liabilities are normally stated at their settlement amount. Foreign currency liabilities with a remaining maturity of up to one year are normally translated at the midpoint spot rate at the reporting date. Foreign currency liabilities with longer maturities are translated at the invoice date exchange rate or, if higher, the midpoint spot rate at the reporting date.

Derivative financial instruments are accounted for at fair value, determined on the basis of banks' quoted prices or by quantitative finance methods using standard banking models. Where market prices exist, these correspond to the price a third party would pay for the rights or obligations arising from the financial instruments. The fair values are the market values of the derivative financial instruments, irrespective of any offsetting changes in the value of hedged items. Positive fair values are presented in other assets and negative fair values in other liabilities.

In accordance with Section 254 HGB, financial instruments that match the volume and timing of risks on a hedged item are accounted for in a unit with the hedged item. Under application of the net hedge presentation method, they are estimated according to the value on the date of issue. Changes in value in respect of the hedged risk are not recognized on the balance sheet or in the statement of income.

Statement of income

The statement of income is prepared using the nature of expense method (Section 275 (2) HGB).

Expense from the unwinding of the discount on pension obligations is accounted for in net interest income.

Fixed assets

Changes in fixed assets in the reporting year are presented in the statement of movements in intangible assets, property, plant and equipment and non-current investments.

The development of the financial assets as of December 31, 2024 is marked by the sale of a large part of the European distribution business. Prior to that, ODS B.V., Rotterdam, The Netherlands, made a distribution of €21 million to Klöckner & Co SE and then Klöckner & Co SE acquired ODS Metering System B.V, Rotterdam, The Netherlands for a purchase price of €23 million. With effect from February 29, 2024, Klöckner & Co SE then sold the fully written-off steel distribution business in France (Kloekner Metals France Holding S.A.S., Aubervilliers, France), the United Kingdom (Kloekner Metals UK Holdings Limited, Leeds, United Kingdom), the Netherlands (ODS B.V., Rotterdam, The Netherlands) and Belgium (Kloekner Metals Belgium N.V., Harelbeke, Belgium) to Hierros Añon S.A. Spain. The final purchase price was €85 million, resulting in an additional loss of €11 million in the fiscal year that was accounted for in other operating expenses.

In addition, impairments of €4,028 thousand (2023: €5,155 thousand) were recognized for Kloekner Metals Brasil Ltda., São Paulo, Brazil, and impairment reversals of €10,051 thousand (2023: impairments of €32,803 thousand) were recognized on the carrying amount of the investment in Kloekner Metals Germany, Düsseldorf, Germany.

A €1,000 thousand (2023: €4,000 thousand) capital increase was carried out at XOM Materials GmbH, Berlin, Germany, on which an impairment loss was immediately recognized in the full amount (2023: impairment loss of €4,000 thousand, the full carrying amount of the investment).

A listing of all equity investments is presented in the appendix.

Receivables and other assets

<i>(€ thousand)</i>	2024	2023
Trade receivables	6	14
Receivables from affiliated companies	268,513	438,652
Other assets	1,499	5,324
	270,018	443,990

Receivables from affiliated companies relate to European cash pooling, profit distributions, profit transfer agreements, financial services, clearing and short-term loans.

All receivables have a maturity of less than one year.

Other assets totaling €929 thousand (2023: €1,000 thousand) have a remaining maturity of more than one year and mainly relate to non-pledged pension liability insurance.

Pension plan surplus

Pension obligations in Germany were fully funded by establishing and paying €122 million into a contractual trust arrangement (CTA) in fiscal year 2021. Offsetting the €126,586 thousand settlement amount of the pension obligations against plan assets – comprising the contractual trust arrangement (CTA) and pension liability insurance – with a fair value of €138,818 thousand leaves a surplus of plan assets of €12,232 thousand as of December 31, 2024.

The development of the prior-year figures is shown in the following table.

<i>(€ thousand)</i>	2024	2023
Settlement amount of obligations from pension commitments	126,586	128,272
Fair value of the security assets/reinsurance policy invested with the CTA	138,818	136,201
Excess of assets over pension obligations (excess of plan assets over pension liabilities)	12,232	7,929
Acquisition costs of the security assets invested with the CTA	109,179	108,447
Acquisition cost of reinsurance	29,638	28,656

The difference between the amount of the provision calculated using the corresponding average market interest rate of the last ten financial years and the amount of the provision calculated using the corresponding average market interest rate of the last seven financial years in accordance with Section 253 (6) of the German Commercial Code is positive in the amount of €920 thousand as of December 31, 2024. As of the prior-year reporting date, an amount of €1,274 thousand was not allowed to be distributed to shareholders.

The expense in the reporting year from the unwinding of the discount on pension obligations was €2,276 thousand (2023: €2,324 thousand); the gains on remeasuring plan assets at fair value amounted to €7,893 thousand (2023: €8,638 thousand).

