klöckner & co Your partner for a sustainable tomorrow

Annual Report 2025

Key figures

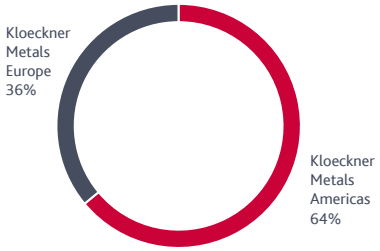
Klöckner & Co SE

Group

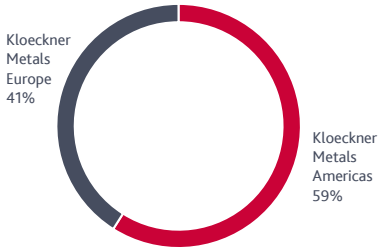
in € million		2025	2024[1]	2023[1]	2022[1]	2021	Change 2025-2024
Shipments	Tto	4,528	4,453	4,248	4,193	4,881	75
Sales		6,380	6,632	6,957	8,337	7,441	-252
EBITDA before material special effects		171	136	190	355	848	35
EBITDA		152	109	190	407	879	42
EBIT		31	-20	66	299	754	51
EBT		-18	-83	16	270	748	66
Net income		-53	-146	0	213	629	92
Earnings per share (basic)	€	-0.54	-1.47	-0.01	2.08	6.21	0.93
Earnings per share (diluted)	€	-0.54	-1.47	-0.01	1.90	5.58	0.93
Cash flow from operating activities		110	160	287	360	-306	-51
Cash flow from investing activities		-5	-121	-432	-34	-60	116
Free cash flow		105	39	-145	326	-366	66
Net working capital[2]		1,175	1,369	1,489	1,789	1,813	-194
Employees (as of December 31)		6,500	6,507	6,375	5,713	7,153	-7
Cash and cash equivalents		60	121	155	179	58	-61
Net financial debt		709	780	775	584	762	-70
Equity ratio	%	48.2	48.6	45.4	51.0	47.1	-0.4%p
Total assets		3,279	3,538	3,867	3,859	3,878	-259

1) In accordance with the requirements of 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



Contents

To our shareholders **4**

Letter to the shareholders 5

Management Board 7

Report of the Supervisory Board 8

Supervisory Board 14

Klöckner & Co on the capital market 15

Group management report **18**

Fundamental information about the Group 19

Economic report 24

Single-entity financial statements of Klöckner & Co SE 37

Other disclosures 39

Macroeconomic outlook including key opportunities and risks 41

Group forecast 52

Corporate Governance Statement 53

Sustainability reporting **65**

Remuneration report **121**

Consolidated Financial Statements **143**

Consolidated statement of income 144

Statement of comprehensive income 144

Consolidated statement of financial position 145

Consolidated statement of cash flows 146

Summary of changes in consolidated equity 147

Notes to the consolidated financial statements 149

Declaration of the Management Board 213

Independent Auditor's Report 214

Individual financial statements **220**

Statement of income 221

Balance sheet 222

Movements in intangible assets, property, plant and equipment and non-current investments 223

Notes to the financial statements 224

Declaration of the Management Board 232

Independent Auditor's Report 233

Additional information concerning the consolidated and individual financial statements **243**

Services **246**

Disclaimer 247

Financial Calendar 248

Contact/Imprint 248

To our shareholders

Letter to the shareholders	5
Management Board	7
Report of the Supervisory Board	8
Supervisory Board	14
Klöckner & Co on the capital market	15

Letter to the Shareholders

Dear Shareholders,
Ladies and Gentlemen,

In the past fiscal year 2025, Klöckner & Co once again held its own in a challenging market environment, made significant progress, and laid important groundwork for the future. Increasing geopolitical uncertainty, trade policy measures and a marked fragmentation of international economic relations caused global economic growth to slow over the last year. The associated ongoing volatility of the commodity markets placed severe demands on the entire industry. Nevertheless, we have made excellent progress on our way to becoming the leading metals processor and service center company and have been able to consistently implement our strategy.

Business combination agreement with Worthington Steel harbors opportunities for further growth

The signing of a business combination agreement with Worthington Steel is an important step for the future of Klöckner & Co. We believe that Worthington Steel is the ideal partner to help us accelerate the implementation of our strategy, "Klöckner & Co: Leveraging Strengths – Step Up 2030," and boost our long-term competitiveness. Because Worthington Steel has clearly committed to our course and supports our strategic direction. Together, we will continue advancing the values that unite us: safety, quality, and operational excellence. Additionally, Worthington Steel provides us with the experience, networks and flexible resources to support our growth. Our shared focus and complementary business models create significant opportunities for further sustainable growth and extend our footprint in North America and Europe.

After thorough consideration, the Management Board and Supervisory Board have concluded that the successful implementation of the takeover offer from Worthington Steel is in the best interests of our Company and our stakeholders. We therefore recommend that our shareholders accept the offer and tender their Klöckner & Co shares. The acceptance period runs until March 12, 2026, 24:00 hours (local time in Frankfurt am Main), unless extended.

We continued our positive development in 2025

Despite ongoing trade conflicts and the associated economic uncertainties, we made shipments of 4.5 million tons, notably thanks to further gains in market share in the USA. In Europe, the challenging macroeconomic environment led to a slight decline in demand. Due to price and exchange rate effects, sales fell slightly to €6.4 billion. Operating income (EBITDA) before material special effects increased considerably despite the challenging macroeconomic environment and amounted to €171 million, while net income was a negative €-53 million. Basic earnings per share therefore came to a negative €-0.54. For the fourth year in a row, cash flow from operating activities was positive, amounting to €110 million in 2025. We also generated a significantly positive free cash flow of €105 million in fiscal year 2025. In light of the positive cash flow from operating activities, the Management Board and Supervisory Board will propose a dividend of €0.20 per share at the Annual General Meeting.

"We made important strategic decisions in fiscal year 2025.
Through the planned business combination with Worthington Steel and our consistent focus on higher value-added business areas, we are positioning Klöckner & Co as the leading metals processor and the leading service center company in the strong North American and European economic regions."

Guido Kerkhoff
Chief Executive Officer (CEO)

Consistent further evolution and implementation of corporate strategy

With "Klöckner & Co: Leveraging Strengths – Step Up 2030," the next iteration of our corporate strategy developed in 2025, we are now transitioning to the next phase of our strategic plan. Building on the successes of the previous strategy, we will focus even more intensively than before on promoting sustainable and profitable growth and securing its long-term competitiveness.

Our goal is to become the leading metals processor and the leading service center company in the strong North American and European economic regions with consistent focus on maximizing customer benefit. As a result, we aim to benefit from higher profitability and to considerably reduce earnings volatility and dependence on steel price trends. In the past fiscal year, we took important steps towards achieving this goal.

Ongoing focus on higher value-added business

Against this backdrop, the successful sale of our Brazilian subsidiary Kloeckner Metals Brasil and the disposal of eight distribution sites of our US subsidiary Kloeckner Metals Corporation represent major milestones in the successful implementation of our strategy. They fit seamlessly with our existing strategic initiatives and portfolio transactions and further sharpen our focus on higher value-added business. These measures thus allow us to redeploy capital to areas with more stable demand and higher profitability.

Early this year, we also announced that we intend to sell the Becker Group. This step is also aimed at enabling even stronger focus on higher value-added business in Europe.

Expansion of our product and service portfolio through strategic investments

As well as focusing more strongly on profitable business areas, the last year also saw us drive growth in future-oriented industries. Early in the year, we successfully completed the acquisition of Haley Tool & Stamping near Nashville, Tennessee (USA). Through the acquisition, Klöckner & Co has expanded its manufacturing capabilities with state-of-the-art punching presses, allowing it to actively leverage operational synergies across all Klöckner locations in the region. This move lets us accelerate our growth in the automotive, aerospace and industrial manufacturing sectors.

We have also significantly increased our electrical steel capacity in North America to meet the rapidly growing demand from the power grid infrastructure, renewable energy and data center sectors. The construction of a state-of-the-art manufacturing and service center for grain-oriented electrical steel is an important step toward capitalizing on the growth potential of this industry.

We have also opened up new growth potential in Europe with the integration of Ambo Stahl, a Cologne-based company specializing in wear-resistant and high-tensile special steels, ballistic and armor steels. Expanding our product and service portfolio, especially in special steels for the defense and infrastructure industries, strengthens our position as a technology partner in promising sectors and means we can benefit from increased defense spending across Europe.

Also last year, Klöckner & Co acquired Simfloc, a Swiss company specializing in the installation of building services. This step makes Swiss subsidiary Debrunner Koenig Group the first end-to-end provider of building installations in Switzerland, thus opening up new markets.

Sustainability and digitalization as growth drivers

Klöckner & Co continues to focus on sustainable business models and innovative digital solutions. Through targeted investment in automation and digitalization, we are strengthening our business's scalability and laying the groundwork for long-term profitability. A key component of our sustainability strategy is expanding our range of CO_2-reduced products and services, particularly via the Nexigen® platform.

The success of Klöckner & Co is based to a major extent on the commitment and expertise of our employees. I would like to express my thanks to them for their dedication and commitment over the past fiscal year. Similarly, I would like to thank our Supervisory Board for their trusting partnership and valuable support.

And I would like to thank you, our valued shareholders, for your trust and support on our journey of transformation. Together, we are laying the groundwork for Klöckner & Co's successful future – as the leading metals processor and the service center company in the strong North American and European economic regions.

Sincerely,

Guido Kerkhoff
Chief Executive Officer (CEO)

Klöckner & Co SE Management Board

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.

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, 2029. 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.

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. This notably includes Worthington Steel's interest in acquiring the Company, which was made public during the reporting year. The Supervisory Board, together with the Management Board, has very carefully reviewed the public takeover now proposed and the non-binding expressions of interest received during the reporting year. Together with the Management Board, the Supervisory Board has concluded that the proposed transaction offers significant opportunities for Klöckner & Co. Accordingly, a business combination agreement was signed with Worthington Steel on January 15, 2026, after the end of the reporting period. Following an in-depth review of the offer document, the Supervisory Board and the Management Board jointly decided on February 12, 2026 to recommend that shareholders accept the offer.

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. The corporate strategy and its implementation were addressed at almost all meetings of the Supervisory Board during the reporting year. The corporate strategy was discussed in particular detail at the September meeting; in addition, a strategy workshop was held together with the Management Board as part of an extraordinary Presidium meeting in March. 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. 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 the Supervisory Board meetings. The meetings of the Presidium were attended by the CEO; those of the Audit Committee were 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, 2025 and July 30, 2025, which the auditor was asked to attend in the role of expert (to discuss the annual and consolidated financial statements, to discuss the sustainability reporting 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, the Audit Committee, initially without the presence of the Management Board, consulted with representatives of the auditor at the meeting on March 5, 2025. The July 30, 2025 meeting of the Audit Committee 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.

Meeting attendance

The Supervisory Board held a total of five plenary meetings in fiscal year 2025. The Presidium met four times in the reporting year and the Audit Committee five times. No resolutions were adopted by written procedure outside of meetings in the reporting year.

Except for the extraordinary meeting on December 8, 2025, which was held as a video conference, the plenary meetings were held in person, in some cases with individual members also attending by video call. All meetings of the Presidium during the reporting year were held in person. Three meetings of the Audit Committee took place via video conference. These were the meetings to discuss the first- and third-quarter interim management statements and the half-year financial report, prior to publication in each case. The March and December meetings were held in person.

Prof. Dr. E.h. Friedhelm Loh was absent from the Supervisory Board meeting on May 28, 2025 due to illness. Due to a potential conflict of interest in his capacity as our Company's largest shareholder (through SWOCTEM GmbH), Prof. Dr. E.h. Friedhelm Loh voluntarily refrained from attending the extraordinary plenary meeting on December 8, 2025, in which the Supervisory Board dealt exclusively with the expression of interest by Worthington Steel. Due to a conflicting appointment, he did not attend the plenary meeting of the Supervisory Board and meeting of the Presidium on December 16, 2025. Otherwise, all Supervisory Board and committee members attended all meetings in fiscal year 2025 (disclosure in accordance with Code Recommendation D.7). The cumulative attendance rate for all Supervisory Board meetings, including committee meetings, was consequently 93%.

	Supervisory Board meetings			Presidium meetings			Audit Committee meetings		
	Attended	Meetings	Attendance	Attended	Meetings	Attendance	Attended	Meetings	Attendance
Prof. Dr. Dieter H. Vogel	5	5	100%	4	4	100%	5	5	100%
Dr. Ralph Heck	5	5	100%	4	4	100%			
Prof. Dr. Tobias Kollmann	5	5	100%						
Prof. Dr. E.h. Friedhelm Loh[1)]	2	5	40%	3	4	75%			
Uwe Röhrhoff	5	5	100%				5	5	100%
Dagmar Steinert	5	5	100%				5	5	100%
Total			**90%**			**91.7%**			**100%**

1) Non-attendance was due to: illness (May 28, 2025); avoidance of a potential conflict of interest (December 8, 2025); scheduling conflict (December 16, 2025).

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 2025 was notably influenced by a challenging economic environment and trade policy uncertainties. Largely driven by these general conditions, the Kloeckner Metals Europe segment recorded a slight fall in shipments. In the Kloeckner Metals Americas segment, on the other hand, shipments further increased due to gains in market share. Steel prices were volatile over the course of the year, particularly in the US, but were higher at the end of the reporting period than at the beginning of the year.

In addition to updates on market and business developments, the main topic of the Supervisory Board meetings was above all corporate strategy. As part of this strategy, the sale of eight distribution sites in the USA was decided and completed during the fiscal year, thus increasing the focus on higher value-added business and service center business. Furthermore, Klöckner & Co has further expanded its capabilities as a technology partner in the defense and infrastructure sector in Germany. Finally, the Supervisory Board dealt intensively with the strategic orientation of and possible strategic options for the Becker Group. Another key matter during the reporting year consisted of the Supervisory Board's consultations on the expression of interest by Worthington Steel.

The Supervisory Board and the Management Board watched and analyzed share price performance throughout the reporting year. During the reporting year, capital markets were largely influenced by increased trade policy uncertainties. Market developments were also shaped by geopolitical events. Klöckner & Co's share price followed a positive trend in 2025 and ended the year significantly above the closing price from a year earlier.

The Supervisory Board also closely monitored the financing side. The Supervisory Board thus addressed the future structure of the European ABS program in 2025 in light of the sale, completed in 2024, of the country organizations in France, the United Kingdom, the Netherlands (excluding the metering business) and Belgium. As a result, following the Supervisory Board's approval, the European ABS program was renewed ahead of schedule in the reporting year and extended until 2028 with improved terms and conditions and a reduced volume.

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

At its meeting on March 5, 2025, the Supervisory Board approved, among other items, the Company's annual and consolidated financial statements for 2024, the Group non-financial report and the dependency report for fiscal year 2024. Additionally, the 2024 bonus was discussed and a resolution adopted under the "Management Board matters" agenda item. Current market and business development was also addressed, as were corporate strategy and measures to improve operations in the Becker subgroup. 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 2025. Moreover, the Supervisory Board adopted the proposals for the resolutions of the Company's 2025 Annual General Meeting, including the proposals for the relocation of the Company's headquarters and for election of the auditor for fiscal year 2025. Additionally, the Supervisory Board approved the commissioning of a management consulting firm to advise on improving operations within the Becker subgroup.

The Supervisory Board meeting on May 28, 2025 was largely devoted to preparing for the 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. During this meeting, the Supervisory Board approved the sale of a distribution site in the US and the extension and modification of the European ABS program.

The Supervisory Board meeting on September 18, 2025 focused on business developments and corporate strategy. Other topics included Supervisory Board matters (Supervisory Board self-assessment), engagement of the auditor for a substantive audit of the 2025 income tax information report, and an update on the cyber resilience program at Klöckner & Co. Moreover, the Supervisory Board approved the sale of seven distribution sites in the US and an investment in a site in Mexico. The Supervisory Board discussed possible strategic measures within the segments in detail with the Management Board and adopted the relevant resolutions. In particular, this included a discussion of the various options for Becker. The expression of interest from Worthington Steel was also discussed at this meeting.

Worthington Steel's expression of interest was also the sole item on the agenda for the December 8, 2025 extraordinary meeting of the Supervisory Board. In this connection, the potential conclusion of a business combination agreement with Worthington Steel was discussed. The Management Board reported in depth on its assessment of the situation. The further course of action was also discussed in depth with the Supervisory Board.

At the meeting on December 16, 2025, the Supervisory Board primarily addressed corporate planning and the budget for fiscal year 2026 (including the three subsequent years). Another focus of the meeting comprised corporate governance issues, including the Declaration of Conformity. The meeting also addressed Management Board matters (the contract extension for Guido Kerkhoff, the setting of bonus targets for fiscal year 2026 and target remuneration for fiscal year 2026). Further topics discussed were the annual governance, risk, and compliance (GRC) report and the final report from the external management consulting firm commissioned to advise on improving operations in the Becker subgroup. The Climate Transition Plan was also approved. In addition, the Supervisory Board resolved that the commissioning of the auditor's audit of the annual financial statements for the reporting year should be extended in connection with implementing the new IFRS 18 financial reporting standard. Finally, the Supervisory Board gave the Management Board its consent to commission, as a precautionary measure, an external fairness opinion on any takeover offer from Worthington Steel.

An extraordinary meeting was held on January 15, 2026, after the end of the reporting period. At this meeting, the Supervisory Board approved the conclusion of a business combination agreement with Worthington Steel and also commissioned an independent external review of the takeover offer, separate from that commissioned by the Management Board. The Supervisory Board further resolved to allow members of the Management Board to tender any personal investment shares they had acquired that were still blocked and to suspend the obligation to purchase shares in respect of the bonus for the reporting year (see the relevant comments in the CORPORATE GOVERNANCE STATEMENT in the group management report and the comments in the REMUNERATION REPORT.

Reports from the committees

Presidium:
The Presidium met a total of four times in 2025. The standard agenda items in all ordinary meetings of the Presidium comprised business development, the corporate strategy and the agenda for the following Supervisory Board meeting.

The meeting of the Presidium on March 5, 2025 dealt with Management Board matters (the bonus for 2024 and implementation of the action plan for business stabilization in Europe).

In an extraordinary meeting held on March 28, 2025, the Presidium consulted in depth on corporate strategy.

The Presidium once again addressed corporate strategy in detail in its meeting on September 18, 2025. Other topics included Supervisory Board matters (Supervisory Board self-assessment).

At the meeting on December 16, 2025, Worthington Steel's expression of interest was discussed. The Management Board reported to the Presidium in depth on the current status. The Presidium consulted in detail on this basis. Other topics addressed at this meeting included corporate governance (Declaration of Conformity), Supervisory Board matters (Supervisory Board elections at the 2026 Annual General Meeting) and the budget for 2026. In addition, the Presidium discussed Management Board matters (extension of Guido Kerkhoff's contract, setting of bonus targets for fiscal year 2026, and target remuneration for fiscal year 2026).

Audit Committee:
The Audit Committee met five times in total.

At the meeting on March 5, 2025, the Audit Committee dealt mainly with the Company's annual and consolidated financial statements for 2024, as well as the Group non-financial report and the dependency report to be prepared for fiscal year 2024 (in each case with the auditor); the Audit Committee initially consulted with the auditor without the Management Board. At the meeting on March 5, 2025, the Audit Committee also discussed the recommendation for the proposal for the election of the auditor for fiscal year 2025 and for the substantive audit of the remuneration report and the auditor's review of the sustainability reporting for fiscal year 2025 (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 2024 annual figures was also discussed, as were governance matters (internal control system, risk management, compliance, data protection, information security and sustainability).

At the meetings held on April 29, 2025, July 30, 2025, and October 30, 2025, 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. The Audit Committee also heard reports on the current status of implementation of the business stabilization action plan and the external review on improving operations in the Becker subgroup. In the meeting on April 29, 2025, the Audit Committee revisited the audit findings of the Corporate Internal Audit Department for fiscal year 2024 in a follow-up to the December 2024 meeting. On July 30, 2025, the Audit Committee addressed the engagement of the auditor for the 2025 income tax information report, issued a recommendation on the matter and approved the associated provision of a non-audit service. At the meeting on October 30, 2025, the audit planning was discussed for the fiscal year 2025 together with changes to be expected as a result of the new IFRS 18 financial reporting standard (including with regard to the audit by the auditor accompanying its introduction).

The meeting on December 16, 2025 primarily addressed governance matters relating to internal control (the internal control system, the risk report, internal audit findings and the 2026 audit plan), the annual report on governance, risk and compliance (GRC) topics, an update on information security, and the Climate Transition Plan. Committee-related topics were also covered, as was the need to prepare a dependency report for the fiscal year. Preparations were also made for the extension of the commissioning of the auditor's audit of the annual financial statements for the reporting year in connection with implementing the new IFRS 18 financial reporting standard.

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 16, 2025, the Supervisory Board and the Management Board 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 for the reporting year. With regard to the update to the Declaration this year, see DECLARATION OF CONFORMITY 2025, UPDATE OF THE DECLARATION OF CONFORMITY AND APPLICATION OF THE GERMAN CORPORATE GOVERNANCE CODE in the group management report. Further information on corporate governance can be found in this Annual Report in the CORPORATE GOVERNANCE STATEMENT section of the group management 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

The expression of interest from Worthington Steel potentially gave rise to a conflict of interest for Prof. Dr. E.h. Friedhelm Loh as our largest shareholder (through SWOCTEM GmbH). In light of this, Prof. Dr. E.h. Friedhelm Loh voluntarily refrained from attending the extraordinary meeting of the Supervisory Board on December 8, 2025, at which the Supervisory Board consulted exclusively on that topic.

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

Audit of the 2025 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 2025 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 4, 2026 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 2025 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 2026 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 4, 2026, 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 auditor's audit 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 did not change in fiscal year 2025.

The composition of the Management Board of Klöckner & Co SE likewise did not change in fiscal year 2025. Guido Kerkhoff's term on the Management Board, which was set to end in August 2026, was extended during the reporting year by three years until 2029.

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.

Düsseldorf, March 4, 2026

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
CEO of Gerresheimer AG, Düsseldorf, Germany

Dagmar Steinert
CFO of Wienerberger AG, Vienna, Austria

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 Röhrhoff[1)]
Chairman

Dagmar Steinert[1)]

Prof. Dr. Dieter H. Vogel

[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

Capital markets were affected by high levels of uncertainty in 2025. Market sentiment was dampened by tariffs, protectionism and a moderate slowdown in the global economy. At the same time, fiscal risks and the possibility of an abrupt repricing of tech and AI stocks significantly increased volatility. Klöckner & Co shares got off to a slightly negative start in 2025 and reached a low of €4.35 on January 10. The share price then rose sharply to reach a provisional high for the year at €7.92 on March 19. In the following months, the share price fell significantly. On December 6, the ad hoc announcement on negotiations for a possible public takeover offer by Worthington Steel led to a sharp rise in the share price. The share price subsequently reached a new high for the year at €8.60 on December 12. This high level was largely maintained through the end of the year and the share price closed at €8.12 on December 30.

Key Data – Klöckner & Co share

		2025	2024	2023	2022	2021
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)	€	8.12	4.44	6.87	9.24	10.72
Market capitalization	€ million	810	443	685	921	1,069
High (Xetra®, Close)	€	8.60	7.01	10.60	13.30	13.26
Low (Xetra®, Close)	€	4.35	4.41	5.55	6.93	7.51
Earnings per share (basic)	€	-0.54	-1.77	-1.91	2.54	6.21
Average daily trading volume*)	In shares	213,171	96,159	186,307	457,301	459,318
Dividend per share**)	€	0.20	0.20	0.20	0.40	1.00
Dividend yield based on closing stock price	%	2.46	4.5	2.9	4.3	9.30
Total dividend paid**)	€ million	19.95	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. 2025: Proposal to the Annual General Meeting on May 20, 2026.

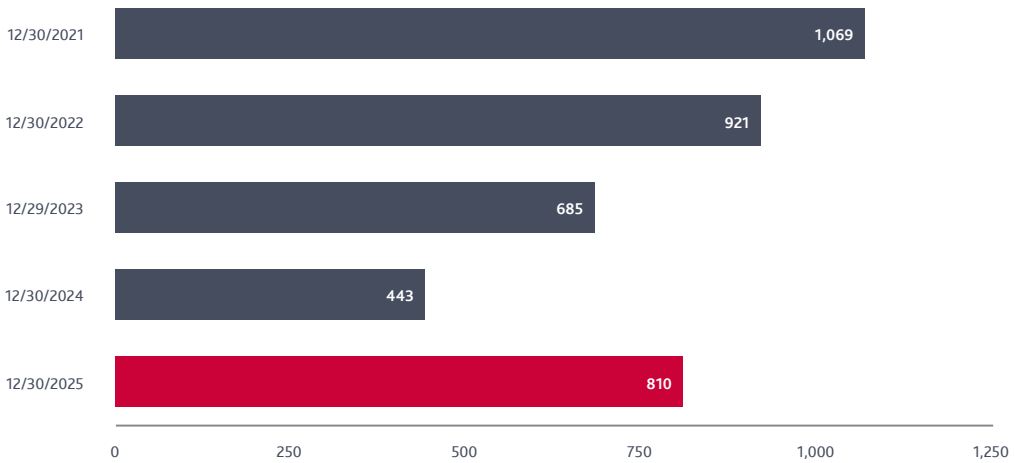
Performance of Klöckner & Co shares compared to the DAX®, SDAX® and index peer group (indexed values)

Over fiscal year 2025, the Klöckner & Co share price gained around 83% on the prior-year closing price. The Klöckner & Co share is benchmarked against a peer group index, which rose by approximately 114% in the reporting period. This index tracks the share price performance of companies that are comparable to Klöckner & Co and is based on the shares of thyssenkrupp, Salzgitter, ArcelorMittal, Voestalpine, Reliance, Olympic Steel, Ryerson and Worthington Steel. The German benchmark index, the DAX®, rose by 23% compared to the previous year, while the SDAX® index gained almost 25%. In Deutsche Börse AG's December 2025 joint rankings of DAX®, MDAX® and SDAX® stocks covering a total of 160 companies, Klöckner & Co shares ranked 141st by free float market capitalization.

Market capitalization

The Company's market capitalization was approximately €810 million at the end of the reporting period, compared to €443 million as of December 30, 2024.

Market capitalization (€ million)



Annual General Meeting 2025

The 19th Annual General Meeting of Klöckner & Co SE was held in person in Düsseldorf on May 28, 2025. In total, more than 63% 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

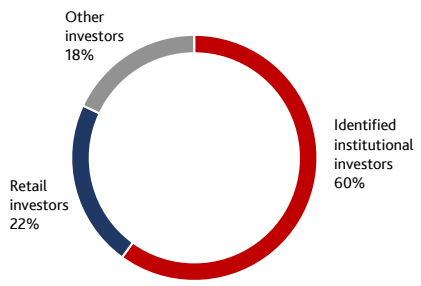
As in previous years, analysts continued to show strong interest in Klöckner & Co stock in 2025. Kepler Cheuvreux also resumed coverage of Klöckner & Co shares at the beginning of the year and has published regular analyses since. Seven analysts thus followed the development of the stock during the reporting period and published a large number of research reports. At the end of the year, six 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 2025:

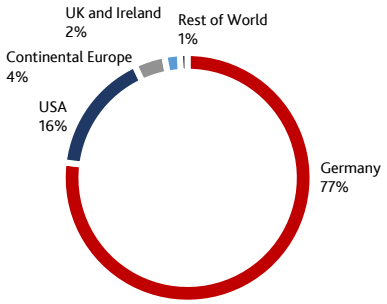
Deutsche Bank	Metzler Equity Research
DZ Bank	M.M. Warburg
LBBW	Oddo BHF
Kepler Cheuvreux	

Ownership structure

Ownership structure of Klöckner & Co SE



Geographic breakdown of identified institutional investors of Klöckner & Co SE



The investor relations team once again commissioned regular analyses in 2025 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 98% of investors were identified as of December 31, 2025. Institutional investors accounted for approximately 60% of share capital held. About 22% 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%. Other major shareholders according to the voting rights notifications included Rossmann Beteiligungs GmbH, The Goldman Sachs Group, Inc., and Dimensional Holding 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 2025 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/. 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 2025

1. Fundamental information about the Group 19

1.1 Group structure 19

1.2 Business activities/business model 19

1.3 Corporate strategy 20

1.4 Control system 23

2. Economic report 24

2.1 Macroeconomic conditions 24

2.2 Sector environment 25

2.3 Trend in key customer industries 26

2.4 Comparison of the Group's actual business performance with the forecast from the prior year 26

2.5 Results of operations, financial position and net assets 27

2.6 Overall assessment of the business situation 36

3. Single-entity financial statements of Klöckner & Co SE 37

3.1 Notes to the annual financial statements of Klöckner & Co SE 37

4. Other disclosures 39

4.1 Dependency report 39

4.2 Takeover disclosures 39

4.3 Dividend planning 40

5. Macroeconomic outlook including key opportunities and risks 41

5.1 Expected global economic growth 41

5.2 Expected trend in our core customer sectors 42

5.3 Risks and opportunities 42

6. Group forecast 52

7. Corporate Governance Statement 53

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).

1.2 Business activities/business model

Klöckner & Co is one of the [largest producer-independent] metals processors and one of the leading steel service center companies worldwide. 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 35 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 over 110 distribution and service locations. The high level of availability of our roughly 154,000 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 CO_2-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.

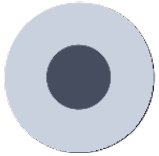
Our 6,500 employees apply their skills and enthusiasm every day to meeting our customers' needs and wishes. Around 53% of our workforce is employed in Europe and 47% in the Americas.

In both North America and Europe, the market for metals processing companies and service centers is highly fragmented. We have an estimated market share of approximately 8% in Europe and around 7% in the USA, putting us among the [top four metals processors and top three service centers] in both regions.

1.3 Corporate strategy

[Our strategy – "Klöckner & Co: Leveraging Strengths – Step Up 2030"

Under the corporate strategy implemented in 2021, "Klöckner & Co 2025: Leveraging Strengths," the Company continued to develop successfully, improved its operational positioning and achieved important milestones. We are now entering the next phase of our strategic plan, with "Klöckner & Co: Leveraging Strengths – Step Up 2030."



Customer Centricity

The core of our strategy is customer Centricity: We consistently align our products, services and processes with the needs of our customers in order to offer them the greatest possible added value and build sustainable partnerships.

Higher Value-Added & Service Center Business

Under our growth strategy, we aim to become the leading metal processor and the leading service center company in the strong North American and European economic regions by 2030 – with one of the highest levels of profitability in the industry. To achieve this goal, we will continue to pursue organic and inorganic growth opportunities and expand our higher value-added business and service center activities. As a result, we will increase profitability while significantly reducing our exposure to steel price developments together with the volatility of our results.

Product & Service Portfolio Diversification

We will increase our focus on further diversifying and improving our product and service portfolio. The priority is to build a portfolio that generates even greater added value for our customers. This enables us to increase our share of wallet with existing customers, attract new customers, establish long-term contractual relationships – and thus further reduce the volatility of our results. Under the Nexigen® brand, we will increasingly offer our products and services in CO_2-reduced form to meet growing demand in the years ahead.

Strategic Partnerships

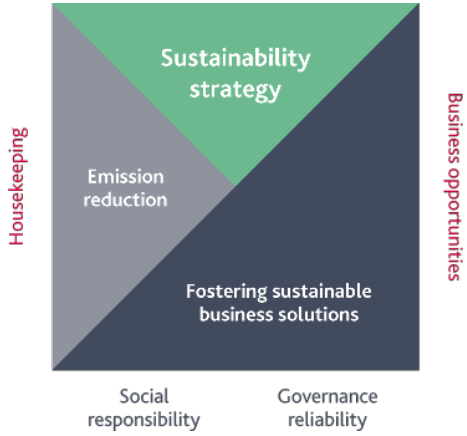
We will further intensify our working relationships with strategic partners and suppliers. Furthermore, through targeted measures and complementary services, we will integrate our products and services deeper than ever into our customers' value chains to deliver solutions that create even more added value for our customers.

Operational Excellence

We aim to offer customers the most efficient solutions and the best service. One of our main goals is seamless integration into our customers' value chains. To this end, we will continue to identify and eliminate process inefficiencies. Our increasingly digitalized and automated business processes will help us further increase data-driven decision-making and drive operational and sales excellence for greater efficiency. We will continue to leverage our extensive expertise in automation and digitalization through the global deployment of our AI-powered tools to achieve economies of scale and create value with minimal manual effort, moving toward a "zero touch" model.

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.



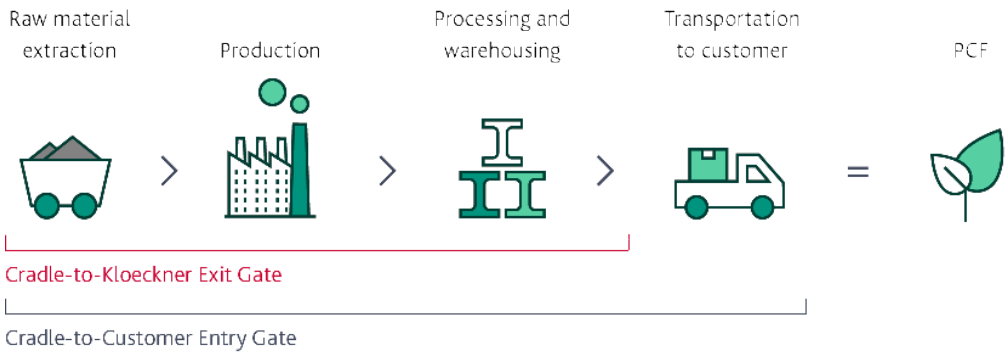
We believe that in particular innovation, technology and new business models will enable the steel and metal industry's successful transformation to sustainability. As part of our Group strategy, we are consequently working as a pioneer of a sustainable steel industry to establish innovative business 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 business area of sustainable solutions into our business model.