Equity

The Company's share capital is €249,375,000, as in the prior year, and is divided into 99,750,000 shares. Each share notionally corresponds to €2.50 of the share capital.

By Annual General Meeting resolution of June 1, 2022, the Management Board is authorized to acquire, by or before May 31, 2027, treasury stock of up to 10% of the Company's share capital in issue at the time of adoption of the resolution by the Annual General Meeting on June 1, 2022 or, if lower, the Company's share capital in issue at the time of exercise of the authorization. The Management Board was additionally authorized to acquire treasury stock using derivatives (put options, call options or forward contracts). The authorization may be utilized in whole or in part, on one or more occasions, by the Company, by Group companies or by third parties acting on the Company's account or on the account of Group companies. The authorization may be used for any legally permissible purpose. Trading with treasury stock is prohibited. No use has been made of the authorization so far.

Revenue reserves are not subject to any restriction on distribution to shareholders within the meaning of Section 268 (8) HGB. The amount resulting from the change in the discount rate for retirement benefit obligations that was not allowed to be distributed to shareholders under Section 253 (6) HGB was €1,274 thousand as of December 31, 2023. As of December 31, 2024, the interest rate difference was positive in the amount of €920 thousand.

The Management Board and Supervisory Board propose that an amount of €19,950 thousand should be distributed to shareholders as dividend from Klöckner & Co SE's unappropriated profits for fiscal year 2024. At 99,750,000 eligible no-par-value shares, the dividend proposal corresponds to a dividend of €0.20 per share.

Other provisions

Other provisions consist of:

<i>(€ thousand)</i>	2024	2023
Personnel expenses	5,528	10,287
Outstanding invoices	3,420	5,772
Miscellaneous other provisions	5,819	2,537
	14,768	18,597

Liabilities

<i>(€ thousand)</i>	December 31, 2024			December 31, 2023		
	up to 1 year	1-5 years	Total	up to 1 year	1-5 years	Total
Liabilities to banks	3,197	170,000	173,197	66,946	113,769	180,715
Trade payables	649	-	649	963	-	963
Liabilities to group companies	4,283	-	4,283	39,733	-	39,733
Miscellaneous liabilities	5,512	-	5,512	623	-	623
Liabilities	13,641	170,000	183,641	108,265	113,769	222,034

After the facility amount of the syndicated loan was increased from €250 million to €400 million in February 2024, we renewed the facility ahead of schedule in December 2024. In an amend and extend process, we adjusted the facility amount from €400 million to €350 million and extended it ahead of schedule to January 2028. The amendments became effective in January 2025. The facility is provided by a syndicate of seven banks.

Liabilities to banks include €1,504 thousand (2023: €927 thousand) in interest payable on the syndicated loan. The liabilities under the syndicated credit facility, which as of December 31, 2024 was drawn in the amount of €170,000 thousand (2023: €155,100 thousand), are uncollateralized.

Other liabilities include:

<i>(€ thousand)</i>	2024	2023
Tax liabilities	5,460	532
Miscellaneous other liabilities	52	91
Other liabilities	5,512	623

Derivative financial instruments

As of December 31, 2024, there were no nominal values and therefore no fair values for derivative financial instruments.

<i>(€ million)</i>	Nominal values	Fair values
Forward exchange transactions	0	0

Klöckner & Co SE manages central financing for the Klöckner & Co Group. Klöckner & Co SE is exposed to currency risk arising from the financial instruments. This arises from foreign currency loans that are granted to finance Group companies as part of central Group financing and are fully hedged. Derivative financial instruments are entered into for this purpose.

Derivative financial instruments used to hedge cash flow risks and matching hedged items can be accounted for as a unit if a clear hedging relationship is demonstrated. Such a hedging relationship exists in the form of microhedges with a maximum maturity of three months. In these cases, the hedged items are recognized at the contractually agreed hedged rates and the derivative financial instruments are not recognized separately.

As a fundamental rule, Klöckner & Co SE only enters into derivative financial instruments that are in a hedging relationship with a hedged item. Changes in value and cash flows fully cancel each other out due to matching terms and parameters in the hedged item and the hedge.

The following methods are used to determine fair (market) value:

Currency hedges

The fair value of forward exchange contracts is calculated on the basis of the midpoint spot rate at the reporting date, taking into account forward premiums and discounts for the respective remaining maturity of the contract relative to the contracted forward rate. Counterparty risk is taken into account in discounting.

Commitments

Obligations fall due in the following year due to multiple-year tenancies and leases in the amount of €1,118 thousand (December 31, 2023: €1,851 thousand). The total amount of these obligations is €11,250 thousand (December 31, 2023: €13,054 thousand).