Under our Nexigen® umbrella brand, we have focused our sustainable product and service portfolio across the Group, providing transparent, CO_2-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 CO_2-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 CO_2-reduced steel, stainless steel and aluminum products. The calculation methodology is rooted in international, science-based standards and categorizes the CO_2-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 CO_2-reduced steel and metal products today.

Categorization for carbon steel, in kg CO_2e 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. In calculating the PCF, the Nexigen® PCF Algorithm follows the internationally recognized Greenhouse Gas Protocol and ISO standards 14067, ref. 14040 and 14044. On the basis of those standards, the algorithm calculates a 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.

With Nexigen® Data Services, we also enable active management of product carbon emissions. This technology solution provides customers with a transparent digital overview of the cradle-to-customer entry gate carbon emission history of all products sourced through Klöckner & Co, and automatically suggests alternative CO_2-reduced products together with corresponding potential for reductions compared to past orders.



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 in 2025. The repeat award underscores 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.

Nexigen®

Nexigen® PCF Algorithm

Nexigen® Data Services

WINNER German Sustainability Award 2025

WINNER German Sustainability Award 2023

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, as in the prior year, were shipments, sales, operating income (EBITDA – earnings before income from investments, interest, taxes, depreciation and amortization, and impairments 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 and service center business. This indicator is used to monitor growth as well as to determine capacity utilization, which is important for planning personnel and machine resources. As part of our strategy, we continue to step up our focus on higher value-added business and service center activities with the aim of becoming the leading metals processor and service center company in the strong North American and European economic regions by 2030. As a result, we will increase profitability while significantly reducing our exposure to steel price trends together with the volatility of our results. 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 group management report RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS.

Asset intensity is rising due to the increasing focus on higher value-added business. Alongside operating income, net working capital (inventories plus customer receivables less supplier liabilities) 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 in the group management report 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.

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 2025, 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 showed slight growth of approximately 3.3% during the reporting period. Whereas the performance of the economy was initially more robust at the start of the year, new trade policy measures, increasing uncertainty and a marked fragmentation of international economic relations caused global economic growth to slow over the reporting period. Tariffs in particular increased uncertainty and led to less economic growth. Many advanced economies suffered from declining labor inflows and aging populations, which led to weaker productivity. At the same time, global inflation developed unevenly. Inflation in the United States was above target, while the rest of the world kept inflation in check.

According to the IMF, the US economy grew slightly by 2.1% year on year in 2025 and showed increasing signs of a slowdown after a robust start to the year. Although economic activity initially remained stable, partly due to trade and investment decisions brought forward in response to the new tariff policy, these temporary effects faded significantly as the year progressed. The US tariff policy only led to a moderate rise in consumer prices in the USA as many of the costs were not passed on in full to consumers. Companies and households increasingly felt the impact of the tariffs nonetheless. At the same time, the labor market cooled and demand for labor fell. In addition, the ongoing skills shortage was exacerbated by a slowdown in net immigration. Inflation remained more persistent in the US than in many other advanced economies, primarily because of consumers bearing the brunt of higher tariffs. In light of these developments, the Federal Reserve took a cautious stance as risks of above-target inflation continued to trend upwards.

According to the IMF, the eurozone economy grew slightly in 2025 (by 1.4%) compared to the prior year. Economic growth was influenced by global uncertainties and increasing fragmentation. The eurozone also did better at the beginning of the year thanks to early trade and investment decisions, but this effect quickly faded. Despite declining inflation and the economic recovery ahead of the US tariff announcement, households continued to be cautious about investing due to subdued consumer and business confidence. The eurozone economy benefited during the period under review from increased defense spending and investment in the region's energy security.

The IMF estimates that the Chinese economy grew considerably by 5.0% in 2025. China's economic growth was likewise influenced by front-loading effects ahead of US tariffs. Although exports to the United States subsequently fell, this was partially offset by higher exports to the eurozone and countries of the Association of Southeast Asian Nations (ASEAN). The Chinese economy continued to labor during the reporting period under the effects of the ongoing real estate crisis and weak consumer spending. China retained its expansionary fiscal policy to boost Chinese domestic demand.

Development of GDP

(in %)	2025 vs. 2024
USA	2.1
Mexico	0.6
Europe*)	**1.4**
Germany	0.2
Switzerland	1.2
Austria	0.5
China	5.0

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

Industry-specific situation
According to the World Steel Association, global crude steel production declined slightly in 2025 compared to the prior year (with a decrease of -1.9%) and totaled around 1,804 million tons. Output in the USA grew slightly by 3.1%, while the European Union recorded a slight decline of 2.6%. In China, crude steel production in 2025 was slightly down on the prior year (decrease of -4.4%).

Steel production

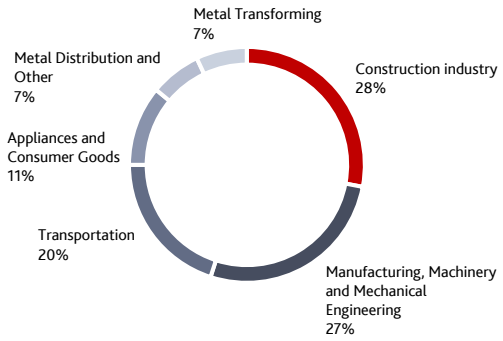
(in million tons)	2025	2024	Variance
Germany	34.1	37.2	-8.3%
EU-27, total	**126.2**	**129.5**	**-2.6%**
Rest of Europe	**42.8**	**43.2**	**-0.9%**
C.I.S. and Ukraine	**81.3**	**84.8**	**-4.1%**
USA	82.0	79.5	3.1%
Rest of North America	25.4	26.4	-3.8%
North America total	**107.4**	**105.9**	**1.4%**
South America	**41.5**	**41.9**	**-1.0%**
Africa	**23.2**	**22.3**	**4.0%**
Middle East	**56.9**	**54.1**	**5.2%**
China	960.8	1,005.1	-4.4%
Rest of Asia und Oceania	363.7	352.7	3.1%
Asia und Oceania, total	**1,324.5**	**1,357.8**	**-2.5%**
Global	**1,803.8**	**1,839.4**	**-1.9%**

Source: World Steel Association (as of January 2026); partly preliminary estimates.

2.2 Sector environment

Klöckner & Co's highest-revenue customer sector in fiscal year 2025 was the construction industry, accounting for 28% of sales, followed by manufacturing and machinery and mechanical engineering with 27%. The third-largest customer sector was the automotive industry as part of the transportation industry, which accounted in total for 20% of sales.

Customer sectors of Klöckner & Co SE (by sales)



2.3 Trend in key customer industries

Construction industry

According to Oxford Economics, the US construction industry recorded slight growth (of 2%) in 2025. Residential construction stayed flat (0%) while civil engineering showed marked growth of around 6%. Civil engineering benefited over the period under review from long-term projects and a continued high level of expenditure. Growth in the US construction industry was slowed by persistently high prices for building materials and persistently high mortgage interest rates despite two interest rate cuts during the period. Eurozone construction was constant in 2025 (0%), while the sector saw a slight increase in Switzerland (1%). Residential construction in the eurozone remained constant, while civil engineering recorded slight growth in the period under review. Ongoing immigration and lower interest rates drove the positive trend, although the structural skills shortage prevented stronger growth in the sector.

Machinery and mechanical engineering

According to Oxford Economics estimates, machinery and mechanical engineering in the United States grew slightly (by 2%) compared to the prior year. The positive trend is mainly due to higher-than-expected investment driven by purchases being brought forward before the tariffs came into force. Increased input costs for producers as a result of the US administration's tariff policy prevented stronger growth. In the eurozone, the sector contracted slightly (by 1%). The positive effect of looser ECB monetary policy was more than offset by weak sentiment and increased uncertainty as a result of trade policy and increased competitive pressure from Asia.

Automotive industry

The global automotive market recorded slight growth (of 3%) in 2025. According to the German Association of the Automotive Industry (VDA), automobile sales in both the USA and Europe grew slightly by 2% in the same period, while in Mexico they increased slightly by 4%. Tariff barriers in the complex supply chains hit production process efficiency in the sector and prevented further growth, although a gradual recovery in consumption and low levels of vehicle ownership in the emerging markets supported demand.

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

Our forecast for 2025 was based on the assumption of a stronger demand trend in the European and North American markets relevant to us and that there would be no repetition of significant negative price effects seen in 2024. We therefore anticipated considerably higher shipments and sales for fiscal year 2025, as well as a considerable increase in EBITDA before material special effects.

During fiscal year 2025, increasing economic uncertainty led to slow growth in shipments, and demand in the North American and European sales markets relevant to us fell short of expectations. In the Kloeckner Metals Americas segment, despite the difficult market environment, we were able to further increase shipments and further expand our market share. The challenging conditions just mentioned led in the Kloeckner Metals Europe segment to a slight fall in shipments, contrary to our forecast of a considerable increase in 2025.

In contrast to the forecast of a considerable increase in sales, the sales trend was slightly negative in the Kloeckner Metals Europe and at Group level due to the weaker-than-expected growth in shipments and the lower average price level compared to the prior year. There was also a slight decline in sales in the Kloeckner Metals Americas segment. Steel prices were volatile over the reporting period, especially in the USA, but were higher at the end of the year than at the start. As predicted, the significant negative price effects of 2024 did not recur, and EBITDA before material special effects increased considerably at both segment and Group level.

In our forecast for fiscal year 2025, we anticipated a considerable increase in cash flow from operating activities, building on cash flow from operating activities of €160 million in fiscal year 2024. While the Kloeckner Metals Americas segment saw cash flow from operating activities increase considerably, cash flow from operating activities in the Kloeckner Metals Europe segment and at Group level considerably decreased rather than developing positively as forecast. Nevertheless, operating cash flow was comfortably positive for the fourth year in succession, at €110 million.

	Shipments (Tto)		Sales (€m)	
	Development 2025	Forecast 2025	**Development 2025**	Forecast 2025
Kloeckner Metals Americas	Slight increase	Considerable increase	Slight decrease	Slight increase
Kloeckner Metals Europe	Slight decrease	Considerable increase	Slight 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 2025	Forecast 2025	**Development 2025**	Forecast 2025
Kloeckner Metals Americas	Considerable increase	Considerable increase	Considerable increase	Considerable increase
Kloeckner Metals Europe	Considerable increase	Considerable increase	Considerable decrease	Considerable increase
Group	**Considerable increase**	**Considerable increase**	**Considerable decrease**	**Considerable increase**

"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 2025 – as presented under CONTROL SYSTEM in the group management report – 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 under German Accounting Standard 20 (GAS 20)

(€ million)	**2025**	2024	Variance	
Shipments (Tto)	4,528	4,453	75	1.7%
Sales	6,380	6,632	-252	-3.8%
EBITDA before material special effects*)	171	136	35	25.8%
EBITDA	152	109	42	38.9%
Cash flow from operating activities	110	160	-51	-31.6%

*) 2025: Special effects/restructuring income of €27 million (including €26 million from gains on the disposal of sites) and special effects/restructuring expenses of €-47 million (including losses from the disposal of subsidiaries and from site closures of €-24 million, restructuring expenses of €-18 million, one-off expenses incurred for the takeover bid of €1.2 million for consulting costs and expenses of €4 million for share-based payments resulting solely from gains in the share price following rumors of a potential public takeover bid by Worthington Steel between December 6, 2025 and December 31, 2025). 2024: Special effects/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.

Other key performance indicators

(€ million)	2025	2024	Variance	
Gross profit	1,204	1,113	91	8.2%
Gross profit margin	18.9%	16.8%		2.1%p
OPEX*)	-1,052	-1,004	-49	4.8%
EBIT	31	-20	51	n.a.
EBT	-18	-83	66	78.6%
Net income continuing operations	-53	-146	92	63.4%
Net income from discontinued operations	-	-30	30	n.a.
Net income	-53	-176	122	69.6%
Return on capital employed (ROCE)**)	1.3%	-0.8%		2.1%p
Net financial debt	709	780	-70	-9.0%
Gearing (Net financial debt / shareholders' equity***))	45%	46%		-0.5%p
Leverage (net financial debt / EBITDA before material special effects)	4.1x	5.7x		-1.6

*) 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, non-current securities and deductible capital. Deductible capital mainly consists of non-interest-bearing short-term liabilities.
***) Consolidated equity less non-controlling interests and less goodwill from business combinations subsequent to May 23, 2024.

Shipments and sales

Group shipments increased slightly year on year in fiscal year 2025 to 4.5 million tons. The growth in shipments compared to prior-year (by 1.7%) is mainly attributable to sustained gains in market share and the resulting higher shipments in the Kloeckner Metals Americas segment (an increase of +3.3%). Despite ongoing trade conflicts and the associated economic uncertainties, this segment recorded its highest level of shipments to date. In Europe, the continued challenging macroeconomic environment led to a slight decline in demand by 1.2%.

Due to price and exchange rate effects, sales fell by 3.8% from €6.6 billion in the prior year to €6.4 billion. In the Kloeckner Metals Americas segment, despite the higher shipments, currency-adjusted sales remained constant (with a decrease of 0.6%) relative to the prior year due to the lower average price level. In the Kloeckner Metals Europe segment, on top of lower shipments (down 1.2%), the lower average price level also negatively impacted the steel price trend and resulted in a slight fall in sales (down 3.0%). The currency-adjusted decline in Group sales was 1.5%.

Sales by segments

			Variance					
(€ million)	2025	2024	Total		Currency effects		Net of currency effects	
Kloeckner Metals Americas	3,732	3,917	-185	-4.7%	-164	-4.2%	-22	-0.6%
Kloeckner Metals Europe	2,648	2,715	-67	-2.5%	14	0.5%	-81	-3.0%
Klöckner & Co Group	**6,380**	**6,632**	**-252**	**-3.8%**	**-150**	**-2.3%**	**-102**	**-1.5%**

Price and exchange rate-driven fall in sales despite higher shipments

In the Kloeckner Metals Americas segment, shipments rose further despite growing economic uncertainty due to increasing trade conflicts. The growth in shipments is mainly due to additional gains in market share. Despite the increase in shipments, sales remained constant (currency-adjusted) at €3.7 billion due to the lower average price level in the fiscal year. In the Kloeckner Metals Europe segment, lower average prices compared to the prior-year period combined with the decline in demand led to a slight fall in sales by 3.0% or €0.1 billion (currency-adjusted).

Considerable year-on-year increase in gross profit

At €1,204 million, gross profit was considerably above the prior-year level (2024: €1,113 million). This is mainly due to an increase in shipments at the same time as rigorous inventory management. Despite the challenging market environment, the gross profit margin likewise slightly increased in 2025 to 18.9% (2024: 16.8%).

OPEX

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

			Variance					
			Total		Currency effect		Net of currency effects	
(€ million)	**2025**	2024						
Other operating income	57	38	19	50.8%	-	-1.2%	19	49.3%
Personnel expenses	-594	-542	-51	9.4%	10	-1.9%	-61	11.3%
Other operating expenses	-516	-499	-17	3.5%	9	-1.9%	-27	5.4%
OPEX	**-1,053**	**-1,004**	**-49**	**4.9%**	**19**	**-1.9%**	**-69**	**6.9%**

Comparability of OPEX with the prior year is limited due to special effects. Other operating income, at €57 million, was €19 million higher than in the prior year. This development is mainly due to non-recurring income in the amount of €29 million from the sale of eight distribution locations in the USA.

Personnel expense amounted to €594 million in the reporting period, compared to €542 million in the prior year. The increase is mainly due to higher wage and salary expenses and to pension expenses. Personnel expenses were also influenced by one-off effects in the amount of €12 million (previous year: €7 million). On a currency-adjusted basis, personnel expenses came to €604 million (+11.3%).

Other operating expenses came to €516 million, compared to €499 million in the prior year. On a currency-adjusted basis, other operating expenses amounted to €526 million (+5.4%). €19 million of the increase was attributable to the loss on disposal of the Brazilian subsidiary, Kloeckner Metals Brasil Ltda, São Paulo. The increase also reflects exceptional costs of location closures that were €4 million higher than in the prior year, generally higher costs of maintenance, transportation and packaging and higher prices of operating supplies and tools.

In total, at €152 million, EBITDA after material special effects was considerably higher than the prior-year figure of €109 million.

Gross profit and adjusted EBITDA by segment

	2025		2024	
(€ million)	**Gross profit**	**Gross profit margin**	Gross profit	Gross profit margin
Kloeckner Metals Americas	719	19.3%	668	17.1%
Kloeckner Metals Europe	484	18.3%	444	16.4%
Klöckner & Co Group	**1,204**	**18.9%**	**1,113**	**16.8%**

	2025		2024	
(€ million)	**EBITDA**	**EBITDA margin**	EBITDA	EBITDA margin
Kloeckner Metals Americas	178	4.8%	154	3.9%
Kloeckner Metals Europe	-6	-0.2%	-18	-0.7%
EBITDA before material special effects	**171**	**2.7%**	**136**	**2.1%**
Material special effects	-20	-	-27	-
Klöckner & Co Group	**152**	**2.4%**	**109**	**1.6%**

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

(€ million)	**2025**	2024
EBITDA including material special effects	**152**	**109**
Restructuring income and other material special effects		
– Gains on site sales and site closures (after deducting transaction costs)	26	-
– Income from hurricane Helene insurance payouts	1	6
– Gains on the sale of real estate	-	1
	27	**7**
Restructuring expenses and other material special effects		
– Losses on sales of subsidiaries and site closures	-24	-
– Restructuring consulting	-7	-
– Personnel expenses	-7	-7
– One-off expenses for takeover offer	-5	-
– Restructuring-related inventory devaluation	-3	-14
– Other restructuring expenses	-1	-7
– Damages hurricane Helene	-	-7
	-47	**-34**
EBITDA impact	**-20**	**-27**
EBITDA before material special effects	**171**	**136**

Gross profit in the Kloeckner Metals Americas segment, at €719 million, showed a considerable 7.6% increase on the prior year (2024: €668 million). The gross profit margin also increased, rising by around two percentage points to 19.3% (2024: 17.1%). In fiscal year 2025, the segment generated EBITDA before material special effects of €178 million, compared to €154 million in the prior-year period, despite the difficult market environment. The EBITDA margin consequently rose by around one percentage point compared to the prior year to 4.8% (2024: 3.9%). Adjusted for currency effects, likewise the EBITDA margin amounted to 4.8%, with a gross profit of €751 million and EBITDA of €189 million. After special effects totaling €2 million, mainly from the sale of the Brazilian subsidiary and eight distribution sites in the US, EBITDA amounted to €180 million.

Gross profit in the Kloeckner Metals Europe segment increased considerably from €444 million in the prior year to €484 million. Despite the challenging market environment, operating profit also increased significantly, but remained negative due to a slight decline in shipments (by -1%) and sales (by -2%) as a result of lower average prices. EBITDA before material special effects nevertheless improved from €-18 million in the prior year to €-6 million. The EBITDA margin was a thus a negative -0.2%, compared to -0.7% in the prior year. OPEX increased by a total of €18 million to €497 million (2024: €479 million), mainly due to higher personnel costs. After restructuring expenses of €6 million, EBITDA amounted to €-13 million, compared to €-35 million 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 (2024: 0 million).

Reconciliation to net income

(€ million)	2025	2024	Variance	
EBITDA	**152**	**109**	**42**	**38.9%**
Depreciation, amortization and impairment losses	-121	-129	8	6.5%
EBIT	**31**	**-20**	**51**	**n.a.**
Income from investments	-2	-2	-	2.6%
Financial result	-47	-62	15	23.8%
EBT	**-18**	**-83**	**66**	**78.6%**
Income taxes	-36	-62	27	42.9%
Net income from continuing operations	-53	-146	92	63.4%
Net income from discontinued operations	-	-30	30	n.a.
Net income	**-53**	**-176**	**122**	**69.6%**

Depreciation, amortization and impairments stood at €121 million, considerably less than the prior-year level of €129 million.

EBIT came to €31 million, compared to a negative €20 million in the prior year. At a negative €47 million, the financial result was significantly up on the prior-year figure (2024: negative €62 million). This is primarily due to the fall in interest rates compared to the prior year.

EBT was a negative €18 million, compared to a negative €83 million in the prior-year period. The income tax expense for 2025 amounted to €36 million (2024: €62 million). The combined tax rate was 31.6% in the fiscal year (prior year: 31.9%), while the effective tax rate was down due to tax losses in Germany for which no deferred tax assets were recognized. Despite a negative EBT, there was a tax expense in the fiscal year 2025, resulting in a negative effective tax rate of 199.3% (2024: negative 74.6%).

The net loss in fiscal year 2025 was €53 million (2024: net loss from continuing operations of €146 million). The prior year likewise showed a net loss, of €176 million, but this included a loss from discontinued operations of €30 million from the sale of parts of the distribution business in Europe.

The basic loss per share from continuing operations was €-0.54 (2024: €-1.47).

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 general economic climate and the global conflicts and crises. We have ample financial flexibility, which we maintain due to our business model. With a portfolio totaling some €1.3 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.

Klöckner & Co SE syndicated loan

A central component of Group financing is our syndicated loan (a revolving credit facility) with a facility amount of €350 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.

Swiss syndicated loan
In January 2025, in agreement with the core banks, Klöckner & Co terminated bilateral credit lines at the Swiss country organization with a total volume of CHF 160 million (approximately €172 million) and established an unsecured syndicated loan with a volume of CHF 200 million (approximately €215 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.

Asset-backed securitization program
Since July 2005, the Klöckner & Co Group has operated an ABS program in Europe. In July 2025, Klöckner & Co renewed the ABS program – in which two German companies currently participate as sellers of receivables – ahead of schedule and rolled it over until 2028 on improved terms. The size of the program was adjusted from €300 million to €100 million, reflecting the sale of parts of the European distribution business completed in 2024. 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 €38 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 €553 million) with the same terms and maturity while expanding the banking syndicate from three to four banks. Utilization of the facility amounted to USD 292 million (approximately €249 million) as of the reporting date.

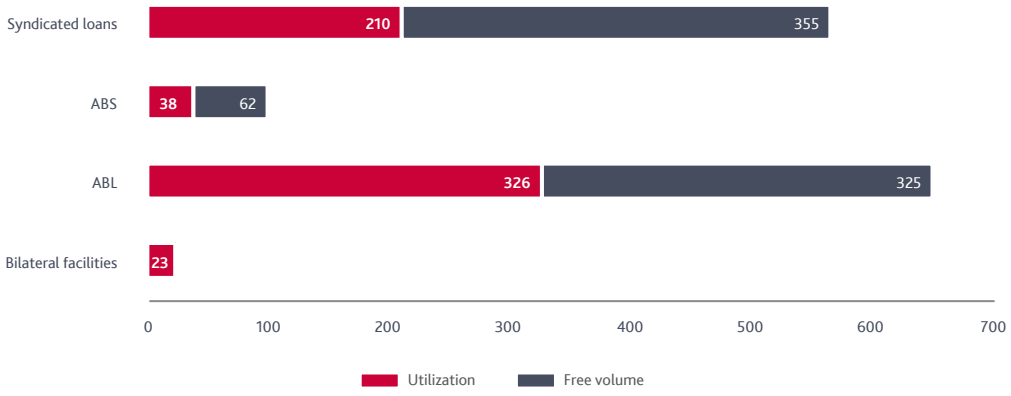
In September 2024, Klöckner & Co agreed a new USD 115 million (approximately €98 million) ABL facility in Mexico. The facility is provided by three banks and has a term of three years until September 2027. Utilization of the facility amounted to USD 90 million (approximately €77 million) as of the reporting date.

Bilateral credit facilities
The bilateral credit facilities totaling approximately €23 million were fully drawn (excluding lease liabilities) at the end of 2025. The bilateral credit facilities relate to the country organizations in Germany and Austria and to the Becker Group.

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 2025.

Financial headroom and net financial debt
Klöckner & Co maintains credit facilities, excluding lease liabilities, totaling approximately €1.3 billion. As shown in the following table, drawings on these facilities as of December 31, 2025 totaled only around €0.6 billion.

Financing volume as of December 31, 2025 (€ million)



Financial liabilities include lease liabilities in the amount of €173 million (2024: €149 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, 2025	December 31, 2024	Variance			
			Total	Currency effects	Net of currency effects	
Net financial debt*)	709	780	-70	-47	-23	-3.0%
Gearing (Net financial debt / shareholders' equity**))	45%	46%	-0.5%p			
Leverage (net financial debt / EBITDA before material special effects)	4.1x	5.7x	-1.6			

*) 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, 2024.

Gearing was 45% as of the fiscal year-end, well within the 165% limit under the syndicated loan and the European ABS program. Leverage fell from 5.7x to 4.1x due to the increase in EBITDA and the simultaneous reduction in net financial debt.

Klöckner & 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 is presented on page 146. 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

(€ million)	2025	2024	Variance	
Cash flow from operating activities – continuing operations	110	160	-51	-31.6%
Cash flow from investing activities – continuing operations	-5	-121	116	96.1%
Free cash flow – continuing operations	**105**	**39**	**66**	**n.a.**
Cash flow from financing activities – continuing operations	-155	-140	-15	n.a.

Through consistent net working capital management, we generated significantly positive cash flow from operating activities of €110 million in the course of fiscal year 2025 (2024: €160 million).

The net cash outflow from investing activities amounted to €5 million in 2025 (2024: €121 million). Proceeds of €107 million were generated from the disposal of property, plant and equipment in the reporting year (2024: €3 million), primarily relating to the sale of eight sites in the Americas segment. Proceeds from the sale of financial assets amounted to €5 million. Payments for intangible assets, property, plant and equipment totaled €112 million (2024: €110 million) and payments for acquisitions of consolidated subsidiaries and financial assets came to €6 million (2024: €14 million).

Capital expenditure (+) and divestments (–) by segment were as follows:

(€ million)	**2025**	2024
Kloeckner Metals Americas	-25	68
Kloeckner Metals Europe	33	51
Holding and other Group companies	-3	2
Klöckner & Co Group	**5**	**121**

Free cash flow was a positive €105 million in fiscal year 2025, following a free cash flow of €39 million in the prior year.

The negative cash flow from financing activities in the amount of €155 million (2024: negative €140 million) includes a cash outflow from dividend payments of €20 million (2024: €20 million) to shareholders of Klöckner & Co SE and of €0 million (2024: €1 million) to non-controlling interests. Following repayments of lease liabilities in the amount of €35 million (2024: €34 million), there were also net repayments of financial debt in the amount of €98 million (2024: net repayments of €81 million). Furthermore, cash flow from financing activities also includes €0 million (2024: €1 million) in payments relating to extensions and settlements of currency hedges as part of the Group headquarters financing arrangements.

Financial position and balance sheet structure

Consolidated statement of financial position			Variance			
(€ million)	**December 31, 2025**	December 31, 2024	Total	Currency effects	Net of currency effects	
Non-current assets	1,263	1,282	-19	-58	38	3.0%
Current assets						
Inventories	1,144	1,291	-147	-73	-75	-5.8%
Trade receivables*)	696	722	-26	-49	23	3.2%
Other current assets	102	108	-6	-9	2	2.0%
Cash and cash equivalents	60	121	-61	-11	-50	-41.3%
Assets held for sale	15	14	0	-15	16	109.6%
Total assets	**3,279**	**3,538**	**-259**	**-214**	**-45**	**-1.3%**
Equity	1,582	1,721	-138	-93	-46	-2.7%
Non-current liabilities						
Financial liabilities	670	713	-42	-56	13	1.9%
Provisions for pensions	17	19	-2	-2	-	0.9%
Other non-current liabilities	98	102	-4	-4	-	-0.5%
Current liabilities						
Financial liabilities	94	183	-90	-2	-88	-47.8%
Trade payables**)	665	644	21	-42	63	9.8%
Other current liabilities	153	156	-3	-8	5	3.4%
Liabilities directly associated with assets classified as held for sale	-	-	-	-7	7	n.a.
Total equity and liabilities	**3,279**	**3,538**	**-259**	**-214**	**-45**	**-1.3%**

*) Including contract assets and supplier bonus receivables.
**) Including contract liabilities and advance payments received.

Total assets as of December 31, 2025 amounted to €3.3 billion, 7.3% below the prior year-end (2024: €3.5 billion) due to the sale of eight sites in the Kloeckner Metals Americas segment with a disposal of net assets of €56 million, the net loss and currency translation differences. 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 1.3% on the prior year.

Non-current assets, at €1,263 million, were below the level of the prior year (€1,282 million). On a currency-adjusted basis, non-current assets increased by €38 million in the fiscal year. After additions of €191 million – including additions of €82 million from new and extended leases – and depreciation of €105 million, net capital expenditure on property, plant and equipment totaled €86 million. Additions from acquisitions amounted to €2 million. Of the disposals totaling €33 million, €30 million relates to divestments in the Americas segment.

Intangible assets, at €178 million after additions of €4 million, amortization of €15 million in the fiscal year and a negative €17 million in translation effects, were down on the prior year (€207 million).

As a result of the constrained market environment and the persistently challenging economic conditions, there were triggering events in fiscal year 2025 for the cash-generating units (CGUs) Becker, Germany, Switzerland and Austria. The impairment test showed that the carrying amounts as of the reporting date for the Becker, Germany and Austria CGUs were not fully matched by the value in use 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) in the notes to the consolidated financial statements.

Net working capital changed as follows:

Net Working Capital

(€ million)	December 31, 2025	December 31, 2024	Variance			
			Total	Currency effects	Net of currency effects	
Inventories	1,144	1,291	-147	-73	-75	-5.8%
Trade receivables*)	696	722	-26	-49	23	3.2%
Trade payables**)	-665	-644	-21	42	-63	9.8%
Net Working Capital	**1,175**	**1,369**	**-194**	**-79**	**-115**	**-8.4%**

*) Including contract assets and supplier bonus receivables.
**) Including contract liabilities and advance payments received.

Net working capital was €1,175 million as of December 31, 2025, compared to €1,369 million a year earlier. On a currency-adjusted basis, there was a considerable decrease by €115 million or 8.4%. This positive development was achieved as a result of active working capital management and the sale of eight sites in the Americas segment.

Cash and cash equivalents, at €60 million, were considerably down on their prior-year level of €121 million.

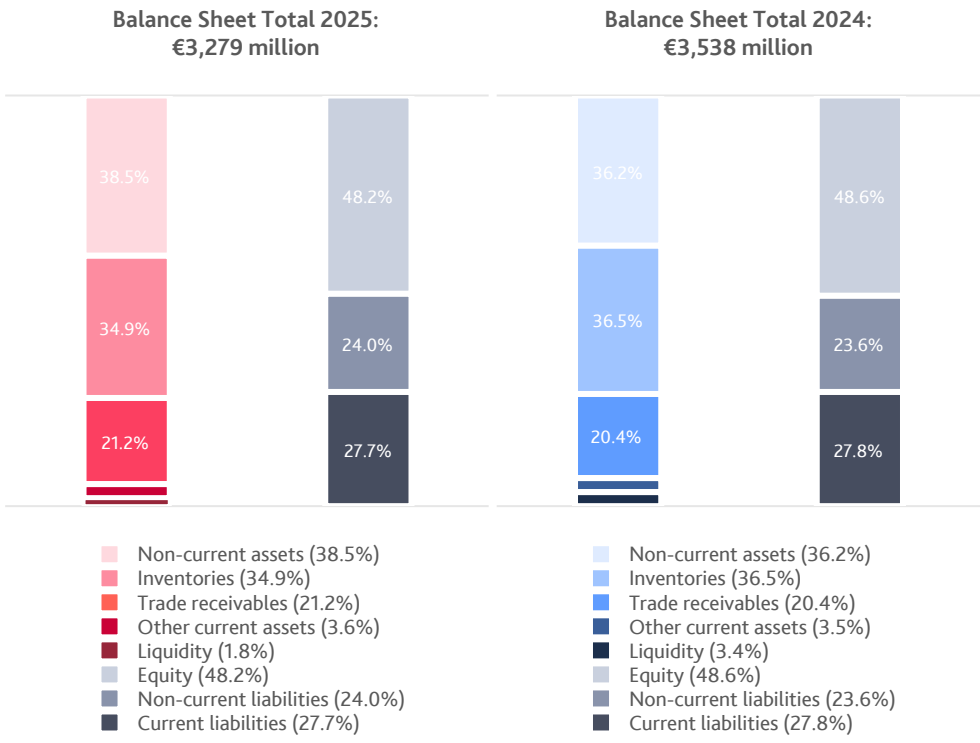
Equity decreased from €1,721 million to €1,582 million. The change is mainly due to the negative net income (€53 million), the translation of foreign subsidiaries' financial statements (€-73 million), the dividend payment (€20 million) and €12 million in actuarial gains less the related deferred taxes recognized in other comprehensive income.

The equity ratio of 48.2% (2024: 48.6%) at the end of the reporting period was at the prior year's level.

The excess of equity and non-current liabilities over non-current assets amounted to €1,105 million, compared to €1,273 million in 2024.

Financial liabilities, at €764 million including transaction costs, were lower than the prior-year figure of €896 million. They include €23 million in bilateral facilities, €38 million in drawings under the ABS program, €321 million for the ABL programs and €208 million for the syndicated credit facilities. The remaining amount of €173 million relates to lease liabilities.

Due to the increase in interest rates, pension provisions fell from €19 million in the prior year to €17 million.



2.6 Overall assessment of the business situation

The Klöckner & Co Group's operating income (EBITDA) was significantly positive in the 2025 reporting year despite the macroeconomic challenges. In the US in particular, we were able to gain further market share and achieve positive sales growth despite a difficult market environment. In Europe, shipments were only slightly down in a difficult environment. Steel prices were volatile over the course of the year, particularly in the US, but were higher at the end of the reporting period than at the beginning of the year. Despite this market environment, we considerably increased EBITDA before material special effects in both segments and at Group level.

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

Our finances remain very stable, even in challenging macroeconomic times. Financing for the Group is based on a widely diversified portfolio of funding instruments. In July 2025, we renewed the European ABS program ahead of schedule on improved terms and modified it in size, reflecting the sale of our European distribution units. This has further improved our maturity profile. The equity ratio of around 48% at the end of the reporting period is almost unchanged from the prior year and remains very solid.

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, 2025	December 31, 2024	Variance	
Intangible assets and property, plant & equipment	2	1	0	38.7%
Non-current investments	819	882	-63	-7.1%
Fixed assets	**820**	**883**	**-62**	**-7.1%**
Receivables from affiliated companies	221	269	-48	-17.8%
Other receivables	7	2	5	358.0%
Cash and cash equivalents	0	18	-18	n.a.
Current assets	**228**	**288**	**-60**	**-20.8%**
Pension plan surplus	21	12	9	72.8%
Prepaid expenses	2	2	-1	-23.7%
Total assets	**1,071**	**1,186**	**-115**	**-9.7%**
Equity	**914**	**986**	**-72**	**-7.3%**
Other provisions	15	17	-2	-12.5%
Liabilities to affiliated companies	6	4	2	50.0%
Liabilities to banks	135	173	-38	-22.1%
Other liabilities	1	6	-5	-77.7%
Total equity and liabilities	**1,071**	**1,186**	**-115**	**-9.7%**

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 in the group management report) 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 reduction in the carrying amounts of investments is mainly due to impairment losses recognized on the carrying amounts of Becker Stahl-Service GmbH, Düsseldorf, Germany, in the amount of €56 million and Kloeckner Metals Germany GmbH, Düsseldorf, Germany, in the amount of €7 million. Klöckner & Co SE also sold its shares in the Brazilian subsidiary Kloeckner Metals Brasil Ltda, São Paulo, Brazil, effective March 31, 2025. As impairments had been recognized on the full amount in previous years, the carrying amount on disposal was €0.

Receivables from affiliated companies relate to European cash pooling, financial services, clearing and short-term loans.

Klöckner & Co SE's equity ratio was 85% as of December 31, 2025 (2024: 83%).

Income statement of Klöckner & Co SE (condensed)

(€ million)	2025	2024	Variance	
Sales	32	35	-3	-7.6%
Other operating income	6	15	-9	-59.5%
Cost of purchased services	-4	-5	1	18.0%
Personnel expenses	-20	-15	-5	30.2%
Other operating expenses	-24	-31	7	23.0%
Impairment of investments	-63	-5	-58	n.a.
Income from investments	16	-84	99	-119.0%
Interest income, net	7	16	-9	-55.9%
Result from ordinary activities	**-50**	**-75**	**25**	**33.5%**
Taxes	-2	0	-1	n.a.
Net loss	**-51**	**-75**	23	31.5%
Retained profit prior year	20	20	0	-0.3%
Dividends	-20	-20	0	0.3%
Withdrawals from other revenue reserves	71	95	-23	-25.0%
Unappropriated profits	**20**	**20**	**0**	**-1.1%**

The decrease in sales for 2025 relates to leased right-of-use assets and amounts charged on for insurance.

The rise in personnel expenses by €5 million to €20 million (2024: €15 million) is mainly due to the increase in earnings-based salary components.

The fall in other operating expenses is due to a decrease in IT and consulting costs and in rental costs. In the reporting year, this item also includes a €9 million one-off expense for restructuring consultancy and the €1 million loss on disposal of the Brazilian subsidiary, Kloeckner Metals Brasil Ltda, São Paulo, Brazil. In the prior year, the item included a one-off expense of €11 million for the loss on the sale of the European distribution business.

Impairments of €56 million were recognized in the fiscal year on the carrying amount of the investment in Becker Stahl-Service GmbH, Düsseldorf, Germany, and of €7 million on Kloeckner Metals Germany GmbH, Düsseldorf, Germany (2024: impairment reversal of €10 million). In the prior year, this item also included impairment losses on the carrying amounts of the investments in XOM Materials GmbH, Berlin, Germany, in the amount of €1 million and Kloeckner Metals Brasil Ltda., São Paulo, Brazil, in the amount of €4 million.

As a holding company, the earnings performance of Klöckner & Co SE is materially determined by the performance and dividend policies of its holdings. The positive income from investments at Klöckner & Co SE in the amount of €16 million relates to profit distributions and losses assumed from subsidiaries (prior year: €84 million in losses assumed and profit distributions). Dividend income was received in the fiscal year from Klöckner USA Holding Inc., Wilmington, Delaware, United States of America, in the amount of €51 million, and Debrunner Koenig AG, St. Gallen, Switzerland, in a total amount of €38 million. Losses totaling €73 million were assumed from Becker Stahl-Service GmbH, Düsseldorf, Germany, kloeckner.v GmbH, Berlin, Germany, and kloeckner.i GmbH, Berlin, Germany.

Overall, there was consequently a net loss in 2025 of €51 million (2024: net loss of €75 million). After withdrawals from revenue reserves of €71 million, unappropriated profits as of December 31, 2025 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 dividend payments and loss transfers from profit and loss transfer agreements with subsidiaries, we expect positive net income in the low double-digit million range for fiscal year 2026.

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 2025, 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, 2025 to December 31, 2025, 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, 2025, 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

To the knowledge of the Company's Management Board, there were no restrictions on voting rights or the transfer of shares, including any agreements between shareholders, as of December 31, 2025. As stated in the publicly available offer document (published on February 5, 2026) relating to the public takeover offer from Worthington Steel, the bidder Worthington Steel GmbH and SWOCTEM GmbH entered into an Irrevocable Undertaking Agreement on January 15, 2026, for SWOCTEM GmbH to accept the takeover offer (see also the comments in the SUBSEQUENT EVENTS section in the notes to the consolidated financial statements); according to Worthington Steel's voting rights notification (published on February 11, 2026), this acceptance of the takeover offer has in the meantime occured. According to the aforementioned offer document, the Irrevocable Undertaking Agreement also contains a one-off alignment on the exercise of voting rights by SWOCTEM GmbH; according to the offer document, there is no acting in concert within the meaning of Section 30 (2) German Securities Acquisition and Takeover Act (WpÜG).

As of December 31, 2025, the members of the Management Board were subject to a vesting period before selling their personal investment shares. Further information on this matter, including the release of the personal investment shares in connection with the public takeover offer from Worthington Steel, can be found in the REMUNERATION REPORT.

Interests in share capital exceeding 10% of voting rights

As of December 31, 2025, 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). For changes between the end of the reporting period and the time of preparation, please refer to the INFORMATION PURSUANT TO SECTION 160 (1) NO. 8 OF THE GERMAN STOCK CORPORATION ACT (AKTG) in the individual financial statements.

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 German 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 €350 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: €100 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.

To the extent that the lenders under the aforementioned financing arrangements exercise their right of termination for cause in connection with the completion of the takeover offer from Worthington Steel and no replacement facilities have been put in place, Worthington Steel GmbH (the bidder) and Worthington Steel, Inc. have undertaken in the business combination agreement of January 15, 2026, if requested, to make available, or to arrange that the Company is provided with, sufficient funds to refinance the amounts taken out under such financing arrangements immediately prior to the settlement of the public takeover offer.

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 and in cases defined in the contracts as equivalent.

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 fact that cash flow from operating activities for fiscal year 2025 was significantly positive for the fourth year in succession, 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 2025. 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 for 2026 that the global economy will grow slightly by 3.3% and that global inflation will fall to 3.8%, although growth could vary considerably from region to region. While many economies are expected to see modest inflation, inflation in the US is likely to remain above target. A decline in net immigration is expected to reduce the labor supply in several advanced economies, thereby curbing potential growth. Trade tensions, persistent trade barriers and geopolitical uncertainties could continue to weigh on global trade and investment and thus slow productivity. Additional risks include the potential intensification of protectionist measures and fiscal vulnerabilities due to rising costs of borrowing. Furthermore, climate-related supply shocks could lead to new price spikes and undermine disinflation.

The IMF predicts slight economic growth of 2.4% for the USA in 2026. This is expected to be mainly driven by lower effective tariffs, fiscal stimulus from the One Big Beautiful Bill Act and more favorable borrowing terms. However, high trade policy uncertainty and the ongoing presence of trade barriers could continue to weigh on the economy. There is also a growing likelihood of tariffs being passed through to consumer prices, which would keep inflation above target.

In the eurozone, slight growth of 1.3% is expected in 2026. High levels of uncertainty persist due to increased trade barriers and to risks on various levels, including geopolitical uncertainties, trade conflicts, fiscal policy challenges and volatile energy prices. These uncertainties could be alleviated through stronger domestic demand resulting from increased private consumption, rising real wages and fiscal easing in Germany. Additional growth stimulus could come from higher government investment. A new US-EU trade agreement could reduce trade policy risks. Falling unit labor costs due to productivity gains will also support disinflation. Inflation is expected to stabilize, helped by a slowdown in price growth for non-energy components and a drop in unit labor costs as productivity rises.

For China, the IMF forecasts slight growth of 4.5% in 2026. The increase mainly reflects the expected resilience of exports and sustained productivity gains. This should partially compensate for the weakening of the domestic economy. At the same time, the ongoing real estate crisis, high levels of debt and structural misallocations continue to weigh on confidence, which could curb investment activity. On top of this come external risks such as continued trade uncertainty, potential tensions with the USA and increasing fragmentation of global supply chains.

Development of GDP

(in %)	2026 vs. 2025
USA	2.4
Mexico	1.5
Europe*)	**1.3**
Germany	1.1
Switzerland	1.3
Austria	0.8
China	4.5

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

Expected steel sector trend

For 2026, the World Steel Association forecasts slight growth in global steel demand by 1.3% to around 1,773 million tons. Slight growth of 2.2% is expected in the North American free trade area (USMCA) and in South and Central America. A slight 3.2% 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 2026 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 2% in 2026 and will benefit from falling interest rates and government investment programs. However, this growth could be slowed by high construction costs, political uncertainty and a hesitant recovery in private investment activity. The construction industry in the eurozone is expected to grow slightly by around 2%, with slight growth of 1% forecast for Switzerland. This will be mainly driven by monetary policy easing and rising public infrastructure spending. At the same time, the upturn is being limited by structural factors such as the ongoing shortage of skilled workers, high costs and continued weak private demand.

Machinery and mechanical engineering

Oxford Economics expects that the US machinery and mechanical engineering industry will show slight growth of 1% in 2026. Investment momentum is expected to remain weak as uncertainty over trade policy and rising input costs due to tariffs continue to weigh on the industry. Falling interest rates help, but feed through only slowly to the real economy. Slight growth of around 1% is forecast for the sector in the eurozone. Although lower interest rates are expected to improve financing options, investment confidence is likely to remain limited due to ongoing uncertainty and increasing competitive pressure from Asia. In the medium term, defense and infrastructure projects could provide further growth impetus.

Automotive industry

According to the German Association of the Automotive Industry (VDA), the US automotive industry is expected to see a slight decline of 4% in 2026. This is due to tariffs and the removal of subsidies for electric vehicles, both of which are likely to weigh on demand. While interest rate cuts have a supporting effect, they are not enough to offset the negative trade policy impacts. Oxford Economics forecasts a slight decline of around 2% for the Mexican automotive industry in 2025. According to the VDA, the automotive industry in Europe is set to record slight growth of 2% in 2026, driven by falling demand and increasing competition from abroad. The VDA forecasts slight growth of 1% 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 – Step Up 2030" strategy, we are also taking advantage of opportunities arising, among other factors, from higher value-added business, 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 COMPLIANCE in the group management report). These three systems, together with data protection, 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 corrected.

Risk management organization and responsibilities*

Supervisory Board

Monitoring of effectiveness of risk management system
Assessment of risk reporting

Audit Committee

Evaluation of risk management system regarding legality, appropriateness and cost effectiveness as well as reporting to the entire Supervisory Board

Management Board

Responsible for appropriate risk management for the Group

Risk Committee

Supervision and advice

Corporate Risk Management

Risk evaluation and control, reporting to Management Board and Supervisory Board

Risk management functions

Risk owners/country risk managers
Identification and assessment/control and reporting

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 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 that 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 that 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 (going concern risks)	≥ 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 reference target (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 the financial reporting system, and adherence to the applicable legal provisions, 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 accordance with the internationally recognized Three Lines Model, risks must be prevented where they arise. The first line therefore lies with operating business management, which manages and controls the various risks. The second line comprises the corporate functions at Klöckner & Co SE, which monitor risks and also 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 carried out by the Corporate Internal Audit department as the third line. Corporate Internal Audit monitors the appropriateness and effectiveness of processes and systems of the first two lines.]

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:

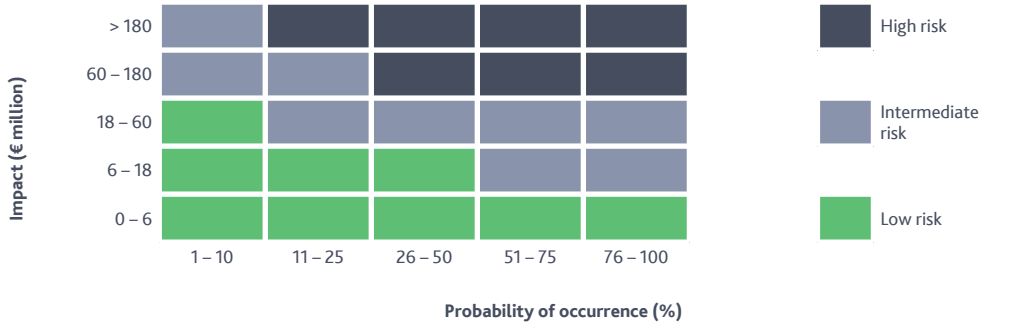
- The ICS in relation to the financial reporting process, which is continuously enhanced using standardized risk control matrices including a regular self-assessment process and independent review and also includes the financial reporting processes of external service providers.
- Control mechanisms, 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 consolidated and single-entity financial statements were correctly prepared in accordance with IFRS, the German Commercial Code (HGB) and other relevant financial reporting requirements. 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	High risk
Strategic risks	
Financial risks	Intermediate risk
IT risks	
Legal, tax, compliance and ESG risks	Low risk
Personnel risks	

This shows that our most significant risks overall are mainly in the market risk category. 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. Although global growth remains positive, weak economic growth in certain regions and sectors, driven by increasingly protectionist US trade policies, represents a significant demand risk. Geopolitical shocks, a further economic slowdown in China or the US as well as longer-term effects of the US import tariffs on trading partners could place additional pressure on global economic growth. While global inflation has fallen significantly, it remained above the 2% target inflation rate in the US and Europe in 2025 and could rise again due to increased import tariffs or strong wage increases. Accordingly, economic growth could also be adversely affected by higher interest rates in the long term. Germany in particular is forecast to see only slight economic growth of 1.1% in 2026, slightly slowing the expected growth of the Eurozone. Leading players in core German industries such as the automotive and the machinery and mechanical engineering sectors have launched restructuring programs in response to weak demand and strong foreign competition. Positive impulses are expected in Germany from the easing of the statutory limit on government debt and the special fund for infrastructure and climate neutrality, while the outlook for European and Mexican exports is also clouded by the expected significant increase in US import tariffs. The US is projected to see more solid economic growth than the EU at 2.4%, supported by the US administration's extensive subsidy programs, such as the Infrastructure Bill, the Inflation Reduction Act and the One Big Beautiful Bill Act. Slight overall growth is expected for our core customer industries.

We counter demand risk 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 development of the general economy and our customer industries in order to quickly identify cyclical and industry risks from early indicators at an early stage and to initiate countermeasures, supported by disciplined inventory and liquidity management. The potential impact on the Group of weak economic growth in the eurozone over the medium term was already reduced in 2024 by the sale of the low-margin European distribution business in France, the United Kingdom, the Netherlands and Belgium. In the Americas segment, we have further sharpened our focus on higher value-added business by selling the Brazilian business and eight US distribution sites.

Another significant market risk is the price risk. Persistent overcapacity in global steel production, predominantly in China as the largest market player, but also in Europe and North America, put pressure on prices and margins. Steel distribution also faces considerable overcapacity in a heavily fragmented market, which further adds to competitive pressure. In the event of 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. This can impact turnover and earnings performance and lead to working capital being tied up for longer, especially in the case of special steels.

To reduce price risks, we focus on further diversifying our customer industries, expanding higher value-added products and services, increasing our proportion of contract business, and boosting sales of CO_2-reduced products under the Nexigen® brand. We are also implementing wide-ranging efficiency and cost-optimization measures. The sale of additional distribution sites in Brazil and the USA in 2025 followed the divestment of the loss-making traditional distribution business in France, the United Kingdom, the Netherlands, and Belgium, which was completed in 2024. This underscores the consistent implementation of our strategy geared towards sustainable profitability.

In the distribution business, we sell most of our products at spot market prices. Due to the typical inventory holding period of several months between the setting of procurement prices and the point at which we invoice sales, we are constantly exposed to heightened 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 across countries and product lines thus 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. By selling a large part of our distribution business over the past two reporting years, we have also reduced the share of spot business and inventory risk across the Group.

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 shorten their delivery times. This could lead to a loss of customers and market share, especially at locations with a higher need for modernization. The rapidly growing areas of application for artificial intelligence (AI) could also influence competition. For example, AI can be used to evaluate business data in real time, create demand forecasts, and make important business decisions based on the best possible data. We counter competition risks by monitoring our key processing facilities including their capacity utilization, extensive maintenance measures, regular replacement of older machinery, and the ongoing development of our processes through digitalization and automation, including the use of AI.

Strategic risks

Geopolitical risks remain significant and could have a negative impact on the performance of Klöckner & Co due to their effects on the business environment, particularly in Europe. While a ceasefire has been negotiated in Gaza, the war in Ukraine continues. At the same time, the realignment of US foreign policy is increasing the risk of further interventions. Trade conflicts could also intensify due to rising global protectionism (such as US tariffs) or strategic competition between the US and China for geopolitical supremacy and technological leadership.

We mitigate these risks through regional and international diversification as well as the monitoring of political events and analysis of their potential impacts on Klöckner & Co in order to benefit from regional developments (such as nearshoring or reshoring) or implement preventive measures as far as possible. Although protectionist measures by the US administration pose a risk to European exports, there is an opportunity in the US market to benefit from the resulting competitive advantages over importers.

Another significant risk is a high fixed cost structure, which has been considerably exacerbated in recent years by increased inflation. 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. We are countering this risk with efficiency measures to reduce costs and by investing in highly automated processing facilities, such as the new aluminum processing plant in Columbus, Mississippi, USA. The growing relevance of environmental and sustainability aspects, such as carbon pricing, could also put upward pressure on energy prices in the long term. We are addressing these risks by continuing to roll out our sustainability concept. This includes initiatives such as the tracking and monitoring of carbon emissions and initiatives to optimize the vehicle fleet and energy consumption in general. In addition, Klöckner & Co has 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.

Another strategic risk is that of not being able to successfully implement the Group strategy, for example due to changed conditions or inadequate execution. This is why the "Klöckner & Co: Leveraging Strengths – Step Up 2030" strategy is intended to be continuously developed in order to ensure the sustained profitability of the business model. Klöckner & Co still suffers to some extent from the low-margin traditional distribution business. This part of the business continues to be based on a highly cyclical business model, and the fragmented market environment remains intensively competitive. The weak economic environment and high geopolitical uncertainty further increase the volatility. This represents a challenge for the successful implementation of our existing strategy.

We have continuously reduced this risk for the Europe and Americas segments in recent years. In early 2024, we first sold the cyclical, low-margin distribution business in France, the United Kingdom, the Netherlands and Belgium. This was followed by the sale of the Brazilian distribution business and eight US distribution sites in the current reporting year.

Financial risks

Global government debt increased further in 2025. Consequently, borrowing costs are also rising, which in many countries causes the gap between increasing demands on the state and available budgetary resources to widen and the susceptibility to crises to increase. 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 lead to a financial crisis.

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 cash and cash equivalents 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 ABL programs. 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 high leverage. This key figure is defined as current net debt divided by EBITDA over the last 12 months. Klöckner & Co SE's leverage of 4.1 at the year-end is mainly impacted by the relatively low EBITDA. 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. The sale of the Brazilian business and eight US distribution sites during the reporting year also contributed to lower capital commitment and a significant reduction in leverage compared to the prior year.

Another risk is the difficulty of accessing favorable refinancing terms on the capital markets, due at least in part to the high leverage. The market for bonds in the sub-investment grade segment remains volatile and investors continue to require elevated 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 in the first half of 2025, any new capital market issue would probably require a relatively high coupon to generate the necessary investor demand and ensure a successful placement. We monitor capital market developments very closely and consider them as part of the basis for our financing decisions.

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. This risk is further heightened by rising geopolitical tensions, state-sponsored cyberattacks and the use of artificial intelligence. 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 cyber risks with 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.

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 rate the probability to be low, even though the potential impact could be very 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 and human rights risks in particular are an 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 and wildfires in the United States, 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, 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 Labour Organization (ILO). For further details, we refer to the sustainability reporting.

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.

We address these trends with various measures 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 programs for the targeted career development of managers and employees with the potential to assume management responsibility. 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

The overall risk situation remained at a similar level in the past fiscal year, with a slight downward trend. Although individual factors such as increased IT risks and the partly subdued market conditions in our core customer sectors continue to have a negative impact, they do not significantly change the risk situation. Strategic and personnel risks have declined slightly, as have risks that are disproportionately associated with the shrinking share of the volatile distribution business, including price and inventory risks on low-margin products.

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 – Step Up 2030" strategy. We define an opportunity as the possibility of future developments leading to positive deviations from planned targets or forecasts. Opportunities are identified and evaluated as part of the strategy and planning processes, and also in structured contexts such as workshops and management meetings. The corporate departments provide support in the advancement of strategic opportunities, in project management, and in monitoring and reporting. A secure financing structure, optimized internal processes and human resources management that promotes innovation potential provide the basis for leveraging opportunities at Klöckner & Co. In addition, the Group benefits from strong digitalization expertise, which has been accelerated 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

The dynamic changes in the market environment open up significant strategic opportunities for Klöckner & Co. Alongside our existing opportunities, a potential merger with Worthington Steel could present additional strategic prospects. The complementary alignment of the two companies could provide a stronger basis for sustainable growth and an expanded market footprint, particularly in North America. Against this backdrop, the Company is systematically implementing the next phase of its strategic plan, "Klöckner & Co: Leveraging Strengths – Step Up 2030," which unlocks new opportunities for profitable growth. With the goal of becoming the leading service center and metals processing company in North America and Europe by 2030, the Company is targeting the expansion of higher value-added and high-margin lines of business. The focus is on expansion of the service center and higher value-added business, diversification of the product and service portfolio as well as integration of additional CO_2-reduced solutions under the Nexigen® umbrella brand. This strategic orientation strengthens our competitiveness, reduces our dependence on the development of steel prices, reduces earnings volatility and thereby lays a solid foundation to resiliently address adverse market developments and increase our long-term profitability.

As part of our strategy, we constantly search for opportunistic acquisition opportunities in our core markets to complement our business model and add value, i.e., by supporting our growth, expanding our portfolio and increasing our market share. At the beginning of 2025, Klöckner & Co added to its portfolio as a technology partner through acquisitions in the US and the DACH region (Germany, Austria and Switzerland). With the acquisition of Haley Tool & Stamping near Nashville, Tennessee, USA, Klöckner & Co has expanded its manufacturing capabilities with modern stamping presses. By actively leveraging operational synergies between its regional locations, the Company will accelerate targeted growth in the automotive, aerospace and industrial manufacturing sectors. Klöckner & Co has also continued to invest in the expansion of electrical steel capacity to meet rising demand in North America. A new, state-of-the-art production and service center in Monterrey, Mexico, expands the processing of grain-oriented electrical steel, slitting, and transformer core manufacturing. With the successful integration of Ambo-Stahl, Cologne, Germany, Klöckner & Co has also expanded its capabilities and supplemented the product and service portfolio with services for wear-resistant and high-strength special steels. This enables the Company to even better serve the growing demand in the defense and infrastructure sectors. In Kassel, Germany, we have obtained the German Bundeswehr's technical certification (TL approval) for the processing of armor materials – a key step in order to benefit more in the future from rising defense spending in Europe. Klöckner & Co has also acquired Simfloc, a Swiss company specializing in technical building services. This makes the Debrunner Koenig Group the first full-service provider of building installations in Switzerland and opens up additional growth potential.

Furthermore, we also make use of opportunities to optimize our portfolio and reduce costs across the entire organization. As part of our strategy to increasingly focus on higher value-added and service center business, we completed the sale of our Brazilian activities and eight US distribution sites in fiscal year 2025. This enables us to improve our earnings profile, reduce our dependency on volatile commodity markets and, through lower debt, increase our financial latitude for sustainable growth in the attractive North American and European markets.

As part of the "Klöckner & Co: Leveraging Strengths – Step Up 2030" strategy, Klöckner & Co also pursues the goal of reducing greenhouse gas emissions and establishing sustainable business models in order to become a pioneer of a sustainable steel industry. In recognition of its efforts in the field of sustainability, Klöckner & Co has twice won the German Sustainability Award – Europe's most prestigious award for environmental and social commitment. This award confirms Klöckner & Co's role as a pioneer in the sustainable transformation of the industry and highlights the successful integration of sustainability into the business model. Under the Nexigen® umbrella brand, Klöckner & Co provides CO_2-reduced material, service and logistics solutions. Rating scales enable customers to transparently compare and verify the emissions of CO_2-reduced steel, stainless steel and aluminum products. The Company also helps its customers decarbonize by providing CO_2-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"). Furthermore, using Nexigen® Data Services, customers can view their carbon emission history and select alternative CO_2-reduced products. In this way, Klöckner & Co supports its customers in building sustainable supply chains and in achieving their decarbonization goals. For further information, we refer to our sustainability strategy in the group management report.

Steel and metal distribution continues to be inefficient due to the large numbers of intermediaries and a lack of transparency. Increasing digitalization and automation therefore remains a key lever in enhancing the transparency and efficiency of our supply chains. We make it possible for our customers to access to complementary products and services and focus on 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. 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 digitalization, we are paving the way for unlocking additional growth potential.

Operational opportunities

Our "Klöckner & Co: Leveraging Strengths – Step Up 2030" 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 achieve both a lasting reduction in running costs and working capital requirements as well as improved cash flow generation.

As part of our strategy of becoming the leading metals processor and service center company in North America and Europe by 2030, we have consolidated our digitalization and IT capabilities in kloeckner.i GmbH.

The company serves as a central internal point of contact, supports the digital transformation and advances technical solutions. 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 focus even more strongly on 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 gives Klöckner & Co a competitive advantage over smaller competitors and facilitates faster integration of acquisitions. Proven, more efficient processes can be implemented quickly, making it easier to enhance productivity in acquired businesses and position them for faster growth. 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.

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 2025, we also relocated our corporate headquarters to the Airport Garden at Düsseldorf Airport, which meets 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.

An 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 Kloeckner Metals Corporation ("KMC"). Government stimulus programs, such as the Inflation Reduction Act (IRA), 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, we are focusing on further intensifying collaboration in 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. At the same time, the sectoral exclusion of defense expenditure from the statutory limit on government debt and the special fund for infrastructure and climate neutrality open up significant growth opportunities in Germany: investments in energy, mobility and industry are generating growing demand for high-quality steel products and processed components. In parallel, new EU trade agreements, among others with India or the Mercosur member states, could present potential strategic opportunities for European steel distribution. In particular, core customer sectors such as mechanical engineering and the automotive industry could benefit from easier access to such sales markets and their raw materials. These developments strengthen our strategic position, in order to benefit from global transformation and investment trends both in North America and Europe and achieve sustainable, profitable growth.

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 exists in becoming the leading service center and metals processing company in North America and Europe through targeted expansion in the service center and higher value-added business. We see a further major opportunity in the role of 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. In particular, the portfolio optimization in the USA and Europe should allow us to focus on higher-margin and less volatile business relationships. To this end, we continue to focus on higher value-added products and services in order to secure long-term customer loyalty and significantly boost the proportion of contract business. A possible merger with Worthington Steel could support these opportunities.

6. Group forecast

Fiscal year 2025 saw a slight increase in shipments at Group level and a considerable increase in EBITDA before material special effects in North America and Europe. For fiscal year 2026, we forecast a considerable decrease in shipments in our Kloeckner Metals Americas segment due to the sale of eight distribution sites completed in December 2025. We anticipate a considerable increase in demand growth in the relevant European customer markets and constant shipments at Group level. In light of this, we also forecast a considerable decline in sales for our Kloeckner Metals Americas segment and a considerable increase for our Kloeckner Metals Europe segment. At Group level, we therefore expect sales to remain constant.

Operating income (EBITDA) of €171 million before material special effects was generated in the fiscal year under review. Based on the Company's improved operational positioning and the positive demand trend in Europe, we expect a considerable year-on-year increase in EBITDA before material special effects in the current year in our Kloeckner Metals Europe segment and at Group level. In the Kloeckner Metals Americas segment, we anticipate a slight increase in operating income (EBITDA) before material special effects.

Following the strong and significantly positive cash flow from operating activities of €110 million thanks to consistent net working capital management in the 2025 reporting year, we expect another clearly positive cash flow from operating activities for the coming fiscal year 2026, forecast to be considerably above the level of the previous year in the Kloeckner Metals Americas segment as well as at Group level. In the Kloeckner Metals Europe segment, we anticipate a considerable decrease in cash flow from operating activities.

Forecast by segment

	Shipments (Tto)		Sales (€ million)	
	2025	**Forecast 2026**	2025	**Forecast 2026**
Kloeckner Metals Americas	2,939	Considerable decrease	3,732	Considerable decrease
Kloeckner Metals Europe	1,588	Considerable increase	2,648	Considerable increase
Holding and other Group companies	-		-	
Group	**4,528**	**Constant**	**6,380**	**Constant**

	EBITDA before material special effects (€ million)		Cash flow from operating activities (€ million)	
	2025	**Forecast 2026**	2025	**Forecast 2026**
Kloeckner Metals Americas	178	Slight increase	66	Considerable increase
Kloeckner Metals Europe	-6	Considerable increase	60	Considerable decrease
Holding and other group companies, including consolidation	-		-17	
Group	**171**	**Considerable increase**	**110**	**Considerable increase**

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

Düsseldorf, March 4, 2026

7. Corporate governance statement

The following corporate governance statement pursuant to Section 289f (1) sentence 1 and Section 315d 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 (AktG), the applicable remuneration system for the Management Board pursuant to Section 87a (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 2025.

Declaration of Conformity 2025, Update of the Declaration of Conformity 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 2025. 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.

2025 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 has complied with all recommendations of the German Corporate Governance Code in the version of April 28, 2022 ("DCGK") (published on June 27, 2022 in the Federal Gazette) since the last Declaration of Conformity dated December 11, 2024, and will comply with those in the future:

Recommendation C.10:
Pursuant to Recommendation 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 Recommendation C.7 of the DCGK and as a matter of precaution, a deviation is declared with regard to Recommendation C.10 of the DCGK.

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 DCGK 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 Recommendation C.7 of the DCGK 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.

Düsseldorf/Germany, December 16, 2025

The Supervisory Board | The Management Board

The Management Board and Supervisory Board updated the Declaration of Conformity on January 15, 2026. The updated Declaration of Conformity is reprinted below and is also available on the Klöckner & Co SE website.

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

The Management Board and Supervisory Board of Klöckner & Co SE issued the annual Declaration of Conformity on December 16, 2025. Therein, it is stated that except for the Recommendation C.10 of the German Corporate Governance Code in the version of April 28, 2022 ("DCGK") (published on June 27, 2022 in the Federal Gazette), Klöckner & Co SE had complied with all recommendations of the DCGK and will comply with those in the future . This declaration is to be updated as follows:

- **Recommendation G.10 sentence 1:**

Pursuant to Recommendation G.10 sentence 1 of the DCGK, the variable remuneration amounts of Management Board members shall be invested predominantly in company shares by the respective Management Board member, or shall be granted as share-based remuneration, taking into account the respective tax burden.

Against the background of the announced public takeover offer of Worthington Steel, Inc. through its (indirect) subsidiary Worthington Steel GmbH to the shareholders of Klöckner & Co SE ("Public Takeover Offer"), the Supervisory Board has resolved to suspend the obligation of the Management Board members to purchase shares of Klöckner & Co SE from their annual bonus with respect to the annual bonus for the financial year 2025 for a limited period of time, in the event the Public Takeover Offer is published. Instead, the entire annual bonus for the financial year 2025 shall be paid out in cash. With this, the company deviates from Recommendation G.10 sentence 1 of the DCGK.

In the opinion of the Supervisory Board, an obligation to invest variable remuneration amounts in company shares is only appropriate if the company continues to exist as a listed company for a long-term period and the share price generally represents the value of the company accurately and, thus, constitutes a key indicator for the performance of the Management Board and creates an additional incentive effect. In the light of the Public Takeover Offer this would not be sufficiently ensured anymore. In particular, it would be expected that the share price would be sustainably affected by the Public Takeover Offer and, that, as a result, the share-price-linked financial incentive aims of the long-term variable remuneration would be permanently impaired in that case.

- **Recommendation G.10 sentence 2:**

Pursuant to Recommendation G.10 sentence 2 of the DCGK long-term variable remuneration components granted shall be accessible to Management Board members only after a period of four years.

Against the background of the Public Takeover Offer, the Supervisory Board has also resolved to prematurely waive the holding obligation for the shares purchased by current and former Management Board members as part of their personal investment component in the past, prior to the expiration of the four-year lock-up period, in the event the Public Takeover Offer is published. This is intended to give the current and former Management Board members the opportunity to tender those shares into the Public Takeover Offer. With this, the company deviates from Recommendation G.10 sentence 2 of the DCGK.

The Supervisory Board is convinced that in the interest of the long-term well-being of the company, it is necessary to enable the current Management Board members to tender the shares they purchased in the past and which are subject to a holding obligation into the Public Takeover Offer. This shall, inter alia, safeguard the freedom of the Management Board with regard to the response statement and enable the Management Board to state the intentions of the Management Board members regarding the Public Takeover Offer with respect to all of their shares (Section 27 paragraph 1 sentence 2 no. 4 German Securities Acquisition and Takeover Act (WpÜG)). This is the only way for the Management Board members to proceed with their entire shares acquired from the annual bonus in accordance with their personal convictions and thus send a signal to the market.