Sales

Sales consist of goods or services provided to subsidiaries and relate to the following:

<i>(€ thousand)</i>	2024	2023
Group services rendered/rights of use granted	31,337	37,674
Insurance	1,507	1,159
Service fees ABS program	1,039	2,154
Rental income	639	669
Other income	638	298
Sales	35,160	41,954

Other operating income

Other operating income of €14,872 thousand includes income from the reversal of impairment losses on the investment in Kloeckner Metals Germany GmbH, Germany, of €10,051 thousand, income from on-charging to subsidiaries of €2,060 thousand, income of €1,159 thousand from the reversal of pension obligations due to the effect of changes in interest rates and income attributable to prior periods of €274 thousand (2023: income attributable to prior periods of €813 thousand).

Personnel expenses

<i>(€ thousand)</i>	2024	2023
Wages and salaries	13,656	18,261
Social security contributions	1,037	1,184
Retirement benefit cost	409	1,835
Welfare	3	3
	15,104	21,283

Personnel expenses in the fiscal year included expenses of €200 thousand (prior year: €2,553 thousand) for severance and furlough expenses. The remaining decrease in wages and salaries is mainly due to lower retirement benefit cost and lower earnings-based bonus expenses compared to the prior year.

Average number of employees over the year:

	2024	2023
Salaried employees	67	69
Wage earners	1	1
	68	70

The principles of the compensation system for the Management Board and the Supervisory Board are set out in detail with disclosures for individual members in the remuneration report, which is an integral part of the Annual Report. The table below shows total compensation of members of the Management Board of Klöckner & Co SE – differing from the disclosures of

compensation granted and allocated contained in the remuneration report – pursuant to the stipulations of German commercial law:

<i>(€ thousand)</i>	2024	2023
Fixed components	1,601	1,799
Bonuses	1,991	2,729
Other remunerations	600	645
Total remuneration pursuant to Section 285 (9a) HGB	4,192	5,173

German Commercial Code (HGB)-basis pension provisions for former Management Board members amount to €24,705 thousand (2023: €24,465 thousand). Pension payments to former members of the Management Board in the reporting year amounted to €813 thousand (2023: €747 thousand).

Transactions with members of the Management Board are restricted in the reporting period to transactions in their capacity as members of the Management Board as set out above.

Other operating expenses

Remuneration for the Supervisory Board in fiscal year 2024 amounted to €644 thousand (2023: €647 thousand).

The auditor of the individual and consolidated financial statements of Klöckner & Co SE in the reporting year is PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf. The audit opinion is signed by Wirtschaftsprüferin (German Public Auditor) Antje Schlotter (from fiscal year 2023) and Wirtschaftsprüferin (German Public Auditor) Verena Polzer (from fiscal year 2023).

The following fees were incurred for services performed by the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, and by companies of the worldwide PwC network, and are included in other operating expenses:

<i>(€ thousand)</i>	2024	
	Total	thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Audit of financial statements	1,004	1,004
Other assurance services	159	159
Total	1,163	1,163

<i>(€ thousand)</i>	2023	
	Total	thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Audit of financial statements	1,081	1,081
Other assurance services	38	25
Total	1,119	1,106

The fees for the audit of financial statements mainly relate to the audit of the consolidated financial statements in accordance with IFRS and the audits performed by the auditors of the separate financial statements of the consolidated subsidiaries and the review of the 2024 half-year financial report.

The fees for other assurance services relate to other statutory or contractual audits.

Income from investments

<i>(€ thousand)</i>	2024	2023
Income from participations	20,473	143,409
Income from profit transfer agreements	284	30
Expenses from loss transfer agreements	-104,358	-60,412
Income from investments	-83,602	83,027

Income from investments relates to dividends from Debrunner Koenig AG, St. Gallen, Switzerland (2023: Debrunner Koenig AG, St. Gallen, Switzerland, and Kloeckner Metals Corporation, Wilmington, Delaware, United States of America).

The income from profit transfer agreements relates to agreements with Klöckner & Co Center of Excellence GmbH, Düsseldorf, Germany.

In addition, losses were assumed in the reporting year for Becker Stahl-Service GmbH, Düsseldorf, Germany, kloeckner.i GmbH, Berlin, Germany, and kloeckner.v GmbH, Berlin, Germany.

Net interest income

<i>(€ thousand)</i>	2024	2023
Other interest and similar income		
– affiliated companies	26,050	24,908
– other interest and similar income	5,788	6,314
Interest and similar expenses		
– affiliated companies	-2,157	-5,146
– other interest and similar expenses	-13,705	-6,124
	15,976	19,952

Interest income from affiliated companies results from Group financing. The increase in interest expenses is the result of higher average liabilities to banks (the syndicated loan).

Taxes

Taxes exclusively relate to taxes on income and affect the result from ordinary activities in their full amount.

The determination of deferred taxes resulted in a net deferred tax asset. In accordance with Section 274 (1) sentence 2 HGB, the Company elected not to recognize the net deferred tax asset. The tax expense consequently does not contain any deferred taxes. The net deferred tax asset not recognized amounts to €24,534 thousand (2023: €24,034 thousand) comprising deductible temporary differences in the amount of €25,193 thousand (2023: €24,813 thousand) less taxable temporary differences in the amount of €658 thousand (2023: €779 thousand). There are additionally tax loss carryforwards for which deferred tax assets could in principle be recognized and which would increase the amount of the net deferred tax asset not recognized.