With respect to the holding obligation for shares held by former Management Board members (which only applies to one former Management Board member), the aforementioned considerations do not fully apply. However, since the Management Board and the Supervisory Board consider the Public Takeover Offer as a friendly takeover being in the interest of the company, the Supervisory Board is of the opinion that the waiver of the holding obligation is justified in the interest of the company here as well.

Apart from that, the Declaration of Conformity of December 16, 2025 remains unchanged.

Düsseldorf/Germany, January 15, 2026

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 in the annual Declaration of Conformity of December 16, 2025, the recommendations of the Code as most recently amended were complied with in the year under review (see above also for the update to the Declaration of Conformity published in the current year). 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 and are to be complied with in the future, with the following exception:

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. In light of this, the Management Board examined the possibility of convening an extraordinary general meeting in connection with the public takeover offer submitted in February 2026 by Worthington Steel and, after due consideration, decided that this was not necessary.

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 the group management report. The Corporate Internal Audit Department did not identify any systematic weaknesses in the ICS and RMS as part of its process-independent audits in 2025. 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 20 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 five 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 and Dagmar Steinert. 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 19 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. The focus of the written reporting is the monthly Board-Reporting, which provides information on the financial position and earnings 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 the "To our shareholders" section of 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. The most recent detailed evaluation was carried out in fiscal year 2024. Consequently, the self-assessment was carried out in summary form in the reporting year. This took the form of an open discussion of the efficiency of the Supervisory Board's organization and working methods, which was prepared by the Presidium. 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. 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 REPORT OF THE SUPERVISORY BOARD in the "To our shareholders" section of this Annual 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 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 in the group management report). 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 the 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 in the group management report). 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 and its auditing.
- 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 five 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 ACT ON EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADERSHIP POSITIONS and DIVERSITY POLICY FOR COMPOSITION OF THE SUPERVISORY BOARD; OBJECTIVES OF THE DIVERSITY POLICY in the group management report).

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. As the Supervisory Board did not see any need for revision, this qualification matrix was confirmed once again for the reporting year at the meeting on March 4, 2026 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. Additionally, the Supervisory Board and the Management Board addressed sustainability matters (including regulatory matters) in depth as part of an individually designed training event provided by a leading audit firm. Prof. Dr. Tobias Kollmann is also regarded as a recognized digitalization expert. The diversity criterion of internationality has also been met (see OUTCOMES FOR THE SUPERVISORY BOARD IN FISCAL YEAR 2025 in the group management report). 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 also under the heading DESCRIPTION OF MANAGEMENT BOARD AND SUPERVISORY BOARD PROCEDURES AND OF COMMITTEE COMPOSITION AND PROCEDURES in the group management report).

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 SUPERVISORY BOARD in the group management report). This corresponds to the number determined by the Supervisory Board (see also under the heading PROFILE OF SKILLS AND EXPERTISE/OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD/REQUIREMENTS PROFILE FOR SUPERVISORY BOARD MEMBERS in the group management report: 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 the aforementioned target quotas into account accordingly in connection with the Supervisory Board elections due to take place by the above date, 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, 2025, the percentage of women was 10% at level 1 and 10% at level 2. The targets were therefore not yet met in the reporting year. As the target quotas were set in fiscal year 2022 with a five-year implementation period, the implementation period is still ongoing and target achievement can only be finally assessed in fiscal year 2027.

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 in the group management report).

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 in the group management report. 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 2025

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 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. However, it should be noted that this new (and higher) target percentage was 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 in the group management report). 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 the section ACT ON EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADERSHIP POSITIONS in the group management report).

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 2025

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 should be noted that this new (and higher) target percentage set in fiscal year 2022 provides for 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, Dagmar Steinert has her place of work in Austria, 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 55 to 84) and length of service (from approximately two to 19 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 private principal residence in Germany and 16.67% with private 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 28, 2025. As in the preceding years, the 2025 Annual General Meeting was held in person.

The next Annual General Meeting is scheduled for May 20, 2026. The Company currently plans to hold the 2026 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 €50,000 (as of January 1, 2026) 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 2025 for fiscal year 2025 is PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf. German public auditors (Wirtschaftsprüfer) Antje Schlotter (since 2023, three signatures) and Verena Polzer (since 2023, three 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 2026 will be published together with the invitation of the 2026 Annual General Meeting on our website at HTTPS://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, the Compliance Committee and the National Compliance Offices (NCOs).

The Corporate Compliance Office is part of the Company's Governance, Risk and Compliance organization.

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

Klöckner & 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 efficient compliance communication tailored to the target group, the Corporate Compliance Office uses both the Microsoft Viva Engage platform and the Microsoft Teams collaborative 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 provides all compliance-relevant policies and procedures and is managed centrally by the Corporate Compliance Office.

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 the Corporate Compliance Office 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 and 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.

Structured retention and deletion systems and the implementation of data protection-compliant deletion policies have also been thoroughly overhauled 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 requirements. 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 developments with regard to 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
Sustainability reporting 2025 67

General disclosures 67

Environment 84

Social 103

Business conduct 115

Independent Auditor's Limited Assurance Report 118

General disclosures

ESRS 2 Basis for preparation	67
ESRS 2 Governance	68
ESRS 2 Strategy	71
ESRS 2 Impact, risk and opportunity management	75

Klöckner & Co SE sustainability reporting 2025

General basis for preparation of the group non-financial report

This sustainability reporting for 2025 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 Düsseldorf, Germany. It is entered in the commercial register of Düsseldorf Local Court under HRB 109982. Since January 2025, the business address of Klöckner & Co SE has been Peter-Müller-Straße 24, Düsseldorf, Germany. The reporting period for the Group non-financial report is fiscal year 2025. 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 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 to 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 to December 31, 2025.

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, we have 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 in the ENVIRONMENT section under CLIMATE CHANGE in the Group non-financial report. 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: For ESRS 2 GOV-3, please refer to sections 2. MANAGEMENT BOARD REMUNERATION and 3. SUPERVISORY BOARD REMUNERATION in the remuneration report; for ESRS 2 GOV-5, please refer to section 5.3 RISKS AND OPPORTUNITIES in the group 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 group management report, and the REPORT OF THE SUPERVISORY BOARD in the "To our shareholders" section of this Annual Report.

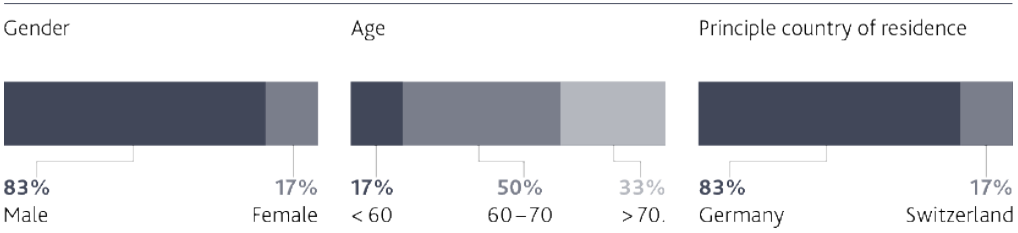
Supervisory Board

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 as a whole possess the requisite knowledge, skills and professional experience; this also includes the requisite knowledge of the sectors, products and geographical locations of relevance to us. 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.

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

On the basis of its Rules of Procedure and diversity policy, the Supervisory Board also takes diversity aspects into account in its composition. In percentage terms, the diversity of the Supervisory Board in terms of gender, age and principal private place 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 of the Supervisory Board for more than 19 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 on the Company website).

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 matters including 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.

A detailed self-evaluation on the implementation of the profile of skills and expertise is carried out every two years. This covers the requirements of importance to Klöckner & Co and includes "sustainability issues relevant to the Group" (divided into "environmental", "social" and "governance" matters). In the previous fiscal year, the Supervisory Board and the Management Board addressed sustainability matters (including regulatory matters) in depth as part of a professional development event provided specially by a leading audit firm. The members of the Supervisory Board are also able to consult external experts on specific topics as the need arises. In addition, 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 any 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. These are also regularly addressed 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.

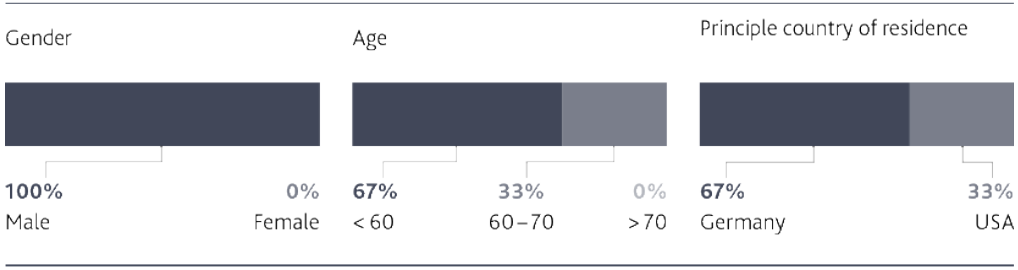
As part of the aforementioned activities, the sustainability matters identified as material to Klöckner & Co were discussed by the Supervisory Board and the Audit Committee (acting as the Sustainability Committee) at their meetings during the reporting year.

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. We are 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. As a rule, the CEO and the CFO also participate in the regular meetings of the Audit Committee.

The sustainable orientation of the Management Board's work is also supported by the remuneration system. In the reporting year, this tied variable remuneration to the achievement of non-financial, sustainability-related targets, thus incorporating ESG criteria into performance assessment. For this purpose, the existing Management Board 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. Among them are compliance and risk management targets as well as further 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. Target achievement on sustainability-related targets is factored according to the target weighting directly into the calculation of Management Board variable remuneration and thus directly affects the amount paid out. The target achievement levels and the resulting remuneration are presented transparently in the remuneration report. In addition, estimates of the expected level of target achievement for the current fiscal year are presented and discussed with the Supervisory Board, as a rule at the last meeting of the fiscal year.

Responsibility for sustainability management, coordinating all sustainability activities and compiling the Group non-financial 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 in the year under review. The members of the Management Board are also able to consult external experts on specific topics. 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 our double materiality assessment for the 2025 reporting year and provided with an update on the upcoming new responsibilities under the Corporate Sustainability Reporting Directive (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 2. MANAGEMENT BOARD REMUNERATION and 3. SUPERVISORY BOARD REMUNERATION 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 68 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 68 et seq.
c) Identifying and assessing adverse impacts	ESRS 2 (IRO-1, IRO-2 and SBM-3), pages 75 et seq.
d) Taking actions to address those adverse impacts	Chapter ENVIRONMENT, pages 84 et seq.; Chapter SOCIAL, pages 103 et seq.
e) Tracking the effectiveness of these efforts and communicating	Chapter ENVIRONMENT, pages 84 et seq.; Chapter SOCIAL, pages 103 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 and are also an integral part of this Group non-financial report.

Strategy, business model and value chain

We are one of the largest producer-independent metal processors 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 35 main 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 an element of our "Klöckner & Co: Leveraging Strengths – Step Up 2030" strategy.

As 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 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."

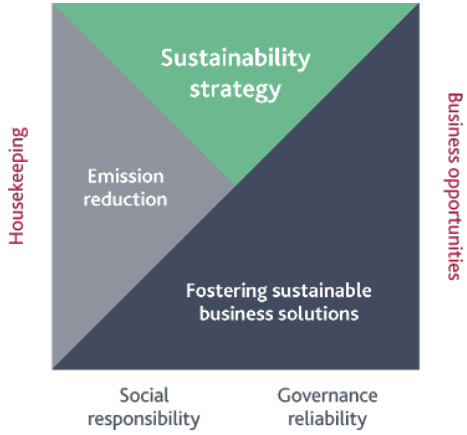
This guides us in our day-to-day work. It provides direction for our employees and tells our customers and business partners what they can count on. In condensed form, it is expressed in our slogan, "Your partner for a sustainable tomorrow."

Our approximately 6,500 employees (for further characteristics of our workforce, see in the SOCIAL section under CHARACTERISTICS OF THE KLÖCKNER & CO WORKFORCE in the Group non-financial report) 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. For example, 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. With a focus on the "DACH" region (Germany, Austria and Switzerland) and North America, our global network provides customers with local access to over 110 distribution and service locations. 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.

As all of our 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 an authentic presentation of our position as a company, we report transparently 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 failures.

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.

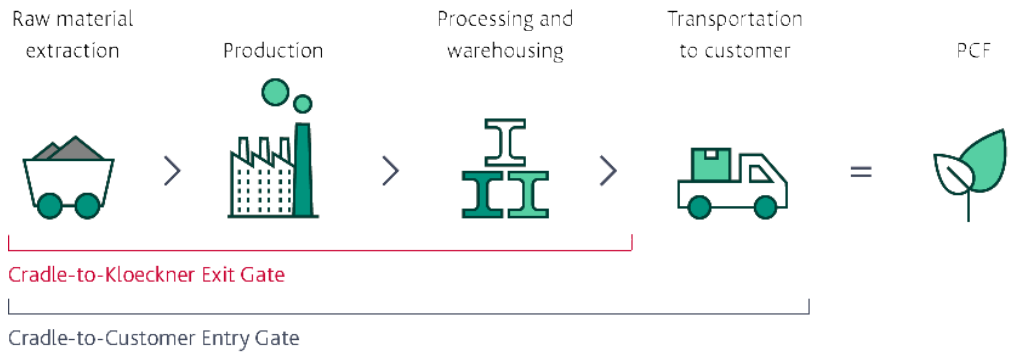


We believe that in particular innovation, technology and new business models will enable the steel and metal industry's successful transformation to sustainability. As part of our Group strategy, we are consequently working as a pioneer of a sustainable steel industry to establish innovative business 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 business area of sustainable solutions into our business model.

Under our Nexigen® umbrella brand, we have focused our sustainable product and service portfolio across the Group, providing transparent, CO_2-reduced material, service and logistics solutions. In this way, we are already helping customers to source CO_2-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 CO_2-reduced steel, stainless steel and aluminum products. The calculation methodology is rooted in international, science-based standards and categorizes the CO_2-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 CO_2-reduced steel and metal products today.

Categorization for carbon steel, in kg CO_2e 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. In calculating the PCF, the Nexigen® PCF Algorithm follows the internationally recognized Greenhouse Gas Protocol and ISO standards 14067, ref. 14040 and 14044. On the basis of those standards, the algorithm calculates a 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.



With Nexigen® Data Services, we also enable active management of product carbon emissions. This technology solution provides customers with a transparent digital overview of the cradle-to-customer entry gate carbon emission history of all products sourced through Klöckner & Co, and automatically suggests alternative CO_2-reduced products together with corresponding potential for reductions compared to past orders.

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 in 2025. Winning the award again 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.

On January 15, 2026, the Management Board of Klöckner & Co SE resolved to divest the Becker Group (the Becker CGU). Likewise on January 15, 2026, Klöckner & Co SE and Worthington Steel Inc., together with the latter's wholly owned subsidiary Worthington Steel GmbH (the "bidder", together with Worthington Steel, Inc. "Worthington Steel"), signed a business combination agreement.

Further information on this can be found in NOTE 36 to the consolidated financial statements.

Nexigen®

Nexigen® PCF Algorithm

Nexigen® Data Services

WINNER German Sustainability Award 2025

WINNER German Sustainability Award 2023

Interests and views of stakeholders

We have 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 of the Group non-financial report. 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, opinions and views – including in relation to 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.

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

Shareholders, analysts, investors	■ Annual General Meeting ■ Annual and quarterly reporting ■ Press releases ■ Investor events ■ Roadshows ■ Face-to-face and digital meetings ■ Emails and phone calls	■ Corporate performance, Group strategy and sustainability strategy ■ M&A activities	■ Annual ■ Annual/quarterly ■ Regular/continuous
Employees	■ 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	■ Health and safety ■ Skills development and good leadership ■ Working conditions and other work-related rights ■ Perspectives of minority groups	■ Annual ■ Six-monthly ■ Regular/continuous
Customers	■ Customer surveys ■ Customer meetings ■ Trade fairs ■ Customer days	■ Green steel product solutions ■ Sustainable supply chain, e.g. human rights	■ Regular/continuous
Suppliers	■ Supplier meetings ■ "Let us Know" compliance channel ■ Supplier due diligence	■ Product quality and process technology ■ CO_2-reduced product solutions for steel/aluminum ■ Sustainable supply chain, e.g. human rights ■ Circular economy	■ Regular/continuous
Industry and sustainability associations	■ Events ■ Seminars, panels	■ Joint initiatives and programs ■ Workshops and knowledge sharing	■ 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. 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). Internal stakeholders were involved in the process and assessed the impacts in several workshops.

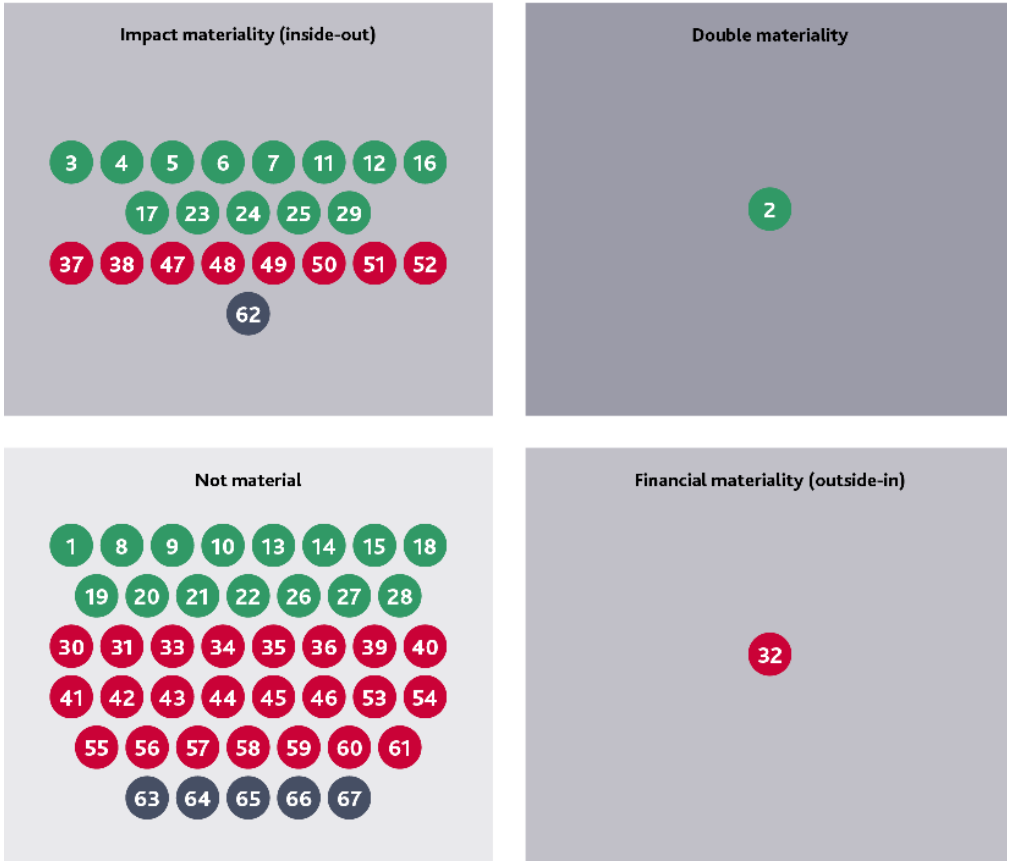
For financial materiality, risks and opportunities were identified that relate to dependence on natural, human and social resources in the entire value chain and could potentially have a financial effect. The process was supported by engagement with stakeholders as well as by taking account of risks, 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.

A review of the process in reporting year 2025 did not identify any material changes that would have required a revision of the prior-year assessment. This took into account organizational and operational changes, supply chain risks, external factors and societal and scientific developments. The results of the double materiality assessment from 2024 therefore continue to apply and the Group non-financial report for 2025 is based on the material topics identified in 2024. The materiality assessment process is reviewed in an annual cycle to ensure that the topics identified are in line with current requirements and developments.

Materiality assessment



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 withdrawal
12. Water discharge
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. Other
21. Impacts on species population size
22. Impacts on species global extinction risk
23. Land degradation
24. Desertification
25. Soil sealing
26. Impacts and dependencies on ecosystem services

E5 Resource use and circular economy
27. Resource 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

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 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 of the Group non-financial report.

Environment

E1 Climate Change

	Time horizon	Material impact or risk/opportunity
Climate change mitigation		
Negative impact (upstream VC; actual)	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; actual)	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 (downstream VC; actual)	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 (upstream VC; actual)	long term	The extraction and production of raw materials require significant amounts of energy due to the high temperatures needed for processes such as smelting.
Negative impact (OO; actual)	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 horizon	Material impact or risk/opportunity
Pollution of air		
Negative impact (upstream VC; actual)	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 (upstream VC; 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 (upstream VC; 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 (upstream VC; potential)	long term	Living organisms and food resources can be affected by inhalation of contaminated dust, ingestion of contaminated water or food, or skin contact with contaminated water.

E3 Water and marine resources

	Time horizon	Material impact or risk/opportunity
Water withdrawal		
Negative impact (upstream VC; actual)	short term	The upstream value chain results in water withdrawals, particularly in steel production.
Water discharge		
Negative impact (upstream VC; 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 horizon	Material impact or risk/opportunity
Land-use change, fresh water-use change and sea-use change		
Negative impact (upstream VC; 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 (upstream VC; potential)	long term	Acid rock drainage can lead to direct exploitation by polluting the environment and significantly impacting living conditions for humans and for flora and fauna.
Land degradation		
Negative impact (upstream VC; 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.
Desertification		
Negative impact (upstream VC; potential)	long term	
Soil sealing		
Negative impact (upstream VC; potential)	long term	

E5 Resource use and circular economy

	Time horizon	Material impact or risk/opportunity
Waste		
Negative impact (upstream VC; potential)	long term	Waste deposits from mining companies can have a potential negative impact.

Social

S1 Own workforce

	Time horizon	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; actual)	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 horizon	Material impact or risk/opportunity
Working conditions		
Negative impact (upstream VC; 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 (upstream VC; 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 (upstream VC; potential)	long term	

S3 Affected communities		
	Time horizon	Material impact or risk/opportunity
Communities' economic, social and cultural rights		
Negative impact (upstream VC; 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 (upstream VC; 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 (upstream VC; 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 horizon	Material impact or risk/opportunity
Corporate culture		
Positive impact (OO; actual)	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	67
ESRS 2	BP-2	Disclosures in relation to specific circumstances	68
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	68-71
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	68-71
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	71
ESRS 2	GOV-4	Statement on due diligence	71
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	71
ESRS 2	SBM-1	Strategy, business model and value chain	71-73
ESRS 2	SBM-2	Interests and views of stakeholders	74
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	77-79
ESRS 2	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	75-76
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	80-83
E1 Climate Change			
E1	ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	85
E1	E1-1	Transition plan for climate change mitigation	87-89
E1	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	85-86
E1	ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	85-86
E1	E1-2	Policies related to climate change mitigation and adaptation	87
E1	E1-3	Actions and resources in relation to climate change policies	89-90
E1	E1-4	Targets related to climate change mitigation and adaptation	90-91
E1	E1-5	Energy consumption and mix	92
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	92-95
E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	95
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

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Page(s)
E2 Pollution			
E2	ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	75-76
E2	E2-1	Policies related to pollution	95-96
E2	E2-2	Actions and resources related to pollution	95-96
E2	E2-3	Targets related to pollution	95-96
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	75-76
E3	E3-1	Policies related to water and marine resources	95-96
E3	E3-2	Actions and resources in relation to climate change policies	95-96
E3	E3-3	Targets related to water and marine resources	95-96
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 the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	75-76
E4	E4-2	Policies related to biodiversity and ecosystems	95-96
E4	E4-3	Actions and resources related to biodiversity and ecosystems	95-96
E4	E4-4	Targets related to biodiversity and ecosystems	95-96
E4	E4-5	Impact metrics related to biodiversity and ecosystems change	n/a
E4	E4-6	Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	n/a

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Page(s)
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	75-76
E5	E5-1	Policies related to resource use and circular economy	95-96
E5	E5-2	Actions and resources in relation to resource use and circular economy	95-96
E5	E5-3	Targets related to resource use and circular economy	95-96
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	74
S1	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	105, 108, 109
S1	S1-1	Policies related to own workforce	106, 108, 109
S1	S1-2	Processes for engaging with own workforce and workers' representatives about impacts	104
S1	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	112-113
S1	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	106-107, 108, 109
S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	107, 109
S1	S1-6	Characteristics of the undertaking's employees	104-105
S1	S1-7	Characteristics of non-employees 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	107
S1	S1-15	Work-life balance metrics	n/a
S1	S1-16	Remuneration metrics (pay gap and total remuneration)	n/a
S1	S1-17	Incidents, complaints and severe human rights impacts	109

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Page(s)
S2 Workers in the Value Chain			
S2	ESRS 2 SBM-2	Interests and views of stakeholders	74
S2	ESRS 2 SBM-3	Impacts, risks and opportunities and their interaction with strategy and business model	110
S2	S2-1	Policies related to value chain workers	110-111
S2	S2-2	Processes for engaging with value chain workers about impacts	112
S2	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	112-113
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 actions	113
S2	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	113
S3 Affected Communities			
S3	ESRS 2 SBM-2	Interests and views of stakeholders	74
S3	ESRS 2 SBM-3	Impacts, risks and opportunities and their interaction with strategy and business model	114
S3	S3-1	Policies related to affected communities	114
S3	S3-2	Processes for engaging with affected communities about impacts	114
S3	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	112-113
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	114
S3	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	114
G1 Business Conduct			
G1	ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	116-117
G1	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	75-76
G1	G1-1	Business conduct policies and corporate culture	116-117
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	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) 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 strategy 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 labor paragraph 14 (f)	Material
ESRS 2 SBM3 – S1 Risk of incidents of child labor 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 Labour Organization 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 accidents paragraph 88 (b) and (c)	Material not disclosed (partial application of the ESRS)
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	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 Guidelines paragraph 104 (a)	Material
ESRS 2 SBM3 – S2 Significant risk of child labor or forced labor 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 and OECD guidelines paragraph 19	Material

ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization 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 and OECD guidelines paragraph 17	Material
ESRS S3-4 Human rights issues and incidents paragraph 36	Material
ESRS S4-1 Strategies 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

Environment

E1	Climate change	85
E2	Pollution	95
E3	Water and marine resources	95
E4	Biodiversity and ecosystems	95
E5	Resource use and circular economy	95
	EU Taxonomy	97

Climate change

Integration of sustainability-related performance in incentive schemes

The disclosure requirements in connection with ESRS 2 GOV-3 on the integration of sustainability-related performance in incentive schemes are included in the disclosures marked as such in the remuneration report under 2. MANAGEMENT BOARD REMUNERATION and 3. SUPERVISORY BOARD REMUNERATION and are also an integral part of this Group non-financial report.

Material impacts, risks and opportunities and their interaction with strategy and business model, and description of the processes to identify and assess material climate-related impacts, risks and opportunities

Global climate change is a worldwide phenomenon that is already being felt in many regions of the world, reflected in rising temperatures, changing weather conditions and an increase in extreme weather events. We also contribute to this through our business activities and the associated carbon emissions.

A description of how we screened our activities and plans in order to identify actual and potential future carbon emission sources in our own operations and along the value chain, and the measures we plan to reduce those emissions, is provided under TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION and GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS in the Group non-financial report.

This results in both opportunities and risks for our business activities. We have therefore performed an analysis of the climate risks and opportunities. In this, we included both physical and transition risks and opportunities.

The climate scenario analysis to identify and assess short-, medium- and long-term physical risks and transition risks and opportunities 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, we commissioned Munich Re to compile a risk analysis for our 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.

The analysis of Klöckner & Co's physical risks considered 15 chronic and acute climate-related hazards listed in the EU Taxonomy to which our 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. The 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. We plan to further intensify its assessment of climate risks in the coming years.

In view of our numerous geographically dispersed locations and the resulting risk diversification, we currently consider our exposure to physical climate risks at Group level to be low. 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 our suppliers – but not at Klöckner & Co itself.

Category	Transition event/ driver	Risk/opportunity
Policy and legal	Dynamic regulatory changes with increased sustainability requirements	Risk: Increased requirements tie up time and staff resources Opportunity: Increased transparency requirements in the market play a key role in accelerating the implementation of Klöckner & Co's decarbonization measures
Market	Rising carbon prices	Opportunity: Rising costs of conventional steel open up opportunities to switch to more sustainable product alternatives; growing demand for CO_2-reduced products and services creates new market potential
Market	Rising demand for steel scrap, CO_2-reduced steel and aluminum	Opportunity: Potential to increase market share by expanding Klöckner & Co's portfolio of CO_2-reduced steel and aluminum Strengthening of competitiveness through differentiation
Technology	Conversion of steel production technologies to lower-emission processes Development of lower-emission logistics options	Opportunity: New decarbonization and market potential Decarbonization of the Company's own operations and the supply chain to achieve Klöckner & Co's climate targets
Reputation	Change in customer preferences towards products with lower carbon emissions	Opportunity: Klöckner & Co can position itself as a pioneer in the industry by providing climate-friendly steel and sustainable customer solutions A focus on CO_2-reduced products makes it possible to stand out from the competition

To determine Klöckner & Co's resilience to climate change, we conducted a resilience analysis. This covered our 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 also takes into account our dependencies along 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 – i.e., land and buildings – and vehicles. These are warehousing and processing centers with stationary systems for receiving, shipping and processing the metal products we sell. If one of our sites should be threatened by a physical climate hazard, we can switch to an alternative site in the region. As our buildings are generally basic structures primarily designed to protect employees, inventory and equipment from the elements, and therefore have limited insulation, basic building services and few windows, their individual asset value is limited. The remaining site assets, notably including mobile and stationary equipment and the associated vehicle fleet, can generally be relocated from one place to another.

While we consider our business model and strategy to be resilient with regard to climate-related developments, the above resilience analysis is subject to various uncertainties. These relate exclusively to the risk analysis, however. 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, including the lack of dependence on any one supplier, location or customer. This means that while our suppliers, locations and customers are exposed to climate-related risks, the overall impact on our business is considered to be low.

Policies related to climate change mitigation and adaptation

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 a majority interest. 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. 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 decarbonization strategy is geared to reducing GHG emissions from our direct operations and 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. We are therefore expanding our portfolio of CO_2-reduced steel and metal products and of sustainable services in order to actively help our customers 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 reduction targets, we have joined the SBTi. The targets have been validated by the SBTi, most recently in January 2025, and help us monitor GHG emissions throughout the Company. Our 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 corporate website.

Transition plan for climate change mitigation

As a metals processor, we recognize our responsibility to actively contribute to the protection of our planet, in particular by reducing carbon emissions and their impact on the global climate.

In 2025, we developed a transition plan based on the Group climate strategy. The transition plan does not entail any adjustments or fundamental changes to the Group's business model or strategic direction. It describes the key levers for achieving our climate targets and serves as a guide for our long-term path to net zero emissions by 2050.

The climate strategy and the transition plan are part of the corporate strategy and are tied into financial planning so that climate change mitigation measures and planned capital expenditure are systematically coordinated.

The medium-term and long-term targets for operational (Scope 1 and 2) GHG emissions and our overarching net zero target are consistent with the reductions needed to limit global warming to 1.5 °C and with the Paris Agreement targets.

The targets and measures for implementing the transition plan have been approved by the Management Board and Supervisory Board of Klöckner & Co SE.

The transition plan will be implemented step by step over the coming years and will form an important part of our sustainability activities. We intend to regularly monitor the progress of the measures in order to efficiently support target achievement.

In the form of our transition plan, we have developed a framework for achieving the SBTi-validated emission reduction targets. It contains measures to reduce our operational emissions and to decarbonize our upstream and downstream value chain, thus laying the basis for a climate contribution that is consistent and effective in the long term.

The main decarbonization levers and measures in our transition plan are set out in the following:

Transformation of product and service portfolio (Scope 3)

The ongoing evolution of our product and service portfolio towards lower-emission solutions is a key element of our decarbonization plan. As part of this, we aim to further increase the proportion of CO_2-reduced steel and aluminum. These materials, which are verifiably produced with lower CO_2 emissions, open up new business opportunities, make an important contribution to reducing emissions along the entire value chain while ensuring a more future-ready portfolio.

Electrification and fuel switching (Scope 1)

We are pressing ahead with the electrification and modernization of our vehicle and logistics fleet to reduce our direct emissions. Part of the truck fleet is to be converted to alternative, lower-emission means of propulsion, such as renewable natural gas. In parallel, we are gradually electrifying our existing vehicle fleet and switching from conventional to electric forklifts. This both increases energy efficiency in our logistics processes and improves the long-term climate performance of our operational mobility.

Energy efficiency (Scope 1)

A further focus is on continuously improving energy efficiency at our sites. Specifically, we plan to gradually replace conventional heating systems based on fossil fuels such as natural gas or heating oil with modern and energy-efficient systems such as heat pumps. By making this switch, we are permanently reducing our location-based emissions and at the same time improving the long-term energy efficiency of our infrastructure.

Investment management (Scope 1, 2 and 3)

To align capital expenditure decisions with our climate targets, we plan to gradually incorporate CO_2 emissions as an additional decision-making criterion in all key planning and decision-making processes. Capital expenditure decisions will continue to be based mainly on business criteria, including cost-effectiveness, risk and strategic fit. In parallel, where economically viable, we intend to increasingly invest available funds in measures that advance our transition plans and have a positive environmental impact.

Supply chain decarbonization (Scope 3)

As most of our emissions are generated in the upstream and downstream value chain, we specifically emphasize close partnership with suppliers and customers. The focus here is on reducing transport-related emissions, joint projects to reduce process-related emissions and programs to increase energy efficiency and material savings. We use such collaborations to promote innovative, resource-conserving solutions.

Increasing the proportion of CO_2-reduced steel and aluminum makes the greatest contribution to reducing GHG emissions. While Scope 1 and 2 measures have a smaller absolute impact, they are essential in achieving the SBTi-validated targets.

Further details on current and planned measures to reduce GHG emissions are described under ACTIONS in this section of the Group non-financial report.

Implementing our transition plan requires continuous capital expenditure. The financial quantification of all reduction measures has been taken into account in full. Other than that, no dependence on the availability or allocation of resources has been identified for the implementation of the actions set out below.

Only a few activities in combination with technical screening criteria within the meaning of the EU Taxonomy have so far been specified for our sales revenue-generating economic activities. It is not therefore possible to present our core business activities in full due to the lacking regulatory coverage. Accordingly, we do not report any economic activities for the 2025 financial year as taxonomy-aligned within the meaning of Regulation (EU) 2020/852 and the associated delegated acts. Our capital expenditure and actions to implement the transition plan cannot therefore be linked to the taxonomy-specific performance indicators. There is currently no CAPEX plan for targeted adaptation to the EU Taxonomy technical screening criteria.

We have no significant assets or products with locked-in GHG emissions that could jeopardize the achievement of emission reduction targets and pose a transition risk. Nor are we excluded from the EU Paris-aligned benchmarks.

Actions

As part of our sustainability strategy, the decarbonization of our business activities and value chain plays a central role in delivering on our environmental responsibilities and shaping a sustainable future. The scope and implementation of actions in connection with the climate strategy may depend on the availability and targeted allocation of financial and human resources. In light of this, individual actions are prioritized and implemented over time as part of the relevant investment and budget planning processes, taking into account economic viability and Group strategic objectives. From the coming reporting year, we intend to focus more strongly on actions that specifically contribute to the decarbonization levers identified in our transition plan, thus supporting the achievement of our climate targets.

We implemented the following actions in the reporting year:

[1] The emissions stated exclude the eight distribution sites sold in fiscal year 2025 (seven to Russel Metals (USA) Inc. and one to Service Steel Warehouse, Houston, USA). Please refer to the further information in NOTE 4 in the notes to the consolidated financial statements.

Our sustainability focus begins with our own business activities. To reduce direct emissions, we are systematically transitioning to electric vehicles and renewable fuels in logistics and fleet management. In the reporting year, we commissioned additional low-emission transport vehicles at our US sites California Steel & Tube and Santa Fe Springs, including an electric truck, an electric shunting vehicle, an electric forklift, and an electric tractor unit. The use of these vehicles can save around 127 tons of CO_2 a year. Two more electric forklift trucks were added to the fleet in Mexico. In Germany, eight new e-trucks have been added to the fleet, replacing diesel-powered vehicles and potentially saving around 400 tons of CO_2 per year. The introduction of further electric vehicles is also planned for 2026. We have also successfully completed the transformation process to electrify our company car fleet in Germany. The last combustion-engined vehicles will be phased out in 2025, and only battery electric vehicles will be available from 2026.

To reduce energy-related emissions, we have further systematized our energy efficiency measures and pushed ahead with the transition to renewable energy sources. Introduction of an energy management system in accordance with DIN ISO 50001 began at the German sites in 2025, with potential savings expected across all energy sources. This builds on efficiency measures already implemented, including smart lighting control, the comprehensive switch to LED lighting, timers for radiant heaters in staging areas, and the consolidation of selected office space. DIN ISO 50001 certification was successfully completed on schedule at the beginning of 2026.

Certificates of origin were purchased at all American and German locations to fully cover our electricity consumption for 2025. A further solar installation was put into operation at the Aigle site in Switzerland.

For Scope 3 emissions in our direct control, we prioritize waste reduction, waste optimization and the promotion of low-carbon alternatives for business travel and commuting.

For business travel, we continue to promote the use of low-emission means of transport and to reduce non-essential travel. Our travel expenses policy in force since 2021 restricts domestic flights within European countries and requires for carbon offsetting for flights over 1,500 kilometers. We also support flexible working time models and climate-friendly mobility alternatives in order to reduce commuting emissions. The widespread use of the subsidized public transport passes helps to reduce energy-related emissions from employee commuting.

For Scope 3 emissions over which we have only indirect control, we are working closely with suppliers and customers to advance decarbonization along the entire value chain. One key action area is the procurement and sale of CO_2-reduced steel and metal products. By proactively offering these products, we help our customers meet their sustainability targets and increase the market penetration of more environment-friendly materials.

Targets related to climate change mitigation and adaptation

Our decarbonization strategy is based on three main targets geared to reducing the climate impact of our own business activities while also creating sustainable business opportunities by enabling customers and the upstream value chain to take action to reduce emissions. Our targets have been externally validated by the SBTi.

- 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: We plan to reduce all Scope 3 carbon emissions within our direct control[1] – a 50% reduction by 2030 and net zero by 2040
- Promotion of CO_2-reduced steel: With regard to indirectly controllable Scope 3 carbon emissions[2] – primarily from externally sourced steel and metal products – we aim for a 30% reduction by 2030 and net zero by 2050

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

Our climate targets are contained in our transition plan for climate change mitigation. The chart on page 89 also shows the key decarbonization levers we have identified.

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 CO_2-reduced steel. This dependence on extraneous factors shows that although our own efforts are not subject to significant resource constraints, further systemic changes in the steel industry's technology landscape are needed in order for us to fully achieve our decarbonization targets.

[1] 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).
[2] Indirectly controllable Scope 3 emissions: Purchased goods and services (3.1); Capital goods (3.2); Upstream transportation and distribution (3.4).

These 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. The targets were formulated with the involvement of internal stakeholders, including the Management Board, the Supervisory Board and relevant departments at Klöckner & Co SE. External stakeholders were engaged with in line with recognized standards and market requirements. 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 variable remuneration – with a notional 5% of total variable remuneration – for 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 capital expenditure decisions are reviewed for their impact on the climate strategy.

In our climate strategy, 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%.

Our directly controllable Scope 3 emissions have been reduced by around 10% relative to the 2019 base year. Non-directly-controllable Scope 3 emissions have also decreased by around 13% due to smaller volumes of steel and metal products.

Progress in achieving our climate targets is regularly monitored and reviewed, taking into account SBTi requirements. For this purpose, we use the same metrics and boundaries as in our original baseline. Deviations and major changes are used to identify and analyze the causes and adjust measures or plans as needed. In this way, we ensure that progress is made in line with our original plans and that any trends are picked up at an early stage. Our baseline meets the requirements of the GHG Protocol, covers the significant activities and reflects the current organizational structure.

Our metrics

Energy consumption and mix

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

Energy consumption and mix[1]

		2024	2025
(1)	Fuel consumption from coal and coal products (MWh)	0	0
(2)	Fuel consumption from crude oil and petroleum products (MWh)	146,431	101,351
(3)	Fuel consumption from natural gas (MWh)	35,945	38,126
(4)	Fuel consumption from other fossil sources (MWh)	9,858	10,158
(5)	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	1,853	1,402
(6)	**Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)**	**194,087**	**151,037**
	Share of fossil sources in total energy consumption (%)	**70**	**63**
(7)	**Consumption from nuclear sources (MWh)**	**304**	**3,874**
	Share of consumption from nuclear sources in total energy consumption (%)	**0**	**0**
(8)	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	502	755
(9)	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	82,054	82,242
(10)	The consumption of self-generated non-fuel renewable energy (MWh)	0	0
(11)	**Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)**	**82,556**	**82,997**
	Share of renewable sources in total energy consumption (%)	**30**	**35**
	Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	**276,947**	**237,908**

Our 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.

The reduction in fuel consumption from crude oil and petroleum products is largely due to the reduction in diesel consumption. This is mainly due to the systematic, gradual modernization of the vehicle fleet and the increased use of energy-efficient, electrically powered forklift trucks.

Energy intensity per net revenue

	2024	2025	% 2025/2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€ thousand)	0.042	0.037	-10.7

Gross Scopes 1, 2, 3 and Total GHG emissions

In 2020, we conducted a process to identify all sources of carbon emissions in our 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.

In the reporting period, there were no significant changes in the boundaries of our business or our upstream and downstream value chain. There is consequently no related impact on the year-to-year comparability of reported GHG emissions.

We calculate our carbon emissions using the GHG Protocol methodology. 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, Defra and Ademe.[2] These sources are 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.

[1] 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.
[2] Ademe Version: V23.6 Carbon-Basis®.

There were no significant events or changes between the reporting dates of Klöckner & Co's financial and non-financial reporting that 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 (see NOTE 7 in the notes to the consolidated financial statements).

We use both bundled and unbundled contractual instruments for energy, based on regional availability. In total, unbundled electricity accounts for 65% and bundled electricity for 35% of electricity we purchase. This approach enables us to align our energy procurement strategy to local market conditions while supporting our 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 are excluded due to their limited materiality or relevance to Klöckner & Co's operations.

	Retrospective				Milestones and target years			
	2019 Base year	2024	2025	% 2025/2024	2025	2030	(2050)	Annual % target / base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (t CO_2e)	54,867	38,911	38,413	-1.3	n/a	n/a	n/a	n/a
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Biogenic CO_2-emissions from the combustion or biological decomposition of biomass (t CO_2e)	n/a	6	7	14.4	n/a	n/a	n/a	n/a
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (t CO_2e)	n/a	28,974	29,909	3.2	n/a	n/a	n/a	n/a
Gross market-based Scope 2 GHG emissions (t CO_2e)	28,590	1,141	810	-29.0	n/a	n/a	n/a	n/a
Combined Scope 1 GHG gross emissions and market-based Scope 2 GHG gross emissions (t CO_2e)	83,457	40,052	39,223	-2.1	n/a	29,210	8,346	5.7[1]
Significant scope 3 GHG emissions								
Total gross indirect (Scope 3) GHG emissions (t CO_2e)	9,766,312	7,784,767	8,526,505	9.5	n/a	6,818,251	976,631	n/a
Directly controllable (Scope 3) gross GHG emissions (t CO_2e)	90,835	100,112	81,809	-18.3	n/a	45,418	9,084	4.5
Indirectly controllable (Scope 3) gross GHG emissions (t CO_2e)	9,675,477	7,684,655	8,444,696	9.9	n/a	6,772,834	967,548	2.7
1. Purchased goods and services	9,432,384	7,162,652	7,842,130	9.5	n/a	n/a	n/a	n/a
2. Capital goods	1,022	22,591	14,653	-35.1	n/a	n/a	n/a	n/a
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	10,790	12,197	12,234	0.3	n/a	n/a	n/a	n/a
4. Upstream transportation and distribution	242,071	499,412	587,913	17.7	n/a	n/a	n/a	n/a
5. Waste generated in operations	8,106	24,751	9,049	-63.4	n/a	n/a	n/a	n/a
6. Business traveling	4,112	2,299	2,284	-0.7	n/a	n/a	n/a	n/a
7. Employee commuting	11,737	7,432	7,344	-1.2	n/a	n/a	n/a	n/a
8. Upstream leased assets	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
9. Downstream transportation	56,090	53,433	50,898	-4.7	n/a	n/a	n/a	n/a
10. Processing of sold products	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
11. Use of sold products	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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_2e)	n/a	7,852,652	8,594,828	9.5	n/a	n/a	n/a	n/a
Total GHG emissions (market-based) (t CO_2e)	9,849,769	7,824,819	8,565,728	9.5	n/a	6,847,461	984,977	n/a

[1] In line with SBTi target: 62.5% reduction by 2030, 90% reduction by 2040.

GHG intensity per net revenue

	2024	2025	% 2025/2024
Total GHG emissions (location-based) per net revenue (t CO_2e/T€)	1.18	1.35	14.4
Total GHG emissions (market-based) per net revenue (t CO_2e/T€)	1.18	1.34	13.6

The calculation basis for emissions intensity is total sales as reported in the Annual Report and detailed in NOTE 7 to the consolidated financial statements.

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 offset all of our Scope 1 and 2 carbon emissions from 2022, although without taking this offsetting into account against our reduction targets.

The neutralization of the remaining emissions between the approximately 90% planned emission reduction and our net zero target is yet to be finalized. The details will be finalized in due course in line with the then applicable SBTi requirements and guidelines.

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 CO_2e. They cover our direct emissions for the medium term. This timeframe may be longer or shorter depending on our business performance and onward reduction pathway.

All credits that we have acquired are already canceled in the electronic register of the German Emissions Trading Authority (DEHSt), including where they relate to future emissions. There are currently no plans to purchase further carbon credits.

All purchased carbon credits were – in relation to their total volume – 100% 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 purchased emission reductions are not subject to any corresponding adjustment under Article 6 of the Paris Agreement.

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 verified 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, with no possibility of future emissions.

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

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 in the Group non-financial report.

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

- Pollution (E2)
- Water and marine resources (E3)
- Biodiversity and ecosystems (E4)
- Resource use and 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.

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.

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.

Mining activities in upstream value chains can lead to the landfilling of hazardous waste, which can indirectly pollute human and animal habitats.

As before, due our lack of operational influence on and the limited overall transparency in the upstream value chain, there is no overarching policy and there are no specific targets or actions related to pollution (E2), water and marine resources (E3), biodiversity and ecosystems (E4) and resource use and circular economy (E5) that extend to the value chain. The development of such policies, targets and actions requires more work on building a reliable basis of data. This continues to be pursued in line with the requirements of the ESRS, which are currently undergoing revision.

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 (CCM)
2. Climate change adaptation (CCA)
3. The sustainable use and protection of water and marine resources (WTR)
4. The transition to a circular economy (CE)
5. Pollution prevention and control (PPC)
6. The protection and restoration of biodiversity and ecosystems (BIO)

The EU Taxonomy reporting for the 2025 reporting year is based on Delegated Regulation (EU) 2021/2178 in the version applicable as of December 31, 2025, which preceded the amendments made by Delegated Regulation (EU) 2026/73 (the Omnibus Delegated Act). The disclosures of the percentage of taxonomy-eligible and taxonomy-aligned economic activities for the two climate objectives under the Climate Delegated Act are provided in accordance with Annexes I and II of Delegated Regulation (EU) 2021/2139. The percentages of taxonomy-eligible and taxonomy-aligned economic activities for the four environmental objectives under the Environmental Delegated Act are determined using Annexes I to IV of Delegated Regulation (EU) 2023/2486.

Under Article 3 of the Taxonomy Regulation, economic activities are taxonomy-eligible if they are covered in the Commission delegated acts and thus potentially contribute to at least one of the six environmental objectives. Economic activities are considered to be taxonomy-aligned and thus environmentally sustainable if they make a substantial contribution to at least one of the environmental goals and do 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. 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 section of the Group non-financial report.

Identification of taxonomy-eligible activities

- 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 metals processing 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.

After identifying the potential main activities based on the product groups and services of Klöckner & Co, we conclude that the above-mentioned 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.

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:

- CCM activity 6.5 Transport by motorbikes, passenger cars and commercial vehicles.
- CCM section 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), and "Acquisition and ownership of buildings" (CCM 7.7).

Beyond these, no taxonomy-eligible activities were identified within our business activities, either separately or in the aggregate. 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 in this fiscal year that contributes to the aforementioned environmental objectives.

Derivation of key figures

As the EU has so far specified only a small number of activities for the material economic activities of Klöckner & Co SE, the possible scope of Taxonomy reporting for our Company in this fiscal year 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 (CE 2.3 and CCM 8.2) in total sales in the fiscal year 2025 amounted to less than 0.5% of the total sales reported in the Annual Report (see NOTE 7 to the consolidated financial statements).

In fiscal year 2025, taxonomy-eligible operating expenses amounted to less than 2% 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.

Capital expenditure related to assets or processes associated with taxonomy-eligible economic activities was differentiated by asset class. In fiscal year 2025, approximately 42% 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.

To avoid double counting, the individual turnover (sales), CAPEX and OPEX amounts are each assigned to one single environmental target. In addition, suitable boundary logic in data collection at Company level ensures that the same data is not collected multiple times within the organizational structure.

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 and OPEX. 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 and OPEX.

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

Table: EU Taxonomy turnover (sales) in 2025

Reporting year N	Year			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover, 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)	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.) turnover, year N-1 (18)	Category enabling activities (19)	Category transitional activities (20)
		€ THOUSAND	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-														-		
Of which enabling		-	-														-	E	
Of which transitional		-	-														-		T
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.	20,947.05	0.33	N / EL	N / EL	N / EL	N / EL	EL	N / EL								0.06		
Data-driven solutions for GHG emission reductions	CCM 8.2	12,850.30	0.20	EL	N / EL	N / EL	N / EL	N / EL	N / EL								0.00		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		33,797.35	0.53														0.06		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		33,797.35	0.53														0.06		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		6,346,356.65	99.47																
Total (A + B)		**6,380,154.00**	**100.00**																

Table: EU Taxonomy CAPEX 2025

Reporting year N	Year			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
Economic activities (1)	Code(s) (2)	CAPEX (3)	Proportion of CAPEX, 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)	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)
		€ THOUSAND	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-														-		
Of which enabling		-	-														-	E	
Of which transitional		-	-														-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3,535.21	1.83	EL	N / EL	N / EL	N / EL	N / EL	N / EL								2.55		
Freight transport services by road	CCM 6.6	5,430.09	2.81	EL	N / EL	N / EL	N / EL	N / EL	N / EL								3.81		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,141.96	0.59	EL	N / EL	N / EL	N / EL	N / EL	N / EL								0.82		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	389.34	0.20	EL	N / EL	N / EL	N / EL	N / EL	N / EL								0.24		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	0.00	0.00	EL	N / EL	N / EL	N / EL	N / EL	N / EL								1.37		
Acquisition and ownership of buildings	CCM 7.7.	69,892.24	36.11	EL	N / EL	N / EL	N / EL	N / EL	N / EL								18.79		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		80,388.85	41.54														27.57		
A. CAPEX of Taxonomy-eligible activities (A.1 + A.2)		80,388.85	41.54														27.57		
B. Taxonomy-non-eligible activities																			
CAPEX of Taxonomy-non-eligible activities (B)		113,150.70	58.46																
Total (A + B)		**193,539.55**	**100.00**																

Table: EU Taxonomy OPEX 2025

Reporting year N	Year			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
Economic activities (1)	Code(s) (2)	OPEX (3)	Proportion 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)	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)
		€ THOUSAND	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-														-		
Of which enabling		-	-														-	E	
Of which transitional		-	-														-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	583.60	1.13	EL	N / EL	N / EL	N / EL	N / EL	N / EL								2.96		
Freight transport services by road	CCM 6.6	418.89	0.81	EL	N / EL	N / EL	N / EL	N / EL	N / EL								3.06		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.00	0.00	EL	N / EL	N / EL	N / EL	N / EL	N / EL								0.14		
Data-driven solutions for GHG emission reductions	CCM 8.2	48.71	0.09	EL	N / EL	N / EL	N / EL	N / EL	N / EL								0.58		
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,051.20	2.03	-	-	-	-	-	-								6.74		
A. OPEX of Taxonomy-eligible activities (A.1 + A.2)		1,051.20	2.03	-	-	-	-	-	-								6.74		
B. Taxonomy-non-eligible activities																			
OPEX of Taxonomy-non-eligible activities (B)		50,631.77	97.97																
Total (A + B)		**51,634.26**	**100.00**																

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	104
S2	Workers in the value chain	110
S3	Affected communities	114

Own workforce

Processes for engaging with own workforce and workers' representatives

At Klöckner & Co, we attach great importance to collaboration and communication with employees. We use various information channels to understand their perspectives and needs. We aim to create 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. This 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.

We actively promote an appreciative working environment characterized by diversity and equal opportunities. We promote 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. 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. We also operate the "Let us know" whistleblower system described in this section under COMPLAINTS MECHANISM.

To systematically address actual and potential impacts on the workforce, we take the perspectives of employees into account in decision-making and action taken. 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 Labor 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 and establish the parameters within which we operate to respect and protect employee rights. Our agreements with employee representatives provide continuous insight into the interests of our workforce, enabling us to adapt measures accordingly.

We once again conducted an employee survey in 2025. All Group companies participated. The overall response rate increased compared to the prior year, from 69% to 73%. In the course of continuous improvements to the survey we added open-ended questions this year, enabling employees to share their perspectives, experiences and suggestions beyond the specified topics and thus actively contribute to the onward development of our Company.

The questions that received the most positive responses were whether everyone knows how they can contribute to achieving the Company's targets (89%; prior year: 90%), whether employees feel they are treated with respect by their immediate supervisor (88%; prior year: 89%) and whether everyone knows who they can turn to if they are exposed to or observe violations of our Code of Conduct (88%; prior year: 89%). Likewise, 88% (prior year: 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 (77%; prior year: 76%) would recommend Klöckner & Co as an employer. Despite the overall positive findings, employees still saw room for improvement with regard to the employee development measures on offer.

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	5,360
Female	1,134
Other	0
Not reported	13
Total employees	6,507

Country	Number of employees (head count)
Brazil	76
Germany	1,648
Mexico	642
Netherlands	72
Austria	110
Switzerland	1,373
USA	2,452
Other	134

2025				
FEMALE	MALE	OTHER[1]	NOT REPORTED	TOTAL
Number of employees (head count/FTE)				
1,134	5,360	0	13	6,507
Number of permanent employees (head count/FTE)				
1,114	5,284	0	13	6,411
Number of temporary employees (head count/FTE)				
14	63	0	0	77
Number of non-guaranteed hours employees (head count/FTE)				
6	13	0	0	19
Number of full-time employees (head count/FTE)				
928	5,258	0	13	6,199
Number of part-time employees (head count/FTE)				
206	102	0	0	308

The total number of employees who left the Company between January 1 and December 31, 2025 was 1,171. The rate of employee turnover in the reporting period was 18.2%. 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 2025. The disclosures on permanent employees, temporary employees and non-guaranteed hours employees are stated as a head count as of the December 31, 2025 reporting date. This also applies to the disclosures on full-time and part-time employees. The disclosures on the total number of employees at Klöckner & Co are likewise based on the December 31, 2025 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 NOTE 10 PERSONNEL EXPENSES in the notes to the consolidated financial statements.

[1] Gender as specified by the employees themselves.

Health and safety

Material impacts and their interaction with strategy and business model

As a leading metals processor and service center company, we employ a large number of workers at Klöckner & Co who are exposed to specific safety risks when handling heavy stock such as steel at our locations. Responsibility – especially for our employees and their well-being – is at the heart of our strategy and is 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 metals processing.

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.

There were no material changes to identified own workforce-related impacts, risks and opportunities compared to the previous reporting period.

Our approach and policies

Our Occupational Health and Safety Policy specifies the Group-wide requirements on occupational health and safety in the workplace. It defines mandatory principles and minimum standards for a safe working environment and constitutes the framework for the implementation of our health and safety activities. 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. We also expect our business partners – such as suppliers and subcontractors – to recognize their responsibility with regard to 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 a responsibility of all employees.

Our Occupational Health and Safety Policy describes our 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 metals processing, including manual handling injuries, trips and falls, vehicle-related accidents, repetitive motion injuries, noise, and chemical and physical hazards.

We carry responsibility for implementing the policy at all management levels. Our 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. Our 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.

We have 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.

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 corporate website.

Actions

To ensure regular exchange on occupational safety within the Group, we have established a global working group consisting of the relevant managers from our country organizations. This met twice in 2025 and is responsible for monitoring global activities and coordinating our occupational safety strategy. In this way, we ensure that all current and planned activities serve to improve working conditions and do not have any negative impacts. The working group reports directly to the management responsible for operations. A Group-wide Occupational Health and Safety Policy additionally sets out clear conditions and responsibilities.

Country- and branch-level occupational safety teams work continuously to systematically reduce the risk of accidents and to raise occupational safety awareness among our workforce. Experts at the country organizations are responsible for the regional implementation of measures, carry out root cause analyses, perform risk assessments and coordinate cross-site training.

At our branches, local occupational health and safety officers raise awareness of safety-related issues among our employees. The country organizations also each implement measures and campaigns of their own on areas for improvement that they have identified. Safety audits and certifications such as ISO 45001 support the ongoing development of our safety standards. In our American and Mexican country organizations, we use an external safety program (Intelex) based on ISO 45001 requirements. Furthermore, we recognize employee commitment in the "Top Dog" safety initiative, which confers monthly, quarterly and annual awards. Employees who have made a special contribution to occupational safety can be nominated by colleagues for the awards. To support preventive safety management, our German and Austria country organizations launched the H.E.R.O. initiative in October 2025. H.E.R.O. stands for *Hazard awareness*, *Early recognition*, *Rapid response* and *Open communication* and provides for anonymous reporting of near misses and hazardous situations.

We also continuously optimize our operational processes. This includes training videos and the Safety 1st e-learning module, which is an integral part of the onboarding process for new employees.

We firmly believe that accidents are avoidable. Preventive action enables us to identify risks at an early stage and avert harm. In the event that an accident does happen, the local occupational health and safety officers analyze it together with the affected teams in order to infer specific measures for improvement and avoid a repeat occurrence. The holding company occupational health and safety officer receives a detailed accident report from the country organization concerned 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.

The introduction of a Group-wide digital system for recording workplace accidents, which was announced last year, was again subjected to review in the reporting year. Altered circumstances, including the sale of several companies, have reduced the need for a uniform Group-wide system. As a result, it was decided not to introduce such a system.

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 and underscores the importance of occupational safety throughout the Group.

No material amounts of OPEX or CAPEX are required to implement the actions. The costs earmarked for them are included in the annual budget of the respective country organizations.

The effectiveness of our actions and initiatives to improve occupational health and safety is continuously monitored and evaluated. We meet all legal requirements and regularly review compliance with them together with the relevant safety organizations, such as the employers' liability insurance association in Germany.

Additionally, we obtain feedback from stakeholders through a working group on occupational safety and through the employee survey, which includes specific questions on occupational safety and people's perception of our safety culture. In the reporting year, 88% (prior year: 86%) of employees confirmed that their immediate supervisor acts to ensure workplace health, safety and wellbeing.

Another performance criterion is continuous reduction of the LTIF. This performance indicator is also incorporated as a variable component – with a notional 5% of total variable remuneration – into the performance-based 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.

We have various processes to identify action to improve occupational safety and address potential negative impacts on our workforce. This includes a Group-wide reporting system for central data collection on accidents. Furthermore, we conduct regular safety audits and inspections to assess workplace safety and verify compliance with our safety standards.

We use employee feedback from surveys and other forms of employee participation to track their perception of our safety culture and identify scope for improvement. In the event of an accident, we conduct a thorough investigation to analyze the causes and infer suitable preventive action.

We also offer health monitoring programs to promote employee well-being – particularly for employees who work in high-risk areas. These programs are supplemented by medical evaluations that our employees can make use of as needed.

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 aim is to ensure safe workplaces, reduce work-related accidents and avoid accident costs. 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 because it is a market and industry standard that ensures comparability within the industry. No specific international, European or national policy targets are used.

Accidents are recorded as such from the first lost day. Changes in the LTIF are a firm feature of regular Management and Supervisory Board meetings and are also included in monthly reporting. The LTIF was improved from 4.7 in the prior year to 4.2 in the 2025 reporting year. However, this fell short of the Group-wide target of ≤ 4.0 for 2025.

Against the backdrop of systematically updated targets for the reduction of Group-wide average accident frequency, we aim for an LTIF of ≤ 3.5 for the coming 2026 reporting year. 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	2025
LTIF[1,2]	4.7	4.2
Fatalities	0	0

[1] Including accidents reported up to February 13, 2026.
[2] 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

We are committed to equal pay for work of equal value throughout the Group, promote gender equality and work to ensure that all employees, regardless of gender, have equal rights to access resources and opportunities. Certain groups of employees such as women are accorded special attention in this context as they are often underrepresented in many areas, especially in management positions. In a traditional industry such as steel, we at Klöckner & Co consider gender equality to be particularly important in order as far as possible to create a balanced and fair working environment and to counter potential negative impacts on our employees.

To further this aim, we undertake a combination of global and local initiatives. We believe that a safe and inclusive workplace culture can be fostered in particular by encouraging employees to get involved and take responsibility for a work environment where as many people as possible feel they belong. These measures and initiatives are supported by management to ensure broad acceptance and lasting impact. Our strategy is regularly reviewed and adjusted as needed to continuously promote equal treatment in all areas of the Company, including decision-making processes and employee development.

Remuneration of our employees is predominantly based on collective agreements and minimum wages, thus providing a uniform point of departure. This helps to reduce major imbalances and supports fair and transparent remuneration.

Moreover, our Klöckner & Co People Strategy places particular emphasis on individual responsibility and equal rights in order to promote a working culture geared to equal opportunities. 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. Regular evaluations allow us to respond appropriately to developments and provide ongoing support for the fair treatment of employees.

There were no material changes to identified own workforce-related impacts, risks and opportunities compared to the previous reporting period.

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

We took action in various ways at Klöckner & Co in the reporting year and plan further steps to actively promote equal treatment and diversity in the Company. These initiatives support our strategic orientation and contribute significantly towards an inclusive working environment.

Promoting equal treatment is a key element of our work. We set binding standards for fair and respectful treatment of our employees ensured through our Group-wide Code of Conduct and Declaration of Principles on Respect for Human Rights. Our Klöckner & Co values further reinforce this commitment by putting diversity and equal opportunities front and center. This is supplemented by annual compliance training, among other topics on our Code of Conduct. To promote a common understanding of the corporate culture, new employees also receive an introduction to the Klöckner & Co values.

We are also specifically committed to diversity. The Kloeckner Academy thus has various e-learning modules on equal opportunities. Furthermore, we set clear requirements in recruitment: A requirement for external recruiters ensures that at least 30% of the profiles on the longlist for vacancies must be from women.

We are also expanding our cooperation with established support networks such as Women@Kloeckner. This provides employees with opportunities for exchange and mutual support. Through these initiatives, we foster a working environment in which all colleagues feel respected, valued and listened to.

The provision of compliance training is an ongoing process that repeats annually and is subject to continuous development. Our employees additionally have access to the "Let us know" complaints mechanism, which can be used to report discrimination or unfair treatment. On this basis, appropriate action can be swiftly taken. Further information on this can be found in this section under COMPLAINTS MECHANISM.

No material amounts of OPEX or CAPEX are required to implement the actions. The costs earmarked for them are included in the annual budget of the respective country organizations.

The effectiveness of these actions is monitored through feedback from departing employees and by tracking developments on anti-discrimination in the annual Group-wide employee survey. In the reporting year, 80% of employees agreed that their branches and departments are committed to an appreciative and prejudice-free working environment. This feedback helps us understand how well our initiatives are perceived and how well they actually contribute to an inclusive and respectful work environment.

To ensure that our managers support these goals, a portion of their variable remuneration, comprising a notional 5% of total 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% (corresponding to two out of six members) for the Supervisory Board and 25% (currently corresponding to one out of three members) 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 take the aforementioned target quotas into account accordingly in connection with the Supervisory Board elections due to take place by the above date, 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 14% in 2011 to 15.6% Group-wide in the reporting period. We aim to further increase their share to 25% by the end of 2030.

The targets are based on 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. No further stakeholders were involved in the target setting process.

Adequate wages

Material risks and their interaction with strategy and business model

We recognize 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 on our own business activities. Most of our 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 our business model, 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 wages are already at a high level, the financial risk in relation to Klöckner & Co's future cost structure is relatively limited overall. In addition, the structure of pay scale and salary groups 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.

There were no material changes to identified own workforce-related impacts, risks and opportunities compared to the previous reporting period.

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 and targets

We have not currently defined any specific targets or measures at Klöckner & Co relating to adequate wages.

Incidents, complaints and severe human rights impacts

The disclosures in the following relate to work-related incident and complaints and to severe cases of human rights impacts within Klöckner & Co's own workforce. Information is also presented on related fines, penalties or compensation.

In the period from October 1, 2024 to September 30, 2025:

- Eight incidents of discrimination, including harassment, were reported
- 22 Complaints were submitted using Company channels for the Company's own workforce
- The reported incidents and complaints did not result in any significant fines, penalties or compensation for damages

Furthermore, no cases of forced labor or child labor were recorded during the reporting period.

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 processing supplies key preliminary products for sectors such as automotive, construction, machinery and mechanical engineering. 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 our 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.

There were no material changes to value chain worker-related impacts, risks and opportunities compared to the previous reporting period.

Our approach and policies

Klöckner & Co has clearly defined its expectations for employees and business partners regarding respect for universal human rights, and has firmly embedded these expectations in its Group-wide policies. The Declaration of Principles on Respect for Human Rights, the Code of Conduct and the Supplier Code of Conduct provide a framework for responsible everyday business conduct and establish the basis for sustainable working relationships along the entire value chain.

As set out in our Group policies, we uphold the global rules on the protection of human rights as fundamental and universal requirements. We reject any use of child labor, forced labor or compulsory labor, and all forms of slavery and human trafficking.

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 Labour Organization´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 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.

We are 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 we are able, and ensuring victims of human rights violations access to remedy.

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. The Internal Audit department also verifies adherence to the frameworks underlying the Declaration of Principles.

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).

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 conditions, new supplier profiles and the nature and scope of our business activity, and insights from the processing of matters reported through our complaints mechanism. Based on this information, we continue to develop our due diligence processes regarding human rights and the environment.

Successful collaboration with our business partners requires compliance with the standards set out in the Declaration of Principles. Before entering into contract with a new supplier, we therefore carry out a transparent risk examination. Our expectations with regard to respect for human rights and environmental standards are also set out in the Code of Conduct and the Supplier Code of Conduct.

The Supplier Code of Conduct requires our suppliers, in particular, to fully respect internationally recognized human and labor rights. It contains binding stipulations on the avoidance of forced labor and modern slavery, as well as expressly prohibiting child labor with adherence to applicable minimum ages. Moreover, it demands the observance of fair working conditions, including statutory requirements on working hours, minimum wages and social benefits, together with respectful and non-discriminatory treatment of all employees. Ensuring health, safety and well-being in the workplace is also a mandatory requirement. The requirements in the Supplier Code of Conduct are based on and fully consistent with the International Labor Organization (ILO) core labor standards.