Deductible temporary differences primarily originate from provisions for pensions, social plan provisions and provisions for onerous contracts. Deferred taxes were determined on the basis of a combined tax rate of 31.9% (2023: 32.1%) for corporate income tax, solidarity surcharge and trade tax.

Contingent liabilities

The contingent liabilities of Klöckner & Co SE exclusively comprise guarantees in the amount of €24,337 thousand (2023: €24,387 thousand) relating to domestic and foreign Group company loans and to guarantees and credit support granted to secure the financing of affiliated companies.

We will ensure that all Group companies concerned are in a position to meet their obligations in their course of their activities. As such, we do not expect that the guarantees will be called in.

Subsequent events

On February 25, 2025, Klöckner & Co signed a contract for the sale of the Brazilian subsidiary Kloeckner Metals Brasil Ltda., São Paulo, Brazil, from the Kloeckner Metals Americas segment to a major Brazilian steel producer. The economic transfer of the shares to the buyer is expected in the first half of 2025 (closing). With 90 employees, the Brazilian company generated sales of €32 million in the past fiscal year. The company's earnings before taxes (EBT) have recently been negative due to the continued difficult economic environment in Brazil.

Other disclosures

Information pursuant to Section 160 (1) No. 8 of the German Stock Corporation Act (AktG)

Pursuant to Article 61 of the SE Regulation in conjunction with Section 160 (1) No. 8 AktG, information must be provided on the existence of shareholdings notified to the Company pursuant to Section 33 (1) or 33 (2) of the Securities Trading Act (WpHG).

Notifications of shareholdings in Klöckner & Co SE provided to us under Sections 40, 33 WpHG that still apply and have not become obsolete by later notification of a shortfall below a threshold are set out in the annex to these Notes. Any shortfall below a threshold during the course of the reporting year is shown in the table contained in the annex. The table also includes any notifications under Section 40 and 33 WpHG made beyond the reporting year up to February 23, 2024. In cases where an investor's shareholdings have multiply reached, exceeded or fallen below the aforementioned thresholds, in general only the most recent notification leading to a threshold being exceeded, fallen below or reached is stated. Any notifications made under a prior version of WpHG are listed as notified, stating the applicable former version of the WpHG. It is pointed out that the stated percentage shareholding and number of voting rights may be out of date. An up-to-date listing of voting rights notifications can be found on the Klöckner & Co SE website at (<https://www.kloeckner.com/en/investors/legal-announcements/voting-rights/>).

The listing pursuant to Section 160 (1) 8 AktG is annexed to these Notes.

Governing bodies

A list of the members of the Management Board and the Supervisory Board is attached as an appendix.

Declaration of Conformity

The Management Board and the Supervisory Board submitted the Declaration of Conformity in accordance with Section 161 AktG on December 11, 2024 and made it permanently publicly available to shareholders on the Klöckner & Co SE website.

Duisburg, March 5, 2025

Klöckner & Co SE

MANAGEMENT BOARD

Guido Kerkhoff

CHAIRMAN OF THE MANAGEMENT BOARD
(CEO)

Dr. Oliver Falk

MEMBER OF THE MANAGEMENT BOARD
(CFO)

John Ganem

MEMBER OF THE MANAGEMENT BOARD
(CEO AMERICAS)

Declaration of the Management Board

To the best of our knowledge and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Klöckner & Co SE, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Duisburg, March 5, 2025

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MEMBER OF THE MANAGEMENT BOARD
(CEO AMERICAS)

Independent Auditor's Report

To Klöckner & Co SE, Duisburg

Report on the Audit of the annual Financial Statements and of the Management Report

AUDIT OPINIONS

We have audited the annual financial statements of Klöckner & Co. SE, Duisburg, which comprise the balance sheet as at 31 December 2024, and the statement of profit and loss for the financial year from 1 January to 31 December 2024 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Klöckner & Co. SE, which is combined with the group management report, for the financial year from 1 January to 31 December 2024.

In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024 in compliance with German Legally Required Accounting Principles and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the „Other Information“ section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1. Measurement of shares in affiliated companies

Our presentation of this key audit matter has been structured as follows:

- a) Matter and issue
- b) Audit approach and findings
- c) Reference to further information

Hereinafter we present the key audit matter:

1. Measurement of shares in affiliated companies

- a) In the annual financial statements of the Company shares in affiliated companies amounting to €882 million (74.3% of total assets) are reported under the "non-current investments" balance sheet item.

Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair values are calculated using discounted cash flow models as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the relevant financial investment. On the basis of the values determined and supplementary documentation, write-downs amounting to €4.0 million for Kloeckner Metals Brazil Ltda., São Paulo, Brazil and reversal of prior impairment losses amounting to €10.1 million for Kloeckner Metals Germany, Düsseldorf were required for the financial year.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

- b) As part of our audit, we assessed the methodology used for the purposes of the valuation, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied and assessed the calculation model.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies.

- c) The Company's disclosures relating to the financial investment are contained section "Fixed Assets" of the notes to the financial statements.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "7. Corporate Governance Statement" of the management report
- the information contained in the management report that is marked as unaudited.

The other information comprises further

- the separate non-financial group report to comply with §§ 315b to 315c HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control of the Company and these arrangements and measures (systems), respectively.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT
PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

ASSURANCE OPINION

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file kloeckner-2024-12-31-de_Einzelabschluss.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

BASIS FOR THE ASSURANCE OPINION

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 number 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF-documents as part of the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the annual general meeting on 23 May 2024. We were engaged by the supervisory board on 3 December 2024. We have been the auditor of the Klöckner & Co SE, Duisburg, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER - USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Antje Schlotter.

Düsseldorf, March 5, 2025

PricewaterhouseCoopers GmbH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Antje Schlotter
WIRTSCHAFTSPRÜFERIN
(GERMAN PUBLIC AUDITOR)

ppa. Verena Polzer
WIRTSCHAFTSPRÜFERIN
(GERMAN PUBLIC AUDITOR)

Annex to the notes to the financial statements and notes to the consolidated financial statements of Klöckner & Co SE

Subsidiary listing according to Sections 285 No. 11/313 (2) German Commercial Code (HGB)

No.	Entity	Interest in percent
1	Klöckner & Co SE, Duisburg/Germany	-
I.	Consolidated affiliated companies	
2	Klöckner & Co Center of Excellence GmbH, Düsseldorf (former Duisburg)/Germany	100.00
3	Klöckner & Co Financial Services S.A., Luxembourg/Luxembourg	100.00
4	XOM Materials GmbH, Berlin/Germany	100.00
5	kloeckner.i GmbH, Berlin/Germany	100.00
6	kloeckner.v GmbH, Berlin/Germany	100.00
7	Kloeckner Metals Germany GmbH, Düsseldorf (formerly Duisburg)/Germany	100.00
8	Klöckner Stahl und Metall Ges.m.b.H., Vienna/Austria	100.00
9	Kloeckner Metals Austria GmbH & Co KG, Vienna/Austria	51.00
10	ODS Metering Systems B.V., Rotterdam/The Netherlands	100.00
11	ODS Belgium B.V., Essen/Belgium	80.00
12	ODS Metering Systems Asia Pacific Pte. Ltd., Singapore/Singapore	100.00
13	ODS Middle East FZE, Dubai/United Arab Emirates	100.00
14	ODS Saudi Co. LLC, City of Dammam/Saudi Arabia	85.00
15	ODS do Brasil Sistemas de Medicao Ltda., Campinas, State of São Paulo/Brazil	100.00
16	ODS for Maintenance, City of Dammam/Saudi Arabia	100.00
17	Becker Stahl-Service GmbH, Düsseldorf (formerly Duisburg)/Germany	100.00
18	Becker Aluminium-Service GmbH, Düsseldorf (formerly Duisburg)/Germany	100.00
19	Becker Stainless GmbH, Düsseldorf (formerly Bönen)/Germany	100.00
20	Umformtechnik Stendal GmbH, Stendal/Germany	100.00
21	Becker Stainless Center GmbH, Süßen/Germany	100.00
22	Debrunner Koenig AG, St. Gallen/Switzerland	100.00
23	BEWETEC AG, St. Gallen/Switzerland	100.00
24	Debrunner Acifer AG, St. Gallen/Switzerland	100.00
25	Debrunner Acifer Bewehrungen AG, St. Gallen/Switzerland	100.00
26	Debrunner Metallservice AG, St. Gallen/Switzerland	100.00
27	Müller Wüst AG, St. Gallen/Switzerland	100.00
28	PC-Tech S.A., Penthelaz/Switzerland	100.00
29	Klöckner USA Holding Inc., Wilmington, Delaware/USA	100.00
30	Kloeckner Metals Corporation, Wilmington, Delaware/USA	100.00
31	Amerinox Processing, Inc., Camden, New Jersey/USA	100.00
32	California Steel and Tube LLC, Wilmington, Delaware/USA	100.00
33	International Machinery Sales, Inc., Lancaster, South Carolina/USA	100.00
34	Kloeckner Metals P.R., Inc., Wilmington, Delaware/USA	100.00
35	Kloeckner Metals Relief Fund, Inc., Wilmington, Delaware/USA	100.00
36	Kloeckner Metals Service Center de Mexico, S. de R.L. de C.V., Monterrey, Nuevo Leon/Mexico	99.97
		0.03
37	Kloeckner Metals de Mexico S.A. de C.V., Monterrey, Nuevo Leon/Mexico	100.00
38	Kloeckner Specialty Metals de Mexico, S. de R.L. de C.V., San Nicolas de los Garza, Nuevo Leon/Mexico	100.00
39	Naflex, S. de R.L. de C.V., San Nicolas de los Garza, Nuevo Leon/Mexico	100.00
40	NMML Asia, Limited, Hong Kong/Hong Kong	100.00
41	Kloeckner Metals Brasil Ltda., São Paulo/Brazil	100.00

1) IFRS HBII amounts.