We assume responsibility at the top for implementing and enforcing the requirements set out in the Supplier Code of Conduct. The principles of the Supplier Code of Conduct are firmly established throughout the Group. They are implemented and monitored through suitable organizational measures and by the Corporate Compliance Office. The Code of Conduct is published, among other places, on our website.

We expect existing and new suppliers to identify relevant risks in their supply chains, to mitigate those risks within their capabilities, and to pass on the same requirements to their own suppliers, for example by agreeing like principles.

In our regular risk analysis, we check for human rights-related and environmental risks that might arise in our value chain in connection with our business activities. The analysis is carried out using a global supplier ESG platform that systematically integrates internal and external data on country and industry segment risks. This includes the identification and assessment of both country-specific and industry-specific risks for our own operations and the supply chain.

In this abstract risk analysis, each supplier is classified into one of three risk categories: low, medium or high sustainability risk. This classification forms the basis for further checks and measures, such as the analysis of ESG profiles on our supplier platform or direct contact with suppliers. This enables us to focus specifically on areas with increased human rights and environmental risks.

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 “Let us know” 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 that we receive. 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.

Resulting preventive and remedial measures are developed and coordinated in cross-functional teams. These include improvements to submitted documentation, or supplier training. Those teams consist of human rights and compliance experts, our global Human Resources and Procurement departments, and other departments as needed.

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 corporate 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 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.

Processes for engaging with value chain workers

In relation to our due diligence obligations and for the protection of human rights, we have started to participate in stakeholder events to promote responsible supply chains, and we intend to intensify these efforts over time. Potentially high human rights risks arise particularly in the deeper tiers of the supply chain. As a metals processor, we are far removed from the mining value chain and our direct influence can therefore be considered minor. In order to obtain well-founded information on the situation of potentially marginalized groups, we gather information from multi-stakeholder initiatives and take part in a human rights officers' network. We incorporate the resulting knowledge in our risk assessment and take particular account of it with regard to suppliers from high-risk countries.

Responsibility for the ongoing management of activities lies with the Human Rights Office. 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 in the Group non-financial report.

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 Corporate 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 "Let us Know" platform. 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. Evaluation, statement of findings, documentation and case closure

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.

The effectiveness of the channels is regularly evaluated through test calls to check for availability, language options, legal compliance and other criteria. Topics such as forced labor, working conditions and discrimination were also included in the effectiveness review. A question about awareness of the complaints mechanism was also included in the annual employee survey. The level of awareness is currently 72% (prior year: 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.

Actions

To fulfill our human rights and environmental due diligence obligations, we intensified and refined our risk assessments and supply chain management processes during the reporting year.

We placed particular emphasis here on creating transparency with regard to our most important direct suppliers and suppliers with an elevated risk score. The focus was on steel and metal suppliers, which is where we potentially have the greatest influence. To this end, we conducted targeted campaigns in the form of questionnaires to guide suppliers in providing comprehensive data and information on the supply chain due diligence platform. In collaboration with Procurement, optimization measures were defined and implemented for suppliers with high risk scores. In cases involving unusual or critical scores, in-depth audits were carried out and structured dialogues initiated with the suppliers concerned to agree on improvements and monitor their implementation. These activities took into account the principles set out in 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.

Another focus was on increasing transparency within the deeper supply chain. To improve supply chain transparency in cases of inherent risk in particular, this involved both IT-assisted measures such as mill of origin identification and more in-depth analyses such as supply chain mapping. All such measures are part of our Group-wide sustainable supply chain process that spans the entire supplier life cycle from selection to delisting.

The IntegrityNext ESG platform has been successfully integrated into the global supplier management software, ensuring an automated, efficient and legally compliant process. If an elevated risk score is already identified at onboarding, the supplier data concerned is automatically sent to the ESG platform. This is then used to conduct in-depth analyses using structured questionnaires. This semi-automated process ensures that all relevant suppliers are subjected to risk-based analysis before an order is placed.

Our "Let Us Know" complaints mechanism allows value chain workers to report human rights violations. This ensures that appropriate action can be swiftly taken. Further details on our complaints mechanism are provided in this section under COMPLAINTS MECHANISM in the Group non-financial report.

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 or incidents connected to the upstream or downstream value chain were reported to Klöckner & Co in the reporting year.

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.

Targets

Klöckner & Co does not currently have any specific targets relating to value chain workers. In our double materiality assessment, we identified potential negative impacts especially in upstream parts of the value chain, for example in relation to working conditions, equal treatment and other labor-related rights in raw material extraction. These potential impacts mainly relate to indirect business relationships in largely unregulated markets and are outside our direct operational sphere of influence. Accordingly, no quantifiable targets have so far been set. Our Declaration of Principles on Respect for Human Rights and our Supplier Code of Conduct set clear minimum standards for the protection of workers in the value chain.

Affected communities

Material impacts and their interaction with strategy and business model

As a metals processor 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

We also obtain information on an ongoing basis 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.

There were no material changes to identified impacts, risks and opportunities related to affected communities compared to the previous reporting period.

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.

We express our clear expectations of our suppliers in our Declaration of Principles and the Supplier Code of Conduct. Our suppliers are expected to actively identify and assess risks in their own operations and supply chains, and prevent or minimize them within their sphere of influence.

Further details on the Declaration of Principles can be found in this section under WORKERS IN THE VALUE CHAIN.

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 specific actions or targets relating to affected communities. In our double materiality assessment, we identified potential negative impacts on affected communities, especially in upstream parts of the value chain, for example in relation to mining activities that could have a long-term negative impact on the economic, social, cultural, civil and political rights of communities and Indigenous peoples. These potential impacts mainly relate to the extraction and processing of raw materials and are therefore outside our direct operational sphere of influence. Accordingly, no separate actions or targets have so far been adopted specifically for affected communities. Our Declaration of Principles on Respect for Human Rights and our Supplier Code of Conduct set clear minimum standards for the protection of 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 116

Business conduct

For us as an international Group, compliance with laws and regulations forms the basis of our business conduct. We identify and assess material business conduct-related impacts, risks, and opportunities in a comprehensive process that takes in our own operations, our business model and the entire value chain while considering the interests and expectations of key stakeholders.

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 in the Group non-financial report.

Our corporate culture is based on clearly defined corporate values. Our values of Collaboration, Excellence and Responsibility are the cornerstones of our business conduct and the foundation of our long-term business success.

By "Collaboration" we mean our team-oriented approach, which extends far beyond individual departments and country organizations and is based on trust and transparent communication. "Excellence" represents our commitment to providing high-quality solutions for our customers and generating sustainable added value. By "responsibility," we mean taking into account the safety of our employees, protecting people and the environment along the value chain, and practicing responsible business conduct.

These values are an integral part of our daily work. They influence how employees think, how they work together as a team, and how they collaborate with business partners, while also providing guidance for people's day-to-day work.

Adherence to internationally applicable rules and the fair treatment of business partners and competitors are also among our most key guiding principles. We considers ourselves 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 value base. We promote 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. Different ways of thinking, experiences, perspectives and lifestyles are leveraged to secure long-term business success. This applies irrespective of age, gender and gender identity, ethnic origin, nationality, religion, 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 encourage both managers and employees to recognize, share and live these values in their everyday work. We respect the diversity of society within and outside the organization, recognize the potential it holds, and harness it to the benefit of the Company.

Compliance on the part of all employees and business partners is a key component of our corporate culture. Alongside consistent respect for human rights, social responsibility and sustainability, adherence to the fundamental corporate values and principles is of central importance. This applies in particular to integrity, fair play and transparency. These principles are set out in the Group-wide Code of Conduct, which provides the framework for responsible and legally compliant conduct and addresses the key aspects of compliance and integrity. This all has the purpose of avoiding risks such as breaches of the law, corruption and reputational damage, safeguarding human rights and ethical standards, and at the same time exploiting opportunities by, for example, building trust among our stakeholders, promoting a responsible corporate culture and sustainably generating value. The Code of Conduct applies worldwide to all employees, managers and the Management Board, and covers all business activities as well as working relationships with business partners, whom we also expect to adhere to these standards. The principles are based on relevant external standards, including international human rights standards and the ILO core labor standards, as well as applicable statutory compliance requirements.

The Code of Conduct is published, among other places on our corporate website. Responsibility for implementation lies with the Management Board and executives, who lead by example in their managerial role and ensure that the principles are embedded within the organization. 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. In the interest of all employees and to avert harm to the Company, we provide detailed information on permissible conduct in directives and procedural instructions. 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 the content 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.

The 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 development of an all-encompassing identity for our Company and further strengthened the corporate culture. We have thus laid the basis for our future teamwork, and established a framework that facilitates day-to-day interactions and the onboarding and integration of new employees. Furthermore, the Management Board has clearly expressed its zero tolerance policy with regard to compliance violations in "Tone from the Top" published on the corporate 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. The combination of our corporate values and our policy of zero tolerance for compliance violations creates a 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, our 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 of the Group non-financial report.

Düsseldorf, March 4, 2026

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, Düsseldorf, Germany

Assurance Conclusion

We have conducted a limited assurance engagement on the separate non-financial group report of Klöckner & Co SE, Düsseldorf, (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 2025.

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 2025 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.

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. 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, March 4, 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Antje Schlotter
Wirtschaftsprüferin (German public auditor)

Nicolette Behncke
Wirtschaftsprüferin (German public auditor)

Remuneration report

of Klöckner & Co SE

Remuneration report	**122**
1. Review of fiscal year 2025	122
2. Management Board remuneration	122
3. Supervisory Board remuneration	139

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, the remuneration report was prepared jointly by the Management Board and Supervisory Board and is audited by the auditor.

1. Review of fiscal year 2025

Business performance in fiscal year 2025

The Group's business performance in fiscal year 2025 was largely characterized by a positive demand development in the USA. We were able to gain further market share there despite a difficult market environment. The demand trend in the European core markets was slightly negative. Steel prices were volatile over the course of the year, particularly in the US, but were higher at the end of the reporting period than at the beginning of the year. Despite this market environment, we considerably increased EBITDA before material special effects relative to the prior year.

For further information on the business development of Klöckner & Co in the reporting year, please refer to the Management Report for fiscal year 2025.

Annual General Meeting 2025 vote on the remuneration report 2024; appraisal

The Company's remuneration report for fiscal year 2024 in accordance with Section 162 of the German Stock Corporation Act was approved at the Annual General Meeting of the Company on May 28, 2025 with a majority of 96.36% of valid votes cast. No points of criticism or critical questions were raised with regard to the remuneration report 2024. 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.

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 2025 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 remuneration system 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 subject to a clear-cut limit as to its amount. The total bonus awarded for a fiscal 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 has been continued and will also continue in the future 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/REMUNERATION-SYSTEM/).

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 remuneration report under TARGETS AND TARGET 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, income from investments, depreciation and amortization, impairments and impairment reversals on intangible assets and property, plant, and equipment (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 CO_2 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 remuneration report, 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 possible 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 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/REMUNERATION-SYSTEM/.

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 contract of Guido Kerkhoff, which was last extended in 2023 and was not amended with effect in the reporting year, is also consistent with the 2021 remuneration system. The same applies to the Management Board contract of Dr. Oliver Falk, for which the 2021 remuneration system also applied until the contract extension took effect on August 1, 2025. Since 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 2025. 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/).

Remuneration in fiscal year 2025

Current members/members in office in fiscal year 2025

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 (for the period up to July 31, 2025) 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 (2024: €1,090,000),
- Dr. Oliver Falk: €498,333 (2024: €465,000),
- John Ganem: €740,208 (2024: €697,500).

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 (2024: €1,620,000),
- Dr. Oliver Falk: €740,000 (2024: €690,000),
- John Ganem: €1,091,250 (2024: €1,035,000).

The above fixed salary and target bonus figures for the reporting year take into account for Dr. Oliver Falk and John Ganem the salary adjustments upon their reappointment partway through the year effective August 1, 2025 (Dr. Oliver Falk: fixed salary increased from €465,000 to €545,000 per year and target bonus increased from €690,000 to €810,000 per year; John Ganem: fixed salary increased from €697,500 to €800,000 per year and target bonus increased from €1,035,000 to €1,170,000 per year).

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., €1,091,250), the target bonus is the equivalent of USD 1,091,250 if that amount is greater. The same stable-value adjustment applies to the bonus cap (USD 2,182,500). 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 (2024: €2,710,000),
- Dr. Oliver Falk: €1,238,333 (2024: €1,155,000),
- John Ganem: €1,831,458 (2024: €1,732,500).

Personal investment component: Members of the Management Board are in principle 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 and social insurance burden 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 personal investment 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).

In departure from the above, in light of the public takeover offer from Worthington Steel, the Supervisory Board resolved to suspend the obligation of the Management Board members to purchase shares in the Company from their annual bonus with respect to the annual bonus for fiscal year 2025 (for further details, see under heading k) below).

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 that they are required to use to provide for their own retirement income (defined-contribution plan), 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) 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 corresponding retirement provision amounts for fiscal year 2025 are as follows for each member of the Management Board:

- Guido Kerkhoff (CEO): €400,000 (2024: €400,000)
- Dr. Oliver Falk: €185,417 (2024: €175,000)
- John Ganem: US dollar equivalent of €269,792 (2024: of €262,500)

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. This will be offset against the annual cash compensation from the time the contract extension takes effect on August 1, 2025 (i.e., pro rata for the 2025 financial year).

b) 2025 Targets and target achievement*

The targets determined for variable remuneration in the reporting year, and the amounts earned in the reporting year (2025 annual bonus) applying the performance criteria previously specified by the Supervisory Board to the figures in the 2025 annual financial statements, are set out in the following description and subsequent tables. The targets agreed for 2025 relate to the figures for the Group.

As in past years, the Supervisory Board set targets for variable remuneration for fiscal year 2025, 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 2025 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 CO_2e emissions, leadership and employee satisfaction, and occupational safety) are factored into the bonus calculation in fiscal year 2025, as in the prior year, at a weighting of 20%. 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, income from investments, 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 group management report MANAGEMENT SYSTEM).
- 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 CO_2e 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:

1. 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.
2. I know the strategy "Klöckner & Co: Leveraging Strengths – Step Up 2030" with its elements Customer Centricity, Higher Value-Added & Service Center Business, Product & Service Portfolio Diversification, Strategic Partnerships and Operational Excellence. And I know the meaning of that strategy for the organization I am working for.
3. I like working here.
4. I would recommend the Company as a good employer.

- Sustainability/accident rate (5%), measured by the number of lost-time injury frequency 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. This results in a negative bonus effect (malus effect) in case of a negative target achievement. 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%):	€240.2 million
0% value:	€0 million
200% value:	€480.4 million

The target value was derived from the Group budget for fiscal year 2025. The 0% value was set at €0, resulting in a 200% value of €480.4 million.

- Cash flow from operating activities (operating cash flow):

Target value (100%):	€180.6 million
0% value:	€0.0 million
200% value:	€361.2 million

The target value was derived from the Group budget for fiscal year 2025. The 0% value was set at €0, resulting in a 200% value of €361.2 million.

- Strategy/digitalization:
  - Digital orders:

Target value (100%):	37.0%
0% value:	29.6%
200% value:	44.4%

The target value was derived from the Group planning for fiscal year 2025. 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%):	26.6%
0% value:	21.3%
200% value:	31.9%

The target value was derived from the Group planning for fiscal year 2025. 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%):	0.83
0% value:	0.92
200% value:	0.75

The target value was derived from the Group planning for 2025. The 0% value of 0.92 was set at 110% of the target value (rounded); the 200% value of 0.75 was determined arithmetically as 90% of the target value.

- Sustainability
  - Reduction in CO_2e emissions:

Target value (100%):	7.0%
0% value:	0.0%
200% value:	13.9%

The target value was derived from the long-term CO_2e 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 2023 base year (41.4 kt CO_2e, 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]); the 200% value of 13.9% was then determined arithmetically. The calculation of target achievement is based on the figures from the Group non-financial report.

- Employee satisfaction:

Target (100%)	4.0
0% value:	3.1
200% value:	4.9

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 4.9, since this was considered to be the maximum achievable average value with a scale of up to 4.9 and in view of the number of respondents; the 0% value of 3.1 was then determined arithmetically.

- Accident rate:

Target (100%)	4.0
0% value:	6.0
200% value:	2.0

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 6.0 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 CO_2e emissions is determined on the basis of the following calculation:

$$\text{Target achievement in \%} = \frac{\text{Actual}}{\text{Target (100\%)}}$$

Example: EBITDA before material special effects

$$\text{Target achievement before material special effects in \%} = \frac{\text{€171.4 milion}}{\text{€240.2 milion}} = 71.3\%$$

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:

$$\text{Target achievement in \%} = 1 - \frac{\text{(Actual – Target 100\%)}}{\text{(Target 0\% – Target 100\%)}}$$

Example: Share of digital orders in percent

$$\text{Target achievement in \%} = 1 - \frac{(\ 36.2\ -\ 37.0\ )}{(\ 29.6\ -\ 37.0\ )} = 90.0\%$$

Calculation of total target achievement:
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 2025 (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	Target value[1]			Notional proportion
Target achievement	0%	100%	200%	
Financial targets				
EBITDA before material special effects	€0.0 milion	€240.2 milion	€480.4 milion	50.0%
Operating cash flow	€0.0 milion	€180.6 milion	€361.2 milion	30.0%
Non-financial targets				
Digitalization: Share of digital orders in percent	29.6%	37.0%	44.4%	1.5%
Digitalization: Share of digital quotes in percent	21.3%	26.6%	31.9%	1.5%
Digitalization: Sales process efficiency	0.92	0.83	0.75	2.0%
Reduction of CO_2e emissions	0.0%	7.0%	13.9%	5.0%
Employee satisfaction/leadership	3.1	4.0	4.9	5.0%
Occupational Safety: Lost-time accidents (LTIF rate Group)	6.0	4.0	2.0	5.0%

1) The agreed targets relate to the figures for the entire Group.

The resulting target achievement was as follows for the targets in fiscal year 2025:

Target	Proportional target achievement[1]				
	Target value[1]	Relative proportion	Actual figure	Target achievement	Notional proportion
Financial targets					
EBITDA before material special effects	€240.2 milion	50.0%	€171.4 milion	71.3%	35.7%
Operating cash flow	€180.6 milion	30.0%	€109.5 milion	60.7%	18.2%
Non-financial targets					
Digitalization: Share of digital orders in percent	37.0%	1.5%	36.2%	90.0%	1.3%
Digitalization: Share of digital quotes in percent	26.6%	1.5%	30.1%	166.1%	2.5%
Digitalization: Sales process efficiency	0.83	2.0%	0.93	-18.9%	-0.4%
Reduction of CO_2e emissions	7.0%	5.0%	5.2%	74.8%	3.7%
Employee satisfaction/leadership	4.0	5.0%	4.1	106.9%	5.3%
Occupational Safety: Lost-time accidents (LTIF rate Group)	4.0	5.0%	4.2	90.0%	4.5%
Total					**70.9%**
Cap					**-**

1) The target achievement relates to the figures for the entire Group.

(€ thousand)	Target bonus	Target achievement	Earned bonus
Guido Kerkhoff, CEO	1,620,000	70.9%	1,148,904
Dr. Oliver Falk, CFO	740,000	70.9%	524,808
John Ganem, CEO Americas[1]	1,091,250	70.9%	773,915

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 13, 2026. 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 2025 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, whereby these were partially offset against cash compensation in the reporting year; see under a) above) 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 2026 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) (if any reportable benefits have been provided).

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 2025 under section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act[1)]

	Guido Kerkhoff, CEO				Dr. Oliver Falk, CFO				John Ganem, CEO Americas[6)]			
	2025		2024		**2025**		2024		**2025**		2024	
(€ thousand)	**Amount**	**Relative proportion**	Amount	Relative proportion	**Amount**	**Relative proportion**	Amount	Relative proportion	**Amount**	**Relative proportion**	Amount	Relative proportion
Non-performance-related remuneration components												
Fixed salary	1,090	41%	1,090	42%	498	41%	465	41%	740	40%	698	40%
Retirement contributions/payments; cash compensation for retirement provision[4)]	400	15%	400	15%	185	15%	175	16%	282	15%	271	16%
Ancillary benefits	20	1%	16	0%	8	1%	9	1%	48	3%	48	3%
Total non-performance-related remuneration components	**1,510**	**57%**	**1,506**	**57%**	**692**	**57%**	**649**	**58%**	**1,070**	**58%**	**1,017**	**59%**
Performance-related remuneration components												
Variable remuneration (annual bonus)[2), 3)]	1,149	43%	1,119	43%	525	43%	476	42%	774	42%	715	41%
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act	**2,659**	**100%**	**2,625**	**100%**	**1,216**	**100%**	**1,126**	**100%**	**1,844**	**100%**	**1,732**	**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 under o).
2) Variable remuneration is in principle subject to an obligation that it be used in part to purchase shares in the Company as a long-term remuneration component (see heading f) below); on the suspension of this obligation in relation to variable remuneration for the reporting year, see heading k) 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 13, 2026. 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 under n).
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 2025 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

	Guido Kerkhoff, CEO				Dr. Oliver Falk, CFO				John Ganem, CEO Americas			
(€ thousand)	**2025**	2025 (Min.)	2025 (Max.)	2024	**2025**	2025 (Min.)	2025 (Max.)	2024	**2025**	2025 (Min.)	2025 (Max.)	2024
Fixed compensation	1,090	1,090	1,090	1,090	498	498	498	465	740	740	740	698
Ancillary benefits[1)]	420	420	420	416	193	193	193	184	330	330	330	320
Total	**1,510**	**1,510**	**1,510**	**1,506**	**692**	**692**	**692**	**649**	**1,070**	**1,070**	**1,070**	**1,017**
One-year variable compensation[3)]	1,620	-	3,240	1,620	740	-	1,480	690	1,091	-	2,183	1,035
Multi-year variable compensation[2)]	-	-	-	-	-	-	-	-	-	-	-	-
Total	**3,130**	**1,510**	**4,750**	**3,126**	**1,432**	**692**	**2,172**	**1,339**	**2,162**	**1,070**	**3,253**	**2,052**
Postemployment benefits	-	-	-	-	-	-	-	-	-	-	-	-
Total compensation	**3,130**	**1,510**	**4,750**	**3,126**	**1,432**	**692**	**2,172**	**1,339**	**2,162**	**1,070**	**3,253**	**2,052**

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 (2024: €400 thousand), Dr. Oliver Falk €185 thousand (2024: €175 thousand), John Ganem €270 thousand (2024: €263 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, until December 31, 2025, Dr. Oliver Falk still held 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 13, 2026. 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

	Guido Kerkhoff, CEO		Dr. Oliver Falk, CFO		John Ganem, CEO Americas	
(€ thousand)	**2025**	2024	**2025**	2024	**2025**	2024
Fixed compensation	1,090	1,090	498	465	740	698
Ancillary benefits[1)]	420	416	193	184	330	320
Total	**1,510**	**1,506**	**692**	**649**	**1,070**	**1,017**
One-year variable remuneration[3)]	1,149	1,119	525	476	774	715
Multi-year variable remuneration[2)]	-	-	-	-	-	-
Total	**2,659**	**2,625**	**1,216**	**1,126**	**1,844**	**1,732**
Postemployment benefits	-	-	-	-	-	-
Total remuneration	**2,659**	**2,625**	**1,216**	**1,126**	**1,844**	**1,732**

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 (2024: €400 thousand), Dr. Oliver Falk €185 thousand (2024: €175 thousand), John Ganem270 € thousand (2024: €263 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, until December 31, 2025, Dr. Oliver Falk still held 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 13, 2026. 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

The relative proportions accounted for by each remuneration component are shown in the table under heading c) above. As regards compliance with the relevant remuneration system, please refer to the information under headings j) and k) below.

f) Promotion of the Company's long-term development

Remuneration is geared in several respects to promotion of the Company's long-term development:

The targets governing the amount of variable remuneration are 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 heading b) above).

Furthermore, the remuneration system for the Management Board, provides, as long-term variable remuneration, the requirement for a majority of variable remuneration (set as a lump sum of 30% of the gross annual bonus, corresponding to 60% of the net bonus assuming a notional 50% tax and social insurance burden) to be invested in shares in the Company with a specified lock-up period. This – in the nature of an LTI component – 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.

In respect of the obligation to invest in shares in the Company, the Supervisory Board at its extraordinary meeting of January 15, 2026, in a temporary derogation from the current remuneration system, resolved to suspend the obligation to purchase shares for a limited period of time with regard to the annual bonus for the reporting year. Instead, the entire annual bonus for the reporting year is to be paid out in cash. This decision was made against the background of the (now published) public takeover offer from Worthington Steel. For the same reason, the Supervisory Board also resolved at its extraordinary meeting of January 15, 2026 to prematurely waive the holding obligation for the shares purchased by current and former Management Board members as part of their personal investment component in the past, prior to the expiration of the four-year lock-up period, for the purpose of tendering into the public takeover offer.

For further information regarding the derogation from the 2024 remuneration system and the 2021 remuneration system relating to the suspension of the personal investment and the premature waiving of the holding obligation, please see heading k) below.

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 German Stock Corporation Act

Management Board remuneration [1)]

	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025
Current members of the Management Board					
Guido Kerkhoff [2)]	387%	-13%	-17%	-3%	1%
Dr. Oliver Falk	41%	-13%	-13%	-12%	8%
John Ganem	40%	-11%	-11%	31%	6%
Former members of the Management Board					
Gisbert Rühl [3)]	8%	-81%	0%	0%	0%
Bill Partalis [5)]	0%	0%	0%	0%	0%
Financial performance					
Net income of Klöckner & Co SE	3233%	-61%	-283%	44%	31%
EBITDA before material special effects (Group) [6)]	664%	-51%	-54%	-28%	26%
Cash flow from operating activities (Group) [6)]	-290%	232%	-29%	-44%	-32%
Average employee remuneration on full-time equivalent basis					
Senior management worldwide (Level 1) [4), 5)]	-2%	-5%	1%	-19%	11%
Total workforce worldwide [5)]	10%	-4%	-2%	-5%	11%

1) Total remuneration within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act (fiscal year 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 changes 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 in principle 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). With regard to the derogations from this requirement against the background of the public takeover offer from Worthington Steel to the shareholders of Klöckner & Co SE, see under heading k) below.

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

Under Section 87a (2) sentence 2 AktG in conjunction with section 8 of the 2021 remuneration system, or the 2024 remuneration system as the case may be, the Supervisory Board may temporarily derogate from the remuneration system if this is necessary to serve the long-term interests of the Company. The Supervisory Board made use of this and resolved two such derogations on January 15, 2026. These relate, firstly, to the annual bonus for the reporting year and, secondly, to holding obligations arising or already in force in the reporting year in relation to personal investment shares acquired in the past (see under heading f) above).

These derogations are described and explained in the following.

Suspension of the personal investment for the annual bonus for fiscal year 2025

Against the background of the (then imminent and now published) public takeover offer from Worthington Steel to the shareholders of Klöckner & Co SE, the Supervisory Board resolved to suspend the obligation of the Management Board members to purchase shares of Klöckner & Co SE from their annual bonus with respect to the annual bonus for fiscal year 2025 for a limited period of time. Instead, the entire annual bonus for the financial year 2025 shall be paid out in cash.

In the opinion of the Supervisory Board, this derogation is necessary in the interests of the long-term well-being of the Company. In particular, an obligation to invest variable remuneration amounts in company shares is only appropriate if the Company continues to exist as a listed company for a long-term period and the share price generally represents the value of the company accurately and, thus, constitutes a key indicator for the performance of the Management Board and creates an additional incentive effect. In the light of the public takeover offer, the Supervisory Board was of the opinion that this was not sufficiently ensured anymore. In particular, it was (and is) to be expected that the share price will be sustainably affected by the aforementioned public takeover offer and, that, as a result, the share-price-linked financial incentive aims of the long-term variable remuneration will be permanently impaired.

Premature waiver of the holding obligation for personal investment shares acquired in the past
Against the background of the public takeover offer from Worthington Steel to the shareholders of Klöckner & Co SE, the Supervisory Board also resolved to prematurely waive the holding obligation for the shares purchased by current and former Management Board members as part of their personal investment component in the past, prior to the expiration of the four-year lock-up period. This is intended to give the current and former Management Board members the opportunity to tender those shares into the aforementioned public takeover offer. If shares are not tendered or if the public takeover offer is not completed, the waiver of the holding obligation becomes void and the shares concerned remain locked (with the applicable lock-up period).

The Supervisory Board is convinced that in the interest of the long-term well-being of the Company, it is necessary to enable the current Management Board members to tender the shares they purchased in the past and which are subject to a holding obligation into the aforementioned public takeover offer. This shall, inter alia, safeguard the freedom of the Management Board and enable it to state its intentions regarding all shares held by its members in relation to the aforementioned public takeover offer in the response statement (Section 27 (1) sentence 2 no. 4 of the German Securities Acquisition and Takeover Act (WpÜG)). This is the only way for the Management Board members to proceed with their entire shares acquired from the annual bonus in accordance with their personal convictions and thus send a signal to the market.

With respect to the holding obligation for shares held by former Management Board members (which only applies to Bernhard Weiß), the aforementioned considerations do not fully apply. However, since the Management Board and the Supervisory Board consider the public takeover offer as a friendly takeover being in the interest of the company, the Supervisory Board is of the opinion that the waiver of the holding obligation is justified in the interest of the Company here as well.

Apart from that, the requirements with regard to maximum remuneration (see heading j) above) and the ratio of retirement and ancillary benefits to the fixed salary (for the amounts concerned, see also the table under heading c)) were adhered to. This is shown once again in the table below:

Requirements under the remuneration system

(€ 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 2025	2,659		1,216		1,844	
Ratio of non-performance-related remuneration components of target amount for direct remuneration in 2025[4]						
Ratio of ancillary benefits to fixed salary (%) (stipulated: 10% maximum)	1.80%		1.50%		6.40%	
Ratio of retirement benefits to fixed salary (%) (stipulated: 20% to 40%)[3]	36.70%		37.21%		36.45%	

1) In the reporting year, the requirements under the 2021 remuneration system applied in full to Guido Kerkhoff and the requirements under the 2024 remuneration system applied in full to John Ganem; for Dr. Oliver Falk, the provisions are applicable pro rata temporis (2021 remuneration system until July 31, 2025; 2024 remuneration system from August 1, 2025).
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 also applicable to them (pro rata temporis in the case of Dr. Oliver Falk). The requirements 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, whereby these were partially offset against cash compensation in the reporting year: see under a) above).
4) The underlying figures are to be found in the table "Remuneration granted and due in 2025 under Section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act".

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)). 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 heading 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, whereby these are offset – pro rata in the reporting year – against the cash compensation; see under a) above).

Pension commitments for Management Board members in office in the reporting year – present values and expense amounts[1)]

(in €)	Reporting date	Present value[2)]	Service cost 2025[2)]
Dr. Oliver Falk	31.12.2025	4,317,069	-
John Ganem	31.12.2025	2,305,113	-

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, 2016) 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 2025 under Section 162 of the German Stock Corporation Act

	Bill Partalis, CEO Americas (until December 31, 2017)		Gisbert Rühl, CEO (until May 12, 2021)	
(€ thousand)	Amount	Relative proportion	Amount	Relative proportion
Retirement benefits/pensions	98	100%	664	100%
Severance payments	-	-	-	-

In the reporting year, total remuneration of €149 thousand was paid to other former members of the Management Board (2024: €149 thousand). Provision for pension obligations to former members of the Management Board and their surviving dependents amount under IFRS to €18,785 thousand (2024: €20,666 thousand).

Changes in Management Board remuneration in the reporting year

The contracts with Dr. Oliver Falk and John Ganem were extended for three years effective August 1, 2025 on the extension of their appointment as members of the Management Board. In connection with the extension of these mandates – based on a prior review of the appropriateness of the remuneration of the two Management Board members concerned – their respective remuneration was adjusted or increased appropriately as the case may be. For further details, please see the relevant information in the remuneration report for fiscal year 2024.

In addition, Guido Kerkhoff's appointment as Chief Executive Officer and his contract were renewed by a further three years in the reporting year effective September 1, 2026. The extension also included an adjustment to his remuneration with effect from September 1, 2026. The adjustment was likewise made on the basis of horizontal and vertical benchmarking. This showed Guido Kerkhoff's current remuneration to be significantly below the average remuneration of the international peers and also below the remuneration of his predecessor who left office in 2021. Finally, the review also took into account Guido Kerkhoff's increasingly complex duties. On the basis of this review, the fixed salary will be increased from €1,090,000 to €1,134,000, the target bonus from €1,620,000 to €1,780,000 and the retirement provision from €400,000 to €430,000 with effect from September 1, 2026.

Target setting for 2026

Appropriateness test

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 enterprise. 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 2026, the Supervisory Board applied horizontal benchmarking based, amongst others, 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 2026

The Supervisory Board set the targets for fiscal year 2026 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 prior years, 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 prior years, 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 prior years, two further focal areas relate to the sustainability aspect – environmental, social and governance (ESG) – and have been incorporated as non-financial targets: reduction in CO_2e emissions – which comes under the environmental category but is also part of the Group strategy – and employee-related targets. Likewise as in prior years, the targets for this purpose are as follows, with a notional proportion of 5% each: Reduction in CO_2e 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 2026

Also at its December meeting in the reporting year, the Supervisory Board set the target amount for direct remuneration (i.e. the fixed salary and target bonus assuming 100% target achievement) and target total remuneration for fiscal year 2026, 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 2026 may therefore differ from those estimates.

Management Board target remuneration for fiscal year 2026[1)]

	Guido Kerkhoff		Dr. Oliver Falk		John Ganem[3)]	
(€ thousand)	2025	**2026**	2025	**2026**	2025	**2026**
Fixed salary [2)]	1,090	1,105	498	545	740	800
Variable remuneration (annual bonus)[2)]	1,620	1,673	740	810	1,091	1,170
Target amount for direct remuneration	**2,710**	**2,778**	**1,238**	**1,355**	**1,831**	**1,970**
Ancillary benefits	20	20	8	7	50	46
Retirement provision (pension benefits, cash compensation and other contribution payments)[2)]	400	410	185	200	283	280
Target total remuneration	**3,130**	**3,208**	**1,431**	**1,561**	**2,165**	**2,296**

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. In the case of the annual bonus, 100% target achievement was assumed for the target amount for direct 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, whereby from August 2025 these are partially offset against the cash compensation.