Held by entity no.	Currency	Equity in Euro ¹⁾	Net income in Euro ¹⁾	Sales in Euro ¹⁾
-		-	-	-
1	EUR	333,872	-57,899	-
1	EUR	4,198,778	88,129	-
1	EUR	447,188	-266,245	-
1	EUR	1,788,384	-671,778	-
1	EUR	5,653,041	-1,820,840	-
1	EUR	76,259,922	-16,695,497	679,415,762
7	EUR	2,238,310	1,472,953	-
8	EUR	11,901,467	1,263,540	133,596,467
1	EUR	15,516,773	857,691	38,571,827
10	EUR	1,061,930	147,491	6,912,499
10	EUR	258,991	5,268	-
10	EUR	8,460,240	-306,634	3,711,491
10	EUR	6,346,389	2,901,107	20,632,333
10	EUR	11,794,554	4,497	13,268,104
14	EUR	25,668	-	-
1	EUR	108,880,957	-16,453	589,811,460
17	EUR	576,529	83,449	127,562,273
17	EUR	629,429	-20,820	-
17	EUR	4,222,189	-	22,230,681
19	EUR	681,570	-614,709	124,277,336
1	EUR	346,827,802	17,773,954	-
22	EUR	103,598,161	-360,381	174,542,102
22	EUR	267,068,677	-5,373,039	636,008,242
22	EUR	47,577,279	3,993,461	163,150,117
22	EUR	23,463,644	-327,883	105,876,340
22	EUR	3,271,802	-182,484	1,004,926
22	EUR	4,705,436	-117,347	3,682,413
1	EUR	128,677,510	-3,236	-
29	EUR	883,656,385	9,313,748	3,054,836,694
30	EUR	9,844,199	127,110	5,286,126
30	EUR	30,521,415	-1,000,461	30,739,316
30	EUR	46,398,383	692,329	20,219,032
30	EUR	1,780,396	110,140	1,254,183
30	EUR	156,078	-9,504	-
30	EUR	336,639,077	15,937,135	497,468,321
29	EUR	-	-	-
30	EUR	40,712,343	137,045	200,863,794
36	EUR	48,221,597	-3,314,400	80,463,228
36	EUR	1,795,999	212,980	4,537,823
38	EUR	3,883,821	1,854,837	-
1	EUR	39,148	-4,481,730	32,421,688

Subsidiary listing according to Sections 285 No. 11/313 (2) German Commercial Code (HGB)

No.	Entity	Interest in percent
II.	Non-consolidated affiliated companies	
42	Umformtechnik Stendal UTS s.r.o., Skalica/Slovakia	100.00
III.	Associates	
43	Birs-Stahl AG, Birsfelden/Switzerland	50.00

The following companies make use of the exemption under Section 264 (3) and Section 264 b of the German Commercial Code (HGB):

- Klöckner & Co Center of Excellence GmbH, Düsseldorf (formerly Duisburg)/Germany
- kloeckner.i GmbH, Berlin/Germany
- kloeckner.v GmbH, Berlin/Germany
- Kloeckner Metals Germany GmbH, Düsseldorf (formerly Duisburg)/Germany
- Becker Stahl-Service GmbH, Düsseldorf (formerly Duisburg)/Germany
- Becker Aluminium-Service GmbH, Düsseldorf (formerly Duisburg)/Germany
- Becker Stainless GmbH, Düsseldorf (formerly Bönen)/Germany
- Umformtechnik Stendal GmbH, Stendal/Germany
- Becker Stainless Center GmbH, Süßen/Germany

Subsidiary listing according to Sections 285 No. 11/313 (2) German Commercial Code (HGB)

Held by entity no.	Currency	Equity in Euro ¹⁾	Net income in Euro ¹⁾		Sales in Euro ¹⁾
20	EUR	131,218	32,494	²⁾	42,864
24	EUR	840,738	8,851	²⁾	1,627,120

²⁾ Based on report as of December 31, 2023.

Listing pursuant to Section 160 (1) No. 8 of the German Stock Corporation Act (AktG)

For further information on the ownership structure of Klöckner & Co SE and all publications by Klöckner & Co SE on notifications of shareholdings in the reporting year, together with later notifications, please see the Klöckner & Co SE website (at <https://www.kloeckner.com/en/investors/shares.html> and <https://www.kloeckner.com/en/investors/legal-announcements/voting-rights.html>).