Requirements as to the ratio of fixed and variable remuneration to the target amount for direct remuneration for fiscal year 2026 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).

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.

Remuneration in fiscal year 2025

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 2026.

For the memberships of Supervisory Board committees in fiscal year 2025, please see the Corporate Governance Statement (under "Supervisory Board committees") in the Annual Report 2025. Meeting attendance information is provided in the "To our shareholders" section of this Annual Report (see Report of the Supervisory Board MEETING ATTENDANCE).

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 2025 under section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act[1),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	80	23,000	20	113,000
Prof. Dr. Tobias Kollmann	60,000	86	10,000	14	70,000
Prof. Dr. E.h. Friedhelm Loh	60,000	86	10,000	14	70,000
Uwe Röhrhoff (Chairman of the Audit Committee)	75,000	68	35,000	32	110,000
Dagmar Steinert	60,000	75	20,000	25	80,000
Supervisory Board	**495,000**	**76**	**153,000**	**24**	**648,000**

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 2024 under section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act[1),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 fiscal year 2024 (paid out after the Annual General Meeting in fiscal year 2025), excluding remuneration earned in fiscal year 2024 and paid out in the previous 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 €648,000 in 2025 (2024: €644,250).

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]	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025
Current members of the Supervisory Board					
Prof. Dr. Dieter H. Vogel (Chairman)	-3%	10%	28%	-2%	2%
Dr. Ralph Heck (Deputy Chairman)	0%	10%	26%	2%	3%
Prof. Dr. Tobias Kollmann	-4%	8%	31%	-3%	6%
Prof. Dr. E.h. Friedhelm Loh	0%	4%	36%	0%	-8%
Ute Wolf (Chairwoman of the Audit Committee) – until May 23, 2024	-2%	5%	29%	-59%	-100%
Dagmar Steinert – since May 23, 2024	-	-	-	-	60%
Uwe Röhrhoff (Chairman of the Audit Committee since May 23, 2024) – since May 12, 2021	-	60%	29%	21%	13%
Earnings performance					
Net income of Klöckner & Co SE	3233%	-61%	-283%	44%	31%
EBITDA before material special effects (Group)[4]	664%	-51%	-55%	-28%	26%
Operating cash flow (Group)[4]	-290%	232%	-21%	-44%	-32%
Average employee remuneration on full-time equivalent basis					
Senior management worldwide (Level 1)[2, 3]	-2%	-5%	1%	-19%	11%
Total workforce worldwide[3]	10%	-4%	-2%	-5%	11%

1) Total remuneration within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act (fiscal year 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 years 2023–2024 relates to the figures for the entire Group after IFRS 5 adjustments.

Düsseldorf, March 4, 2026

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)

Independent Auditor's Report

To Klöckner & Co SE, Düsseldorf, Germany

Report on the audit of the Remuneration Report

We have audited the Remuneration Report of Klöckner & Co SE, Düsseldorf (formerly Duisburg), for the financial year from January 1, 2025 to December 31, 2025 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of management 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.

Assurance Conclusion

In our opinion, based on the findings of our audit, the Remuneration Report for the financial year from January 1, to December 31, 2025, 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 4, 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Antje Schlotter
Wirtschaftsprüferin (German Public Auditor)

Verena Polzer
Wirtschaftsprüferin (German Public Auditor)

Consolidated financial statements

of Klöckner & Co SE

Consolidated financial statements	**144**
Consolidated statement of income	144
Statement of comprehensive income	144
Consolidated statement of financial position	145
Consolidated statement of cash flows	146
Summary of changes in consolidated equity	147
Notes to the consolidated financial statements	149
Declaration of the Management Board	213
Independent Auditor's Report	214

Consolidated financial statements

Consolidated statement of income

for the 12-month period ending December 31, 2025

(€ thousand)	Notes	2025	2024
Sales	7	6,380,154	6,632,193
Changes in inventory	17	4,266	-41,727
Own work capitalized		830	-
Other operating income	8	57,145	37,530
Cost of materials	9	-5,180,578	-5,477,720
Personnel expenses	10	-593,514	-542,469
Depreciation and amortization	16	-119,763	-125,827
Impairment losses of intangible assets and property, plant and equipment	16	-1,023	-3,243
Impairment reversals of intangible assets and property, plant and equipment	16	97	50
Other operating expenses	11	-516,743	-498,726
Operating result		**30,869**	**-19,939**
Income from investments	**12**	**-1,565**	**-1,607**
Finance income		6,778	2,313
Finance expenses		-53,923	-64,223
Financial result	**13**	**-47,144**	**-61,910**
Earnings before taxes		**-17,840**	**-83,456**
Income taxes	14	-35,546	-62,241
Net income from continuing operations (net of tax)		**-53,386**	**-145,698**
Net income from discontinued operations (net of tax)		-	-29,861
Net income		**-53,386**	**-175,559**
thereof attributable to			
– Shareholders of Klöckner & Co SE		-53,641	-176,702
– non-controlling interests		255	1,143
Earnings per share from continuing operations (€/share)	**15**		
– basic/diluted		-0.54	-1.47
Earnings per share attributable to the ordinary equity holders of Klöckner & Co SE (€/share)	**15**		
– basic/diluted		-0.54	-1.77

Statement of comprehensive income

for the 12-month period ending December 31, 2025

(€ thousand)	Notes	2025	2024
Net income		**-53,386**	**-175,559**
Other comprehensive income not reclassifiable			
Actuarial gains and losses (IAS 19)	24	16,126	133,790
Total		**16,126**	**133,790**
Other comprehensive income reclassifiable			
Foreign currency translation		-92,600	40,124
Gains/losses from cash flow hedges	30	-1,981	-214
Financial assets at fair value through OCI	30	-66	114
Reclassification to profit and loss due to sale of foreign subsidiaries	21	19,625	12,552
Total		**-75,023**	**52,575**
Deferred taxes on other comprehensive income	14	-4,095	-23,347
Other comprehensive income		**-62,991**	**163,018**
Group total comprehensive income		**-116,378**	**-12,541**
thereof attributable to			
– Shareholders of Klöckner & Co SE		-116,656	-13,727
– non-controlling interests		278	1,186
Total comprehensive income attributable to the shareholders of Klöckner & Co SE refers to:			
– continuing operations		-116,656	3,394
– discontinued operations		-	-17,121

Consolidated statement of financial position

as of December 31, 2025

Assets

(€ thousand)	Notes	December 31, 2025	December 31, 2024
Non-current assets			
Intangible assets	16 (a)	178,331	206,584
Property, plant and equipment	16 (b)	810,097	812,443
Investment property	16 (d)	6,807	-
Other financial assets	19	28,509	34,553
Other non-financial assets	19	228,269	211,175
Deferred tax assets	14	10,833	17,120
Total non-current assets		**1,262,845**	**1,281,875**
Current assets			
Inventories	17	1,143,577	1,290,669
Trade receivables	18	583,290	610,697
Contract assets	18	57,098	55,585
Supplier bonus receivables	18	55,554	55,414
Current income tax receivables	14	32,851	41,543
Other financial assets	19	12,676	15,729
Other non-financial assets	19	56,534	51,193
Cash and cash equivalents	20	60,205	120,793
Assets held for sale	21	14,673	14,383
Total current assets		**2,016,459**	**2,256,006**
Total assets		**3,279,304**	**3,537,881**

Equity and liabilities

(€ thousand)	Notes	December 31, 2025	December 31, 2024
Equity			
Subscribed capital		249,375	249,375
Capital reserves		568,622	570,007
Retained earnings		460,185	534,183
Accumulated other comprehensive income		297,752	360,179
Equity attributable to shareholders of Klöckner & Co SE		**1,575,933**	**1,713,743**
Non-controlling interests		6,298	6,972
Total equity	**22**	**1,582,231**	**1,720,714**
Non-current liabilities			
Provisions for pensions and similar obligations	24	17,302	19,073
Other provisions and accrued liabilities	25	8,478	8,962
Non-current financial liabilities	26	670,210	712,706
Other financial liabilities	28	1,412	1,359
Deferred tax liabilities	14	88,027	91,727
Total non-current liabilities		**785,429**	**833,826**
Current liabilities			
Other provisions and accrued liabilities	25	85,012	87,066
Income tax liabilities	14	27,256	23,382
Current financial liabilities	26	93,711	183,314
Trade payables	27	651,401	638,547
Other financial liabilities	28	16,741	24,822
Non-financial contract liabilities	28	11,678	3,191
Advance payments received	28	1,530	1,924
Other non-financial liabilities	28	24,315	21,095
Total current liabilities		**911,645**	**983,341**
Total liabilities		**1,697,073**	**1,817,167**
Total equity and liabilities		**3,279,304**	**3,537,881**

Consolidated statement of cash flows

(€ thousand)	Notes	2025	2024
Net income		-53,386	-175,559
Result from discontinued operations		-	29,861
Income taxes	14	35,546	62,241
Financial result	13	47,144	61,910
Income from investments	12	1,565	1,607
Depreciation, amortization, reversal of impairment losses and impairment losses of non-current assets	16	120,690	129,021
Other non-cash income/expenses		-1,691	-209
Gain on disposal of non-current assets	8, 11	-9,444	-618
Change in net working capital			
Inventories	17	-2,401	148,646
Trade receivables, contract assets, supplier bonus receivables	18	-58,707	78,184
Trade payables, contract liabilities, advance payments received	27, 28	123,839	-66,759
Change in other operating assets and liabilities		-21,083	-21,996
Interest paid	34	-54,696	-52,562
Interest received	34	725	944
Income taxes paid		-28,739	-40,303
Income taxes received		10,160	5,800
Cash flow from operating activities – continuing operations		**109,520**	**160,209**
Cash flow from operating activities – discontinued operations		-	-45,504
Cash flow from operating activities		**109,520**	**114,705**

(€ thousand)	Notes	2025	2024
Proceeds from the sale of non-current assets		107,006	2,802
Proceeds from/payments for the sale of consolidated companies		731	-
Proceeds from the sale of financial assets		4,963	397
Dividends received		912	107
Payments for intangible assets, property, plant and equipment		-111,941	-110,252
Payments for investments in consolidated subsidiaries		-5,303	-12,618
Payments for financial assets		-1,102	-1,605
Cash flow from investing activities – continuing operations		**-4,734**	**-121,169**
Cash flow from investing activities – discontinued operations		-	109,656
Cash flow from investing activities		**-4,734**	**-11,512**
Dividend payments to shareholders of Klöckner & Co SE		-19,950	-19,950
Dividend payments to non-controlling interests		-	-1,140
Payments for own investment Management Board members		-	-1,799
Disbursement for the acquisition of shares in consolidated subsidiaries		-1,314	-
Borrowings of financial liabilities	34	488,754	340,885
Repayment of financial liabilities	34	-587,190	-422,218
Repayment of lease liabilities	34	-35,354	-34,205
Proceeds from derivatives of financing activities	34	410	-1,206
Cash flow from financing activities – continuing operations		**-154,644**	**-139,633**
Cash flow from financing activities – discontinued operations		-	-2,753
Cash flow from financing activities		**-154,644**	**-142,386**
Changes in cash and cash equivalents		**-49,857**	**-39,194**
Effect of foreign exchange rates on cash and cash equivalents		-10,731	5,085
Cash and cash equivalents at the beginning of the period	20	120,793	154,903
Cash and cash equivalents at the end of the period		60,205	120,793
Cash and cash equivalents at the end of the reporting period as per statement of financial position		**60,205**	**120,793**

Please refer to the notes to the consolidated financial statements NOTE 34 – NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Summary of changes in consolidated equity

				Accumulated other comprehensive income					
(€ thousand)	Subscribed capital of Klöckner & Co SE	Capital reserves of Klöckner & Co SE	Retained earnings	Currency translation adjustments	Actuarial gains and losses (IAS 19)	Fair value adjustments of financial instruments	Equity attributable to the shareholders of Klöckner & Co SE	Non-controlling interests	Total
January 1, 2024	**249,375**	**570,420**	**777,890**	**273,388**	**-118,779**	**-4,598**	**1,747,694**	**7,010**	**1,754,705**
Other comprehensive income									
Foreign currency translation	-	-	-	40,075	-	-	40,075	48	40,124
Gains/losses from cash flow hedges	-	-	-	-	-	-214	-214	-	-214
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	114	114	-	114
Actuarial gains and losses (IAS 19)	-	-	-	-	133,797	-	133,797	-7	133,790
Reclassification through profit and loss due to the sale of foreign subsidiaries	-	-	-	12,552	-	-	12,552	-	12,552
Deferred taxes recognized in other comprehensive income	-	-	-	-	-23,348	-	-23,348	2	-23,347
Other comprehensive income	**-**	**-**	**-**	**52,627**	**110,449**	**-100**	**162,976**	**43**	**163,018**
Net income	-	-	-176,702	-	-	-	-176,702	1,143	-175,559
Total comprehensive income	**-**	**-**	**-176,702**	**52,627**	**110,449**	**-100**	**-13,727**	**1,186**	**-12,541**
Change in non-controlling interests	-	-	-20	-	-	-	-20	-85	-105
Dividends	-	-	-19,950	-	-	-	-19,950	-1,140	-21,090
Share-based payments	-	-413	-	-	-	-	-413	-	-413
Gains/losses from hedges reclassified to inventories	-	-	-	-	-	158	158	-	158
Reclassification of actuarial losses within equity in accordance with IAS 19.122	-	-	-47,035	-	47,035	-	-	-	-
Balance as of December 31, 2024	**249,375**	**570,007**	**534,183**	**326,015**	**38,705**	**-4,540**	**1,713,743**	**6,972**	**1,720,714**

(€ thousand)	Subscribed capital of Klöckner & Co SE	Capital reserves of Klöckner & Co SE	Retained earnings	Accumulated other comprehensive income: Currency translation adjustments	Accumulated other comprehensive income: Actuarial gains and losses (IAS 19)	Accumulated other comprehensive income: Fair value adjustments of financial instruments	Equity attributable to the shareholders of Klöckner & Co SE	Non-controlling interests	Total
Balance as of January 1, 2025	**249,375**	**570,007**	**534,183**	**326,015**	**38,705**	**-4,540**	**1,713,743**	**6,972**	**1,720,714**
Other comprehensive income									
Foreign currency translation	-	-	-	-92,600	-	-	-92,600	-	-92,600
Gains/losses from cash flow hedges	-	-	-	-	-	-1,981	-1,981	-	-1,981
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-66	-66	-	-66
Actuarial gains and losses (IAS 19)	-	-	-	-	16,095	-	16,095	31	16,126
Reclassification through profit and loss due to the sale of foreign subsidiaries	-	-	-	19,625	-	-	19,625	-	19,625
Deferred taxes recognized in other comprehensive income	-	-	-	-	-4,088	-	-4,088	-7	-4,095
Other comprehensive income	**-**	**-**	**-**	**-72,975**	**12,007**	**-2,047**	**-63,015**	**24**	**-62,991**
Net income	-	-	-53,641	-	-	-	-53,641	255	-53,386
Total comprehensive income	**-**	**-**	**-53,641**	**-72,975**	**12,007**	**-2,047**	**-116,656**	**278**	**-116,378**
Change in non-controlling interests	-	-	-417	50	-	-	-366	-952	-1,318
Dividends	-	-	-19,950	-	-	-	-19,950	-	-19,950
Share-based payments	-	-1,386	-	-	-	-	-1,386	-	-1,386
Gains/losses from hedges reclassified to inventories	-	-	-	-	-	548	548	-	548
Reclassification of actuarial losses within equity in accordance with IAS 19.122	-	-	10	-	-10	-	-	-	-
Balance as of December 31, 2025	**249,375**	**568,622**	**460,185**	**253,090**	**50,702**	**-6,040**	**1,575,933**	**6,298**	**1,582,231**

Notes to the consolidated financial statements

of Klöckner & Co SE, Düsseldorf, as of December 31, 2025

1. Company information

Klöckner & Co SE is a listed corporation whose registered domicile is Düsseldorf, Germany. It is entered in the commercial register of Düsseldorf Local Court under HRB 109982.

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 4, 2026. 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, 2025 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, 2025 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:

	2025	2024
Consolidated entities at the beginning of the fiscal year*)	42	55
+ Business combinations	3	1
– Divestments	-2	-13
– Spin-offs	1	-
– Mergers	-1	-1
– Liquidations	-	-
Consolidated entities at the end of the fiscal year*)	**43**	**42**
thereof domestic entities including Klöckner & Co SE	*12*	*11*

*) Including consolidated special-purpose entities.

Two subsidiaries that do not have a significant impact on the Group's results of operations, financial position and net assets are not consolidated (2024: one subsidiary). 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). The interests in the special-purpose entity 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.

Klöckner & 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, Klöckner & 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 Klöckner & 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 Klöckner & 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 2025 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 2025

In March 2025, Kloeckner Metals Corporation, Wilmington, Delaware, USA, acquired Haley Tool & Stamping Inc., Tennessee, USA. With 18 employees, the company generated sales of around USD 2.6 million in 2024. Assets of USD 1.7 million and liabilities of USD 0.6 million were acquired with a purchase price of USD 1.5 million. This resulted in goodwill of USD 0.5 million. Through this acquisition, Klöckner & Co has expanded its processing capabilities in the USA with regard to stamping. The company was merged with its parent company in the month of the acquisition. The goodwill arising from the acquisition of Haley 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 USD 0.5 million (€0.4 million) in the USA CGU is deductible for tax purposes.

As of June 2, 2025, Kloeckner Metals Germany GmbH, Düsseldorf, Germany, acquired Ambo-Stahl-Gesellschaft Gerhard Sevenich GmbH & Co KG, Cologne, Germany, together with Ambo-Stahl Handelsgesellschaft mit beschränkter Haftung, Cologne, Germany (now Ambo Stahl GmbH), expanding its service portfolio in the area of highly wear-resistant steels and the defense sector. In addition to various machining processes, Ambo Stahl GmbH specializes in wear-resistant and high-tensile special steels, high-security and armor steel and generated sales of €7.0 million in the 2024/25 fiscal year with 23 employees. At a purchase price of €3.4 million and acquired assets of €5.4 million and liabilities of €0.8 million, the fair value of the acquired net assets exceeded the purchase price by €1.2 million, which was accounted for in profit or loss as a bargain purchase ("lucky buy") gain. This positive negotiation outcome was achieved because the company was looking for a strategic partner to support its customers in building strong value chains to bolster Europe's defense capabilities and infrastructure development through investment and sharing of expertise, and to lay a basis for future growth in the strategically increasingly important defense sector.

Debrunner Koenig Group, Switzerland, acquired Simfloc AG, Frauenkappelen, Switzerland, with the transaction closing as of June 2, 2025. Simfloc AG specializes in the assembly of pre-wall systems, cladding, flocking, fire protection and insulation. This makes the Debrunner Koenig Group the first full-service provider of building installations in Switzerland. In 2024, the company generated sales of CHF 1.7 million with 17 employees. The consideration amounted to €0.7 million. The payment of a partial amount of CHF 250 thousand (€266 thousand) is based on contractually agreed earnings targets for the years 2025 to 2028. The buyer will receive a maximum of CHF 62.5 thousand (€66 thousand) per year if the targets are fully achieved, a proportionately smaller amount provided that a specified lower limit is exceeded, and otherwise no payment. In the preliminary purchase price allocation, the acquired assets amounted to €1.5 million and the liabilities to €0.7 million.

The acquisition date fair values of the acquired assets and liabilities of the companies acquired in 2025 are shown in the following table:

(€ thousand)	Haley	Ambo Stahl	Simfloc	**Total impact**
Assets				
Other intangible assets	-	425	717	1,142
thereof customer relationships	-	-	717	717
thereof software	-	8	-	8
Property, plant and equipment	732	1,675	93	2,499
Inventories	281	2,266	257	2,804
Trade receivables	582	858	347	1,788
Other current assets	-	234	26	260
Cash and cash equivalents	28	57	23	108
Total assets acquired	**1,623**	**5,515**	**1,463**	**8,600**
Liabilities				
Pension provisions	-	-	49	49
Non-current financial liabilities	-	78	175	253
Deferred tax liabilities	173	-	154	327
Other non-current liabilities	-	17	-	17
Other current provisions and accrued liabilities	2	131	28	160
Trade payables	415	254	164	833
Current financial liabilities	-	143	-	143
Other current liabilities	22	215	164	401
Total liabilities assumed	**612**	**838**	**734**	**2,184**
Net assets acquired	**1,011**	**4,677**	**729**	**6,417**
Consideration	**1,452**	**3,337**	**729**	**5,518**
Goodwill	**441**	**-**	**-**	**441**
Negative goodwill	-	1,340	-	1,340
Consideration settled in cash and cash equivalents	1,452	3,337	463	5,252
Consideration/ deferred purchase price	-	-	266	266

No significant uncollectible receivables were taken over in the acquisitions.

The acquired companies have contributed as follows to net income since the acquisition date:

(€ thousand)	Haley	Ambo Stahl	Simfloc	Total impact
Contribution to revenue since initial consolidation	1,697	3,905	1,298	6,900
Contribution to net income since initial consolidation	-1,447	-555	-91	-2,093
Gross carrying amounts of contractual trade receivables	582	868	347	1,757
Transaction costs (other operating expenses)	77	308	91	-476

Had the acquisitions been included in the consolidated financial statements from the beginning of the fiscal year, Group sales would have been €6,384 million and net income would have been a negative €54 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, 2025.

Divestments, mergers and liquidations 2025

Effective March 31, 2025, Klöckner & Co SE sold its interests in Kloeckner Metals Brasil Ltda, São Paulo, Brazil, from the Kloeckner Metals Americas segment. Assets of €9 million and liabilities of €10 million were transferred in this connection. The company contributed €5 million, or around 0.08%, to consolidated sales in 2025. Even without the exchange rate-related loss of €19.4m on disposal, its share of operating net income in 2025 was a negative €1.4 million due to the difficult economic environment in Brazil.

Kloeckner Metals Service Center de Mexico S. de R.L. de C.V., Monterrey, Mexico, sold its interest in Naflex, S. de R.L. de C.V., San Nicolas de los Garza, Mexico, effective December 19, 2025. Assets of €2 million and liabilities of €0.3 million were transferred in this connection. The company's sales in fiscal year 2025 amounted to €3.8 million, or 0.06% of consolidated revenue, with a contribution of €0.5 million to operating income.

The loss on disposal is as follows:

(€ thousand)	Brazil	Naflex	Jan. 1 – Dec. 31, 2025
Consideration paid = remuneration (cash)	-693	1,505	811
Carrying amount of net assets sold	-1,107	1,747	640
Gain on disposal before tax and reclassification of currency translation reserve	445	-242	203
Reclassification of currency translation reserve	-19,568	-56	-19,625
Transaction costs	-250	-47	-297
Loss on disposal after income taxes	**-19,374**	**-345**	**-19,719**

As part of the Group's Focus on higher value-added business and the service center business, the decision was made early in the second half-year to sell seven US distribution sites. Under an asset deal signed on September 28, 2025, the US subsidiary Kloeckner Metals Corporation in the Kloeckner Metals Americas segment sold seven distribution sites to Russel Metals (USA) Inc., USA. As they were classified as a disposal group under IFRS 5, the carrying amounts of the assets were remeasured in accordance with IAS 36. This did not result in any change in the carrying amounts. As of September 30, 2025, the assets and liabilities of the disposal group were presented as assets and liabilities held for sale. The sales process was closed December 31, 2025. In connection with the preliminary determination of the purchase price at the time of closing, the buyer paid Klöckner & Co a preliminary purchase price (consideration paid) of USD 102 million (€87 million). As the final determination of the individual purchase price components under the purchase agreement has not yet been completed, the purchase price remains subject to change. The preliminary purchase price based on the current status of negotiation is USD 95 million (€81 million), resulting in an amount of USD 7 million (€6 million) being recognized as a liability as of December 31, 2025 for repayment to the acquirer within 90 days of the closing date. Assets of USD 128 million (€109 million) and liabilities of USD 62 million (€53 million) were transferred, resulting in net assets of USD 66 million (€56 million) and gross disposal proceeds of USD 29 million (€25 million). Taking into account transaction costs of USD 4 million (€3 million), the net disposal gain was USD 25 million (€23 million).

In addition to the sale of the disposal group, a distribution site in the USA was sold to Service Steel Warehouse, Houston, USA, for a sale price (consideration paid) of USD 10 million (€9 million). Taking into account asset disposals of USD 7 million, the gross sales proceeds were USD 3 million (€3 million), or USD 2.5 million (€2 million) after transaction costs.

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, whose functional currency is the US dollar. 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:

	Closing rate		Average rate	
€1 =	**December 31, 2025**	December 31, 2024	**Jan. 1 – Dec. 31 2025**	Jan. 1 – Dec. 31 2024
Swiss Franc (CHF)	0.9314	0.9412	0.9370	0.9526
US Dollar (USD)	1.1750	1.0389	1.1300	1.0824

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
Judgments	
– 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), (d)
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, made in impairment testing, of expected useful lives, assumptions about macroeconomic conditions and industry trends and estimates on which the determination of the recoverable amount was based	16
– Recognition and measurement of tax receivables related to the assessment of whether 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 & Co 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. Our 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.

In the Nexigen® brand, Klöckner & Co has created a strategic framework as a global metal processor to exploit future opportunities arising from the decarbonization of the steel industry and to further expand the portfolio of sustainable CO_2-reduced products and services. We expect in general that Nexigen® will lead to sales growth. Due to the fact that the development of new technologies cannot be forecast and lies beyond Klöckner & Co's control, and due to regulatory requirements and cost increases such as carbon pricing in relation to conventional technologies, Nexigen® products currently account for only a minor share of sales.

Furthermore, as a share of total operating expenses for 2025, 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 Klöckner & Co.

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 in the notes to the consolidated financial statements under Notes 6 (SPECIAL ITEMS AFFECTING THE RESULTS), 7 (SALES), 8 (OTHER OPERATING INCOME), 10 (PERSONNEL EXPENSES), 11 (OTHER OPERATING EXPENSES), 16 (INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT) and 19 (OTHER FINANCIAL AND NON-FINANCIAL ASSETS).

In this connection, Klöckner & Co 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 & Co 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 2025, there is no tax burden from the global minimum taxation rules.

New accounting standards and interpretations

The following standards were applied for the first time in fiscal year 2025:

Standard/Interpretation
Amendments to IAS 21 – Lack of Exchangeability

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	
Annual improvement project – Improvements to 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
EU endorsement outstanding	
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	2027
Amendments to IFRS 19	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 the structure of and presentation in the income statement. This relates in particular to the division of the income statement into operating, investment and financing-related income and expenses. In addition, the standard introduces two mandatory subtotals, "operating profit or loss" and "profit or loss before financing and income taxes". The income statement items "earnings before taxes" and "profit or loss from discontinued operations" remain unchanged. Further changes relate to the structure of the cash flow statement. The option to report interest received and paid in cash flow from operating activities has been removed here. In the future, this will be reported in cash flow from investing activities. Additionally, the notes must include additional disclosures, such as a quantitative and qualitative reconciliation of changes under IFRS 18. There is also a requirement for information on management-defined performance measures (MPMs).

The Group will apply the new standard from January 1, 2027 when its application becomes mandatory. Due to retrospective application, the comparative information for 2026 will also be restated in accordance with IFRS 18. In fiscal year 2025, we assessed the effects of IFRS 18 based on the figures for 2024. The assessment of activities required by the standard did not identify investing in assets or providing financing to customers as a (specified) main business activity for Klöckner. Based on the assessments made, and with no change in business activities, we expect a moderate net result in the financing category (low single-digit millions). For the financing category, we expect a similar amount to those previously reported as finance expenses.

We have begun but not completed an assessment of our current key performance indicators for whether they qualify as MPMs. Future changes to the current key performance indicators (EBIT, EBITDA and EBITDA before special effects) cannot be ruled out.

The project to implement IFRS 18 will be continued in fiscal year 2026.

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 2025 results and the prior year is impacted by the following special effects:

(€ thousand)	2025	2024
Restructuring income and other material special effects		
– Gains on site sales/closures (after deducting transaction costs)	25,815	0
– Insurance reimbursement income related to hurricane Helene	907	6,315
– Gains on the sale of real estate	-	978
	26,722	**7,293**
Restructuring expenses and other material special effects		
– Losses on sales of subsidiaries and site closures	-24,066	-
– Restructuring consulting	-7,192	-
– Personnel expenses	-7,055	-6,627
– One-off expenses for takeover offer	-4,908	-
– Restructuring-related inventory write-downs	-2,675	-13,680
– Other restructuring expenses	-637	-6,789
– Damages related to hurricane Helene	-	-7,387
	-46,532	**-34,483**
EBITDA impact	**-19,810**	**-27,191**
EBT impact	**-19,810**	**-27,191**

2025

Restructuring income and other material special effects

Restructuring income includes €25.8 million in income from the sale of eight sites in the Americas segment and the closure of a site in Germany.

A further €0.9 million in insurance income was received in the fiscal year from the settlement of an insurance claim due to a hurricane in 2024.

Restructuring expenses and other material special effects

Of the €24.1 million in losses from the sale of subsidiaries and site closures, €19.4 million related to the deconsolidation of Kloeckner Metals Brasil Ltda. in São Paulo, Brazil (€19.6 million of which was exchange rate losses), €0.3 million to the deconsolidation of Naflex, S. de R.L. de C.V. in San Nicolás de los Garza, Mexico, and €2.3 million to two sites in the Kloeckner Metals Americas segment (USA) and one site in the Kloeckner Metals Europe segment (Germany).

The restructuring programs in the Kloeckner Metals Europe segment resulted in €16.9 million in expenses for consulting, personnel measures, and inventory write-downs.

The one-time expenses of €4.9 million incurred in connection with the takeover offer from Worthington Steel include €1.2 million in transaction costs for consulting services. An additional €3.6 million relates to expenses for share-based payments resulting from gains in the share price following rumors of a potential public takeover bid by Worthington Steel between December 6, 2025 and December 31, 2025.

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 and other material special effects

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.

Financial reporting impact of geopolitical uncertainties and risks

There has been no change with regard to the uncertainties in assessing the impact on current business performance – including the earnings prospects – of numerous geopolitical and trade conflicts. These include the Russian war of aggression against Ukraine, various armed conflicts in the Middle East, increasing global export restrictions and the effects of US trade and tariff policy. 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 Klöckner & Co. Group's business model is based on buying and selling goods and services within the same region, i.e. within locally delimited markets (local for local). Higher value-added processing services are also provided for customers as a rule at the applicable regional country organizations. This business model means that the imposed tariffs tend not to have a direct impact on our business or our accounting. However, the imposed tariffs and 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 and therefore our Group sales. Additionally, tariffs on material imports into the US at the start of fiscal year 2025 limited the available supply, resulting in increased demand in the Kloeckner Metals Americas segment, especially during the first half of the year. However, increasing uncertainty as the year progressed had a negative impact on the market

environment and led to a slight correction in price levels. In Europe, with the general market environment hit by geopolitical and trade conflicts, shipments followed a negative trend. Due to the depletion of inventories written down in the prior year, inventory write-downs in accordance with IAS 2 were down €7 million as of December 31, 2025 (please refer to NOTE 17 – INVENTORIES to the consolidated financial statements). If the general economic situation changes in future periods, demand and hence price movements may result in 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 that may affect various aspects of our financial reporting (such as currency translation and the discount rate for the measurement of pension obligations). This relates, for example, to further protectionist measures such as changes in tariffs or export restrictions, an impending or prolonged recession, skills shortages in industrialized countries, the risk of instability in the financial sector or of individual bank failures, changes in key interest rates, exchange rate fluctuations, continued high energy, material and commodity prices or supply chain disruptions.

Partly in light of this, for the notes to the financial statements, 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 operates in the distribution business, the 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, in multiple processing steps including laser cutting and welding, sawing and drilling. 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:

2025

(€ thousand)	Kloeckner Metals Americas	Kloeckner Metals Europe	Total
Germany	-	1,126,395	1,126,395
EU excluding Germany	-	386,315	386,315
Switzerland	-	1,036,685	1,036,685
Rest of Europe	-	12,721	12,721
USA	3,160,633	8,408	3,169,041
Rest of North America	-	104	104
Mexico	565,932	303	566,235
Rest of Central and South America	5,148	9,698	14,846
Asia/Australia	-	65,869	65,869
Africa	-	1,944	1,944
Sales	**3,731,713**	**2,648,441**	**6,380,154**

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
Mexico	582,469	77	582,546
Rest of Central and South America	32,422	13,412	45,834
Asia/Australia	-	28,611	28,611
Sales	**3,917,148**	**2,715,045**	**6,632,193**

The Group's sales by type of business are as follows:

2025

(€ thousand)	Kloeckner Metals Americas	Kloeckner Metals Europe	Total
Higher value-added business	980,476	1,670,297	2,650,773
Service center business	1,978,227	531,822	2,510,049
Distribution business	773,010	446,322	1,219,332
External sales	**3,731,713**	**2,648,441**	**6,380,154**

2024

(€ thousand)	Kloeckner Metals Americas	Kloeckner Metals Europe	Total
Higher value-added business	1,018,225	1,649,798	2,668,023
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**

Sales include taxonomy-eligible sales of €21 million (2024: €4 million), mainly 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 REPORTING.

8. Other operating income

(€ thousand)	2025	2024
Income from asset disposals		
– Non-current assets held for sale (special effect)	29,131	-
– Intangible assets and property, plant and equipment (special effect)	604	978
– Intangible assets and property, plant and equipment	388	1,930
Foreign currency exchange gains	6,091	4,979
Income from amounts charged on for IT services to sold business activities	4,989	8,470
Income from acquisitions (excess of acquired net assets over acquisition costs – negative goodwill = lucky buy)	1,340	-
Income from Hurricane Helene insurance payouts (special effect)	907	6,315
Indemnification payments received	197	246
Income from the sale of IP addresses	-	2,303
Other income	13,498	12,309
Other operating income	**57,145**	**37,530**

The income from the disposal of non-current assets held for sale relates to the sale of eight warehouse sites in the US (see NOTE 4 (ACQUISITIONS AND DISPOSALS) in the notes to the consolidated financial statements).