Notifier	Date on which threshold was crossed or reached	Reason for notification	Total positions		
			% of voting rights attached to shares (absolute) Attribution provision of WpHG (Sec. 33, 34 WpHG)	% of voting rights through instruments (absolute) (Sec. 38 WpHG)	Total of both in % (absolute) (Sec. 39 WpHG)
Prof. Dr. -Ing. E.h. Friedhelm Loh	February 1, 2024		41.53% (41,428,687)		41.53% ¹⁾
		Acquisition/disposal of shares with voting rights	indirect (Sec. 34 WpHG)	0%	
Names of shareholder(s) holding directly 3% or more voting rights: SWOCTEM GmbH, Rudolf-Loh-Straße 1, 35708 Haiger. For the full chain of undertakings stated in the notification, please see our publication of February 5, 2024 pursuant to Section 40 (1) WpHG.					
Claas Edmund Daun	February 1, 2024		2.11% (2,100,000)		2.11% ¹⁾
		Acquisition/disposal of shares with voting rights	indirect (Sec. 34 WpHG)	0%	
For the full chain of undertakings stated in the notification, please see our publication of February 6, 2024 pursuant to Section 40 (1) WpHG.					
Rossmann Beteiligungs GmbH Burgwedel, Germany	July 9, 2024		3.11% (3,100,000)	2.07% (2,060,500)	5.17% ¹⁾
		Acquisition/disposal of instruments	direct (Sec. 33 WpHG)	Sec. 38 (1) no. 1 : 2.07% (2,060,500)	
Amiral Gestion Paris, France	September 17, 2024		2.99% (2,981,212)		2.99% ¹⁾
		Acquisition/disposal of shares with voting rights	direct (Sec. 33 WpHG)	0%	

¹⁾ Total number of voting rights in accordance with Section 41 of the German Securities Trading Act (WpHG): 99,750,000.







**Additional information concerning
the consolidated and
individual financial
statements**

Additional information concerning the consolidated and individual financial statements

Annex to the Notes

Information on additional mandates of the members of the Management Board of Klöckner & Co SE (Section 285 no. 10 German Commercial Code [HGB – Handelsgesetzbuch])

Guido Kerkhoff

CHAIRMAN OF THE MANAGEMENT BOARD

Group mandates in legally required Supervisory Boards and comparable domestic and foreign corporate bodies

- Klöckner USA Holding Inc., Wilmington, Delaware/USA, Chairman of the Board of Directors
- Kloeckner Metals Germany GmbH, Düsseldorf/Germany, Chairman of the Supervisory Board
- ODS B.V., Rotterdam/The Netherlands, Chairman of the Supervisory Board (until March 7, 2024)
- ODS Metering Systems B.V., Rotterdam/The Netherlands, Chairman of the Supervisory Board

Other mandates in legally required Supervisory Boards and comparable domestic and foreign corporate bodies

- Urbane Zukunft Ruhr GmbH, Duisburg/Germany, Member of the Supervisory Board: (since January 1, 2025)

Dr. Oliver Falk

MEMBER OF THE MANAGEMENT BOARD, CFO

Group mandates in legally required Supervisory Boards and comparable domestic and foreign corporate bodies

- Klöckner USA Holding Inc., Wilmington, Delaware/USA, Member of the Board of Directors
- Kloeckner Metals Germany GmbH, Düsseldorf/Germany, Member of the Supervisory Board
- ODS B.V., Rotterdam/The Netherlands, Member of the Supervisory Board (until March 7, 2024)
- ODS Metering Systems B.V., Rotterdam/The Netherlands, Member of the Supervisory Board

Other mandates in legally required Supervisory Boards and comparable domestic and foreign corporate bodies

- None

John Ganem

MEMBER OF THE MANAGEMENT BOARD

Group mandates in legally required Supervisory Boards and comparable domestic and foreign corporate bodies

- Kloeckner Metals Relief Fund Inc., Wilmington, Delaware/USA, Member of the Board of Directors

Other mandates in legally required Supervisory Boards and comparable domestic and foreign corporate bodies

- None

Additional mandates of the members of the Supervisory Board of Klöckner & Co SE (Section 285 no. 10 HGB)**Prof. Dr. Dieter H. Vogel, Chairman****MANAGING PARTNER, CASSIOPEIA GMBH, DÜSSELDORF, GERMANY**

- denkwerk GmbH, Member of the Advisory Board²⁾
- HSBC Continental Europe S.A., branch Germany, Member of the Advisory Board²⁾

Dr. Ralph Heck, Deputy Chairman**DIRECTOR EMERITUS MCKINSEY & COMPANY, MEGGEN, SWITZERLAND**

- Adolf Würth GmbH & Co. KG, Member of the Advisory Board²⁾
- Formel D GmbH, Chairman of the Advisory Board²⁾

Prof. Dr. Tobias Kollmann**PROFESSOR OF DIGITAL BUSINESS AND DIGITAL ENTREPRENEURSHIP AT THE UNIVERSITY OF DUISBURG-ESSEN, GERMANY**

- None

Prof. Dr.-Ing. E.h. Friedhelm Loh**ENTREPRENEUR, OWNER AND CHAIRMAN OF FRIEDHELM LOH STIFTUNG & CO. KG, HAIGER, GERMANY**

- None

Uwe Röhrhoff**INDEPENDENT CONSULTANT AND MEMBER OF SEVERAL SUPERVISORY BOARDS**

- Constantia Flexibles Holding GmbH, Member of the Supervisory Board²⁾ (until January 4, 2024)
- Constantia Flexibles GmbH, Member of the Supervisory Board²⁾ (February 22, 2024 to September 8, 2024; since January 1, 2025)
- PGP Glass Private Limited, Non Executive Director²⁾
- BTO Tenere Cayman GP LLC, Member of the Board of Directors²⁾ (until September 23, 2024)

Dagmar Steinert (since May 23, 2024)**CHIEF FINANCIAL OFFICER OF WIENERBERGER AG, VIENNA, AUSTRIA**

- 4iG Nyrt., Member of the Supervisory Board (until January 9, 2025)²⁾

Ute Wolf (until May 23, 2024)**INDEPENDENT CONSULTANT AND MEMBER OF SEVERAL SUPERVISORY BOARDS**

- DWS Group GmbH & Co. KGaA, Chairwoman of the Audit Committee¹⁾
- MTU Aero Engines AG, Chairwoman of the Audit Committee¹⁾
- Infineon Technologies AG, Member of the Supervisory Board¹⁾
- Akzo Nobel NV, Member of the Supervisory Board (since April 25, 2024)²⁾
- Borussia Dortmund Geschäftsführungs-GmbH, Member of the Council of economic affairs²⁾ (until November 24, 2024)

1) Membership in legally required Supervisory Boards as defined by Section 125 German Stock Corporations Act (AktG).

2) Membership in similar corporate Supervisory Bodies in Germany and abroad as defined by Section 125 German Stock Corporations Act (AktG).

Disclaimer

This report contains forward-looking statements that are based on the current estimates of the Klöckner & Co SE management with respect to future events. They are generally identified by the words "expect", "anticipate", "assume", "intend", "estimate", "target", "aim", "plan", "will", "endeavor", "outlook" and comparable expressions, and generally contain information that relates to expectations or targets for economic conditions, sales or other performance measures. Forward-looking statements are based on currently valid plans, estimates and projections and are therefore only valid on the day on which they are made. You should consider them with caution. Such statements are subject to numerous risks and uncertainties (e.g. those described in publications), most of which are difficult to predict and are generally beyond the control of Klöckner & Co SE. The relevant factors include the effects of significant strategic and operational initiatives, including the acquisition or disposal of companies or other assets. If these or other risks or uncertainties materialize or if the assumptions underlying any of the statements turn out to be incorrect, the actual results of Klöckner & Co SE may be materially different from those stated or implied by such statements. Klöckner & Co SE can offer no assurance that its expectations or targets will be achieved. Without prejudice to existing legal obligations, Klöckner & Co SE does not assume any obligation to update forward-looking statements to take information or future events into account or otherwise. In addition to the figures prepared in line with IFRS or HGB (Handelsgesetzbuch – German Commercial Code), Klöckner & Co SE presents non-GAAP financial performance measures, e.g. EBITDA, EBIT, net working capital and net financial debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS or HGB. Non-GAAP key figures are not subject to IFRS or HGB, or to other generally applicable accounting regulations. In assessing the net assets, financial position and results of operations of Klöckner & Co SE, these supplementary figures should not be used in isolation or as an alternative to the key figures presented in the consolidated financial statements and calculated in accordance with the relevant accounting principles. Other companies may define these terms in different ways. Please refer to the definitions in this Annual Report. Also: For other terms not defined in this

annual report, please see the glossary on our website at <https://www.kloeckner.com/en/glossary/>.

Rounding

There may be rounding differences with respect to the percentages and figures in this report.

Variances for technical reasons

Variances may arise for technical reasons (e.g., conversion of electronic formats) between the accounting documents contained in this Annual Report and the format submitted to the Federal Gazette (Bundesanzeiger). In this case, the version submitted to the Federal Gazette shall be binding.

This English version of the Annual Report is a courtesy translation of the original German version; in the event of variances, the German version shall prevail over the English translation.

Evaluating statements

Evaluating statements are unified and are presented as follows:

+/- 0–1%	constant
+/- >1–5%	slight
+/- >5%	considerable

Financial Calendar

March 12, 2025	Annual Financial Statements 2024
May 7, 2025	Q1 quarterly statement 2025
May 28, 2025	Annual General Meeting 2025
August 6, 2025	Half-yearly financial report 2025
November 5, 2025	Q3 quarterly statement 2025

Contact/Imprint

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4,453

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Customers



~ 6,500

Employees