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 reimbursements were received in fiscal year 2025. Further information is included in NOTE 6 (SPECIAL ITEMS AFFECTING THE RESULTS) in the notes to the consolidated financial statements.

9. Cost of materials

(€ thousand)	2025	2024
Cost of materials, supplies and purchased merchandise	5,177,724	5,475,239
Cost of purchased services	2,855	2,481
Cost of materials	**5,180,578**	**5,477,720**

10. Personnel expenses

(€ thousand)	2025	2024
Wages and salaries	472,788	448,185
Social security contributions (including welfare benefits)	86,087	79,405
Retirement benefit cost	22,749	8,252
Restructuring expenses/income (special effect)	8,237	6,627
One-off expenses for takeover offer (special effect)	3,654	-
Personnel expenses	**593,514**	**542,469**

On a currency-adjusted basis, personnel expenses in fiscal year 2025 amount to €604 million, compared to €542 million in the prior year, and show an increase by 11.3%, mainly due to higher wage and salary expenses and pension expenses. In addition, personnel expenses include one-off effects from restructuring expenses in the amount of €8 million (prior year: €7 million) and one-off expenses for share-based payments resulting from the share price increases following the rumors of the takeover offer by Worthington Steel on December 6, 2025, amounting to €4 million.

Wages and salaries include €0.3 million (2024: €0.9 million) in climate-related variable remuneration components for management, including the Management Board, that are measured on the basis of the reduction in CO_2e emissions (Scope 1 and Scope 2 emissions) relative to the 2023 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:

	2025	2024
Salaried employees	3,845	3,894
Wage earners	2,515	2,389
Apprentices	157	157
Employees	**6,517**	**6,440**

11. Other operating expenses

(€ thousand)	2025	2024
Forwarding cost	172,171	169,030
Third-party services	102,285	104,320
Fuels	51,896	49,382
Repairs, maintenance and other expenses for plant and buildings	51,634	53,240
Restructuring-related expenses from the disposal of consolidated subsidiaries (special effect)	19,422	-
Audit fees and consulting	18,221	22,316
Other restructuring expenses (special effect)	16,565	6,789
Other taxes	14,519	13,866
Other insurance	14,096	12,960
Travel expenses	13,392	13,681
Advertising and representation expenses	6,395	7,114
Postal charges and telecommunication	6,336	6,789
Foreign currency exchange losses	6,226	6,922
Credit insurance	1,623	1,688
Bad debt expenses	1,034	1,807
Losses from the disposal of property, plant and equipment/Hurricane Helene (special effect)	-	7,387
Other expenses	20,927	21,437
Other operating expenses	**516,743**	**498,726**

The other expenses mainly relate to fringe benefits, office supplies, incidental bank charges and membership fees. In addition, in the prior 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 (please refer to NOTE 6 (SPECIAL ITEMS AFFECTING THE RESULTS) and NOTE 8 (OTHER OPERATING INCOME)).

12. Income from investments

Accounting policies

Dividends are recognized when the right to receive payment is legally established.

Income from investments comprises dividends and measurement gains/losses on unconsolidated affiliated companies and other investments and breaks down as follows:

(€ thousand)	2025	2024
Dividends	912	107
Fair value changes from the measurement of equity instruments	-2,477	-1,714
Income from investments	**-1,565**	**-1,607**

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.

(€ thousand)	2025	2024
Interest income	3,413	953
Interest income from change in pension provisions	3,365	1,360
Finance income	**6,778**	**2,313**
Interest and similar expenses	-46,278	-58,774
Interest cost for leases	-6,672	-4,731
Expense from unwinding of discount on pension obligations	-973	-718
Finance expenses	**-53,923**	**-64,223**
Financial result	**-47,144**	**-61,910**

The financial result includes net interest expenses of €42,843 thousand (2024: €57,818 thousand), which were calculated and recognized using the effective interest method.

The decrease in interest and similar expenses is due to lower interest rates than in the prior 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:

(€ thousand)	**2025**	2024
Current income tax expense (+)/benefit (–)	**35,056**	**27,653**
thereof related to prior periods	2,081	-5,019
thereof related to current period	32,975	32,672
Domestic	1,512	1
Foreign	33,544	27,652
Deferred tax expense (+)/benefit (–)	**490**	**34,588**
thereof related to temporary differences	-4,709	4,199
thereof related to loss carry forwards	5,199	30,389
Domestic	4,273	37,718
Foreign	-3,783	-3,130
Income tax expense (+)/benefit (–)	**35,546**	**62,241**

The combined income tax rate is 31.6% (2024: 31.9%), comprising corporate income tax (including solidarity surcharge) of 15.8% and trade tax for Klöckner & Co of 15.8%. Foreign tax rates vary between 9.0% and 34.0%.

The Company incurred current income tax of €35,056 thousand for the reporting year (2024: €27,653 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:

(€ thousand)	**2025**	2024
Expected tax rate	**31.6%**	**31.9%**
Earnings before taxes	**-17,840**	**-83,456**
Expected tax expense/benefit at domestic tax rate	-5,637	-26,622
Foreign tax rate differential	-5,082	-2,247
Tax rate changes	-289	-174
Tax reduction due to tax free income	-	-1,493
Tax increase due to non–deductible expenses	28,167	23,368
Current tax for prior periods	2,080	-5,018
Current tax benefit resulting from previously unrecognized deferred tax assets on loss carryforwards and on temporary differences	-5,777	-8,271
Tax increase due to non-recognition of deferred tax assets on loss carryforwards and deductible temporary differences including valuation allowances	20,453	80,545
Other income taxes	-	65
Other tax effects	1,631	2,088
Current tax expense/income	**35,546**	**62,241**
Effective tax rate	**-199.3%**	**-74.6%**

The negative actual tax rate of -199.3% in the fiscal year under review is below the expected combined income tax rate of 31.6% (prior year: 31.9%). This mainly relates to higher tax due to losses for which no deferred tax asset can be recognized and to non-deductible expenses from impairment losses on investments.

Taxes recognized directly in other comprehensive income

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.

(€ thousand)	**December 31, 2025**	December 31, 2024
Change in deferred tax assets and liabilities (net), not affecting net income	**-4,095**	**-23,346**
thereof reported		
– in other comprehensive income	-4,095	-23,346

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 €17,317 thousand at the end of the reporting year (2024: €13,229 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:

	January 1, 2025						December 31, 2025		
(€ thousand)	Net balance	Recognized in profit and loss	Recognized in OCI	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**
From temporary differences and consolidations	**-84,295**	**4,886**	**2,697**	**-**	**-325**	**-66**	**-80,810**	**34,498**	**-115,308**
Intangible assets	-21,750	1,341	696		-84	-17	-19,827	1,426	-21,253
Property, plant and equipment	-52,036	1,935	1,665		-201	-40	-48,683	548	-49,231
Non-current investments									
Inventories	-7,325	2,795	234		-28	-6	-4,349	2,133	-6,482
Receivables	-2,444	1,228	78		-9	-2	-1,153	535	-1,688
Other assets	57,361	-44,432	-1,835		222	44	11,216	16,176	-4,960
Provisions for pensions and similar obligations	-49,327	24,924	1,578		-191	-38	-26,777	1,813	-28,590
Other provisions and accrued liabilities	841	2,563	-27		3	1	3,657	5,237	-1,580
Financial liabilities	1,703	-945	-54		7	1	705	705	-1,524
Other liabilities	-11,318	15,477	362		-44	-9	4,401	5,925	
Tax loss carryforwards/interest expense carryforwards	*9,688*	*-5,762*	*-310*				*3,616*	*3,616*	
Deferred tax assets/liabilities before offsetting	**-74,607**	**-876**	**2,387**	**-**	**-325**	**-66**	**-77,194**	**38,114**	**-115,308**
Offsetting								-27,281	27,281
Deferred tax assets/liabilities	**-74,607**						**-77,194**	**10,833**	**-88,027**

	January 1, 2024						December 31, 2024		
(€ thousand)	Net balance	Recognized in profit and loss	Recognized in OCI	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
From temporary differences and consolidations	**-52,128**	**-8,872**	**-27,723**	**-**	**-233**	**4,660**	**-84,295**	**68,964**	**-153,259**
Intangible assets	-19,171	-2,597	-1,610	-	-86	1,714	-21,750	745	-22,495
Property, plant and equipment	-55,819	3,729	-4,687	-	-249	4,990	-52,036	965	-53,001
Non-current investments				-					
Inventories	-19,808	12,464	-1,663	-	-89	1,771	-7,325	4,399	-11,724
Receivables	-5,251	2,802	-441	-	-23	469	-2,444	818	-3,262
Other assets	25,355	32,030	2,129	-	113	-2,267	57,361	57,589	-228
Provisions for pensions and similar obligations	-13,365	-12,629	-24,468	-	-60	1,195	-49,327	113	-49,440
Other provisions and accrued liabilities	5,561	-4,715	467	-	25	-497	841	2,490	-1,649
Financial liabilities	9,164	-7,452	769	-	41	-819	1,703	1,743	-40
Other liabilities	21,206	-32,504	1,781	-	95	-1,896	-11,318	102	-11,420
Tax loss carryforwards/interest expense carryforwards	*38,253*	*-25,716*	*3,212*	-	*-2,061*	*-4,000*	*9,688*	*9,688*	-
Deferred tax assets/liabilities before offsetting	**-13,875**	**-34,588**	**-24,511**	**-**	**-2,294**	**660**	**-74,607**	**78,652**	**-153,259**
Offsetting							-	-61,533	61,533
Deferred tax assets/liabilities	**-13,875**						**-74,607**	**17,119**	**-91,726**

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, 2025, deductible temporary differences and loss carryforwards that are able to be utilized are recognized over a planning horizon of four years (2024: 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 €23.4 million (2024: €27.5 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:

(€ million)	**December 31, 2025**	December 31, 2024
Unrecognized tax losses		
– Corporate income tax	568	461
– Trade tax and similar taxes	398	285
– Interest carry forward	37	23
Temporary differences	17	25

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:

(€ million)	**December 31, 2025**	December 31, 2024
until December 31, 2025	-	-
until December 31, 2035	11	13
after December 31, 2035	-	19

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. 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. The Group is subject to a notional effective tax rate in excess of 15% in all jurisdictions in which it operates.

In the prior year, the analysis for Hungary showed an average effective tax rate of 8.95% based on the IFRS earnings, as a result of which the Group recorded a current minimum tax expense of €65 thousand in the prior year.

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.

		2025	2024
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	-53,641	-176,702
– from continuing operations		-53,641	-146,781
– from discontinued operations		-	-29,921
Weighted average number of shares	(thousands of shares)	99,750	99,750
Basic earnings per share from continuing operations	**(€/share)**	**-0.54**	**-1.47**
Basic earnings per share from discontinued operations	**(€/share)**	**-**	**-0.30**
Total basic earnings per share	**(€/share)**	**-0.54**	**-1.77**

There are currently no potentially dilutive shares.

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 relationships	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 (excluding software/goodwill/ customer relationships)	Customer relationships from business combination	Software	Goodwill	Total intangible assets
Cost as of January 1, 2024	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
Other additions	14	-	3,436	-	3,449
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
Balance as of January 1, 2025	**2,410**	**99,310**	**16,332**	**88,531**	**206,584**
Exchange rate differences	-256	-10,557	-243	-6,064	-17,120
Additions from business combinations	417	717	8	441	1,584
Other additions	82	-	2,188	-	2,269
Disposals from sales of businesses	-	-	-23	-49	-73
Other disposals	-	-	-228	-	-228
Depreciation and amortization	-446	-8,049	-6,191	-	-14,685
Transfers	7	-	-7	-	-
Balance as of December 31, 2025	**2,213**	**81,422**	**11,836**	**82,859**	**178,331**
Cost as of December 31, 2025	37,914	452,381	93,750	330,354	914,399
Accumulated amortization and impairments	-35,701	-370,959	-81,913	-247,495	-736,068

Intangible assets include €1 million (2024: €2 million) for self-developed software at kloeckner.i GmbH.

Of the €81 million carrying amount of customer relationships from initial consolidations, €0.7 million relates to an acquisition in Switzerland 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 in € per ton	OPEX in €
Switzerland	2025	3.5%	2.1%	5.9%
	2024	3.4%	2.1%	7.5%
USA	2025	5.1%	0.8%	4.4%
	2024	6.6%	1.6%	5.5%
Mexico	2025	8.8%	1.2%	8.9%
	2024	10.8%	4.4%	10.4%

Growth rates of 1.0% (Switzerland CGU; 2024: 1.0%) and 2.0% (USA and Mexico CGUs; 2024: 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.

Judgments 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 €83 million and relate to the Mexico CGU (€28 million), the Switzerland CGU (€34 million) and the USA CGU (€21 million). Recoverability was confirmed for all goodwill. The positive headroom amounts to €15,485 thousand (2024: €36,148 thousand) for Switzerland and to €20,790 thousand and €122,548 thousand (2024: €26,914 and €323,079 thousand), respectively, for the CGUs in Mexico and the USA.

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 in € per ton	OPEX in €	WACC in %	Growth rate in %
USA	-4.2%	-3.1%	+3.3%	+1.1%p	-6.4%p
Mexico	-5.8%	-4.2%	+5.5%	+0.6%p	-1.8%p
Switzerland	-0.6%	-0.6%	+0.6%	+0.2%p	-0.4%p

Value in use was measured on the basis of a pretax WACC of 11.7% (2024: 11.7%) for the USA CGU, a pretax WACC of 13.5% (2024: 14.1%) for the Mexico CGU and a pretax WACC of 8.0% (2024: 8.0%) 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 including investment properties	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, 2024	823,469	411,745	388,417	43,732	1,667,363
Accumulated depreciation 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
Other additions	28,585	25,164	45,026	42,031	140,805
thereof taxonomy-eligible	*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 depreciation and impairments	-430,615	-289,407	-276,340	-	-996,362
Balance as of January 1, 2025	**420,188**	**189,094**	**150,035**	**53,127**	**812,443**
Exchange rate differences	-16,800	-13,636	-5,062	-5,049	-40,547
Additions from business combinations	169	2,128	202	-	2,499
Other additions	76,187	21,675	27,521	65,887	191,270
thereof taxonomy-eligible	*69,892*	-	*10,497*	-	*80,389*
Disposals from sales of businesses	-161	-976	-87	-5	-1,229
Other disposals	-1,270	-791	-10,411	-5,356	-17,827
Reversal of impairment	-	97	-	-	97
Impairments	-	-919	-104	-	-1,023
Depreciation and amortization	-38,923	-32,359	-33,796	-	-105,078
Transfers	7,276	13,914	6,411	-27,600	-
Reclassification to assets held for sale	-11,998	-5,866	-2,606	-3,232	-23,702
Balance as of December 31, 2025	**434,667**	**172,362**	**132,104**	**77,772**	**816,904**
Cost as of December 31, 2025	838,250	450,434	364,332	77,772	1,730,788
Accumulated depreciation and impairments	-403,584	-278,072	-232,228	-	-913,884

Property, plant and equipment includes right-of-use assets (IFRS 16) in the amount of €157,544 thousand (2024: €136,282 thousand).

Property, plant and equipment with a carrying amount of €31,250 thousand (2024: €40,508 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 €80,389 million (2024: €46,149 million), mainly in relation to economic activities in the transportation sector (such as vehicle fleet electrification) 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, 2025. 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 Germany and Becker CGUs (since the first quarter of 2025) and of the Switzerland CGU and the Austria CGU due to the significantly poorer business performance criteria in the second half of the fiscal year.

Germany, Becker and Austria CGUs

The impairment tests conducted on non-current assets for all CGUs showed that the values in use of the Germany, Becker and Austria 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, 2025.

(€ thousand)	Germany	Becker	Austria
Other intangible assets	386	2,575	-
Land and buildings	15,994	33,089	6,096
Technical equipment and machinery	15,334	22,933	523
Other equipment, operating and office equipment	15,627	8,342	744
Payments on account/assets under construction	3,976	327	135
Right-of-use assets	12,171	2,079	553
Total	**63,488**	**69,345**	**8,051**

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 of 10% were applied 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).

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 identified and recognized in the amount of €1,071 thousand for the Becker CGU, €2,646 thousand for the Germany CGU and €42 thousand for the Austria 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.

c) Leases

Accounting policies

The Group as lessor
Klöckner & Co does not act as lessor to any significant extent.

The Group as lessee
At the inception of a contract, Klöckner & 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.

Klöckner & 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 Klöckner & 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)).

(€ thousand)	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	**Total**
January 1, 2024	**82,580**	**3,977**	**36,691**	**123,248**
Depreciation	-22,736	-974	-12,155	-35,864
Impairments and impairment reversals	-448	-	-	-448
Additions right-of-use	20,412	738	12,224	33,375
Additions right-of-use from business combinations	11,349	-	-	11,349
Disposals right-of-use	-357	-	-145	-502
Foreign currency adjustments	3,371	225	1,529	5,125
Balance as of December 31, 2024	**94,171**	**3,966**	**38,145**	**136,282**
Balance as of January 1, 2025	**94,171**	**3,966**	**38,145**	**136,282**
Depreciation	-24,452	-1,532	-11,922	-37,906
Additions right-of-use	70,073	4,281	7,244	81,599
Additions right-of-use from business combinations	167	-	-	167
Disposals right-of-use	-1,006	-93	-9,449	-10,549
Disposals of right-of-use assets from divestments	-33	-	-	-33
Reclassification as investment property	-1,424	-	-	-1,424
Foreign currency adjustments	-7,572	-532	-2,488	-10,592
Balance as of December 31, 2025	**129,924**	**6,090**	**21,530**	**157,544**

The additions to real estate leases of €70 million mainly relate to lease renewals or new leases for seven properties in the segment Kloeckner Metals Americas and six properties in the segment Kloeckner Metals Europe.

Amounts recognized in profit and loss

(€ thousand)	2025	2024
Interest expense for leasing agreements	6,672	4,731
Expenses for short term leases	3,076	4,625
Variable payments, not included in the lease liability	3,681	2,252
Expenses for leases of an asset of minor value	230	376
Income from subleases	-910	-35

Amounts recognized in the statement of cash flows

Cash outflows for leases totaled €45,332 thousand (2024: €43,937 thousand). If all options to extend or terminate not accounted for in the lease liability are exercised, additional payments totaling €85,434 thousand (2024: €62,362 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 beginning of the lease term 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. If all unrecognized extension and termination options were reasonably certain to be exercised, the liability would be €69,840 thousand (2024: €55,128 thousand) higher.

There were no significant sale-and-lease-back transactions on the balance sheet date.

d) Investment property

Accounting policies

Investment property is measured using the cost model in accordance with IAS 40.56. It mainly comprises production buildings and stockyards that are separate from the leased and owned production facilities and in some cases are leased to third parties. Office space is also leased out. An asset is recognized for subsequent purchase costs if they meet the general recognition criteria and in particular if an additional economic benefit is expected beyond the original economic benefit. Everyday maintenance costs (such as staff and consumption costs) are recognized in profit or loss. Straight-line depreciation is applied over useful lives of 15 to 40 years.

As of December 31, 2025, Klöckner & Co. conducted a review in accordance with IAS 40.14 of the leasing-out of buildings that are partly leased out. This was prompted by the launch of strategic measures to reduce costs and consolidate sites. The reassessment showed it is no longer possible to rule out that the partially leased-out buildings can, in principle, be leased out for the majority of the economic useful life of the parts of the buildings concerned.

Based on this assessment, the partially leased-out parts of buildings meet the IAS 40 definition of investment property for the first time. The remeasurement constitutes a change in estimates and assumptions and was accounted for from the date of remeasurement as of December 31, 2025. It resulted in the initial recognition of investment property with a carrying amount of €6,807 thousand. The cost amounted to €19,465 thousand as of December 31, 2025 and the accumulated depreciation to €12,657 thousand. The carrying amounts of the properties previously reported under property, plant and equipment are reduced by a corresponding amount. No disclosures were required under IAS 40.75f for the fiscal year due to the reclassification as of December 31, 2025.

Apart from the change in presentation, there were no other changes as of the reporting date. Based on the current information, and the current assessment on the basis of this information, it is currently not possible to foresee or forecast the effects on future periods.

The fair values of the properties as of December 31, 2025 amounted to €25 million. The fair value was determined as a rule using independent expert opinions and on the basis of market-based management estimates.

There are no significant restrictions on the realizability or use of the properties and no contractual obligations to maintain or repair the properties.

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.

(€ thousand)	**December 31, 2025**	December 31, 2024
Merchandise	512,421	596,431
Raw materials and supplies	558,765	522,783
Finished goods	69,125	162,540
Work in progress	3,267	8,916
Inventories	**1,143,577**	**1,290,669**

Raw materials and supplies also include coil inventories at steel service centers.

Of the inventories as of December 31, 2025, €165,606 thousand (2024: €317,060 thousand) are carried at net realizable value. Write-downs to net realizable value were recognized as expense in the amount of €24,697 thousand (2024: €34,065 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 €6,924 thousand smaller than in the prior year (2024: reduction of €12,375 thousand). The amount of inventories recognized as expense in cost of materials in 2025 was €5,178 million (2024: €5,475 million).

In addition to reservations of title in the ordinary course of business, inventories with a carrying amount of €628,640 thousand (2024: €688,964 thousand) are pledged as security for financial liabilities. As of December 31, 2025, drawings on the corresponding credit lines amounted to €321,347 thousand (2024: €423,540 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, 2025 is €84 million (2024: €90 million).

For further information on the ABS program, see Note to the Group Financial Statements 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

(€ thousand)			Of which overdue by days as of the reporting date*)						
	Gross trade receivables	Of which not overdue as of the reporting date	1–30 Days	31–60 Days	61–90 Days	91–120 Days	> 120 days	Valuation allowance	**Carrying amount**
December 31, 2025									
	646,528	495,092	95,704	17,476	5,803	5,594	26,859	-6,141	640,388
December 31, 2024									
	671,718	540,283	91,413	15,739	3,799	3,647	16,837	-5,436	666,281

*) Including contract assets: €57,098 thousand (2024: €55,585 thousand).

As of December 31, 2025, trade receivables of companies not participating in the ABS program were pledged in the amount of €9,970 thousand (2024: €9,135 thousand) as collateral for loan liabilities.

b) Contract assets

Contract assets changed as follows in fiscal year 2025:

(€ thousand)	**2025**	2024
Contract assets as of January 1	55,585	59,112
Additions/ Disposals	6,357	-6,113
Foreign currency adjustments	-4,844	2,586
Contract assets as of December 31	**57,098**	**55,585**

c) Supplier bonus receivables

Supplier bonus receivables are determined on the basis of contractual agreements and accepted shipments.

19. Other financial and non-financial assets

(€ thousand)	December 31, 2025 Current	December 31, 2025 Non-current	December 31, 2024 Current	December 31, 2024 Non-current
Other financial assets	**12,676**	**28,509**	**15,729**	**34,553**
Investments	-	25,954	-	32,348
Non-current loans and securities	-	203	-	207
Fair value of derivative financial instruments	300	-	433	-
Creditors with debit balances	1,261	-	2,062	-
Miscellaneous other non-financial assets	11,116	2,351	13,233	1,997
Other non-financial assets	**56,534**	**228,269**	**51,193**	**211,175**
Receivables from social security carriers	390	-	1,007	-
Pension liability insurance entitlements	-	1,222	-	1,290
Prepaid pension cost	-	227,047	-	209,885
Claims of other taxes	31,414	-	23,247	-
Prepaid expenses	12,048	-	11,173	-
Payments on account	12,682	-	15,765	-
Other assets	**69,210**	**256,778**	**66,921**	**245,728**

The payments on account include an amount of €10 million (2024: €10 million) paid to a steel producer for the future delivery of CO_2-reduced green steel. For further information on CO_2-reduced green steel, please refer to our SUSTAINABILITY STRATEGY in the management report.

The decrease in investments includes the sale of shares in three funds with a carrying amount of €4,953 thousand and a profit of €9 thousand.

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 2025 to one site in Switzerland (€13,068 thousand) and one site the USA (€1,605 thousand) and relate to the following assets:

(€ thousand)	December 31, 2025	December 31, 2024
Land and buildings	12,982	12,926
Technical equipment and machinery	851	620
Other non-current assets	840	838
Total assets	**14,673**	**14,383**

The US subsidiary Kloeckner Metals Corporation in the Kloeckner Metals Americas segment sold seven distribution sites comprising a disposal group under IFRS 5 to Russel Metals (USA) Inc., USA, under an asset deal in fiscal year 2025. Another distribution site also comprising a disposal group was sold to Service Steel Warehouse, Houston, USA. Please refer to the further information in NOTE (4) in the notes to the consolidated financial statements.

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, 2025 were €568,622 thousand (December 31, 2024: €570,007 thousand). The €1,386 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 to the Group Financial Statement 23 (SHARE-BASED PAYMENT) and 33 (RELATED PARTY TRANSACTIONS)). As equity-settled share-based payment in accordance with IFRS 2, this is presented as of December 31, 2024 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) 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.

Effective October 22, 2025 and with retroactive effect from January 1, 2025, ODS Metering Systems B.V., Rotterdam, Netherlands, increased its shareholding in ODS Saudi Co. LLC, City of Dammam, Saudi Arabia, by 15% from 85% to 100%. The purchase price was USD 1,500 thousand (€1,314 thousand).

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 2025. At 99,750,000 eligible no-par-value shares, the dividend proposal corresponds to a dividend of €0.20 per share.

In fiscal year 2025, 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:

In %	**December 31, 2025**	December 31, 2024
Risk-free rate of return	2.0 to 2.8	2.0 to 2.3
Expected volatility	54.5	43.5

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 contracts contain a provision according to which the vesting period for the VSOs issued ends with immediate effect if the control threshold of 30% is exceeded and in cases defined as equivalent.

The total number of outstanding virtual stock options has changed as follows:

(Number of virtual stock options)	Total
Outstanding at the beginning of the year (continuing operations)	**2,666,582**
Granted	670,167
Exercised	-103,667
Forfeited	-146,333
Outstanding at the end of the reporting period	**3,086,749**
thereof exercisable at the reporting date	*2,429,249*
weighted average remaining contractual lifetime (months)	*47*
Range of strike prices (€/VSO)	*4.22 – 8.42*
Weighted average strike price (€/VSO)	*6.27*

In fiscal year 2025, 670,167 (2024: 604,859) virtual stock options were granted and 103,667 were exercised (2024: none). The average share price per stock option on exercise was €6.43 (2024: none exercised).
The provision recognized pro rata temporis for stock options granted amounted as of the reporting date to €9,318 thousand (2024: €2,600 thousand) and was utilized in the amount of €229 thousand (2024: not utilized). The addition to the provision resulted in an expense of €6,947 thousand (2024: gain on reversal of the provision: €2,138 thousand). The intrinsic value of virtual stock options exercisable as of the reporting date was €3,515 thousand (2024: €5 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 light of the public announcement on January 15, 2026 of the takeover offer from Worthington Steel to the shareholders of Klöckner & Co SE, the Supervisory Board resolved to suspend the obligation of the Management Board members to purchase shares of Klöckner & Co SE from their annual bonus with respect to the annual bonus for fiscal year 2025 for a limited period of time, in the event the announced takeover offer is published. Instead, the entire annual bonus is to be paid out in cash. The conditions for suspending the personal investment component for fiscal year 2025 were thus met on publication of the takeover offer by Worthington Steel on February 5, 2026 and the Management Board's bonus entitlements for fiscal year 2025 have been recognized in full in personnel expenses and as accrued liabilities in other provisions and accrued liabilities (Notes to the Group Financial Statement 25 (OTHER PROVISIONS AND ACCRUED LIABILITIES)) in the statement of financial position as of December 31, 2025.

In fiscal year 2024, €1,386 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.

Simfloc AG, acquired in 2025, provides occupational benefits to its employees through a semi-autonomous collective foundation that has reinsured the risk benefits with an insurance company. The Board of Trustees, as the supreme governing body of the collective foundation, consists of equal numbers of employee and employer representatives and is responsible for the trust's financial stability and performance. The collective foundation is able to change its funding system (contributions and future benefits) at any time. For the duration of any period of underfunding, and if the desired result cannot be achieved by other means, the collective foundation may levy restructuring contributions from the employer. The pension arrangement consequently qualifies as a defined benefit plan 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. Non-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 pension benefit entitlements in this plan were frozen as of December 31, 2024. The defined benefit plan for unionized employees provides for a fixed amount per year of service and remains open for new employees and for future defined benefit provisions. However, due to the sale of the distribution site in Dubuque (Iowa), the Klöckner & Co Group no longer has any obligations under this plan as of December 31, 2025. 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. One exception from the funding policy relates to a plan for upper management, which was closed to new entrants as of January 1, 2020 and for which the pension benefit entitlements were frozen as of December 31, 2022. The plan is funded entirely 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 €11,651 thousand (2024: €7,521 thousand). This does not include employer contributions to the statutory pension insurance scheme. These amounted to €8,690 thousand (2024: €8,436 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:

2025

In %	Germany	Switzerland	USA
Discount rate	3.90	1.30	5.32
Salary trend	3.00	1.00	n/a
Increase in pensions payable*)	2.10	0.00	0.00

*) Germany: 2026: 2.40%; from 2027: 2.10%.

2024

In %	Germany	Switzerland	USA
Discount rate	3.30	1.00	5.45
Salary trend	3.00	1.00	n/a
Increase in pensions payable	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:

	2025	2024
Germany	Richttafeln 2018 G von Prof. Dr. Klaus Heubeck	Richttafeln 2018 G von Prof. Dr. Klaus Heubeck
Switzerland	BVG 2020	BVG 2020
USA	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:

(€ thousand)	2025	2024
Reimbursement rights as of January 1	**1,290**	**1,363**
Expected return	41	39
Actuarial gains (losses)	13	11
Benefits paid	-122	-123
Reimbursement rights as of December 31	**1,222**	**1,290**

The actual return on reimbursement rights was €54 thousand in the fiscal year (2024: €50 thousand).

The net provision changed as follows:

	Defined benefit obligation		Fair value of plan assets		Asset ceiling		Net provision/ assets	
(€ thousand)	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
As of January 1	927,539	919,746	-1,147,396	-1,123,616	29,045	156,532	-190,812	-47,338
thereof fully or partly funded	912,985	904,340						
Included in statement of income								
Service cost	9,979	12,109	-	-		-	9,979	12,109
Interest cost for pension plans/asset ceiling	21,059	23,350	-	-	292	2,282	21,351	25,632
Interest income from plan assets	-	-	-23,703	-26,234			-23,703	-26,234
Administration expenses	-	-	986	946			986	946
Plan amendments/curtailments	-	-12,345	-	-			-	-12,345
	31,038	**23,114**	**-22,717**	**-25,288**	**292**	**2,282**	**8,613**	**108**
Included in other comprehensive income								
Actuarial losses (gains) due to change in demographic assumptions	-47	-	-	-			-47	-
Actuarial losses (gains) due to change in financial assumptions	-18,912	14,092	-	-			-18,912	14,092
Experience losses (gains)	13,303	10,163	-	-			13,303	10,163
Revaluation of plan assets	-	-	-32,841	-31,306			-32,841	-31,306
Unrecognized asset due to asset ceiling	-	-	-	-	23,563	-125,742	23,563	-125,742
Foreign currency exchange rate differences	-17,480	4,081	13,874	-585	450	-4,027	-3,156	-531
	-23,136	**28,336**	**-18,967**	**-31,891**	**24,013**	**-129,769**	**-18,090**	**-133,324**
Other								
Plan participant contributions	17,057	15,036	-17,057	-15,036			-	-
Employer contributions			-8,010	-8,029			-8,010	-8,029
Benefits paid	-57,974	-58,693	56,651	56,464			-1,323	-2,229
Transfers/additions/disposals	-14,538		14,415	-			-123	-
	-55,455	**-43,657**	**45,999**	**33,399**	**-**	**-**	**-9,456**	**-10,258**
As of December 31 (Surplus (-)/deficit (+))	**879,986**	**927,539**	**-1,143,081**	**-1,147,396**	**53,350**	**29,045**	**-209,745**	**-190,812**
thereof presented in consolidated statement of financial position as other non-financial asset							-227,047	-209,885
Provisions for pensions and similar obligations							17,302	19,073
thereof fully or partly funded	865,971	912,985						

The table below shows the analysis of the net provision (asset) by countries:

	December 31, 2025			December 31, 2024		
(€ thousand)	Defined benefit obligation	Fair value of plan assets*)	**Net provision/ assets**	Defined benefit obligation	Fair value of plan assets*)	Net provision/ assets
Germany	149,058	217,523	-68,465	163,915	217,521	-53,606
Austria	1,140	-	1,140	1,212	-	1,212
Switzerland	557,436	715,075	-157,639	553,353	708,367	-155,014
USA/Mexico	172,352	157,133	15,219	209,059	192,463	16,596
Total	**879,986**	**1,089,731**	**-209,745**	**927,539**	**1,118,351**	**-190,812**

*) Including €53,349 thousand (2024: €29,045 thousand) asset ceiling (Switzerland).

The table below shows how the defined benefit obligation would have been affected by changes in key actuarial assumptions:

(€ thousand)	**2025**	2024
Present value of benefit obligation if		
discount rate were 1.0% higher	776,194	816,188
discount rate were 1.0% lower	990,068	1,046,817
the expected salary trend were 0.5% higher	882,435	929,877
the expected salary trend were 0.5% lower	877,394	925,153
pension increase were 0.5% higher	913,394	962,426
pension increase were 0.5% lower	875,982	922,750
longevity were 1 year longer	908,941	958,492

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:

	December 31, 2025			December 31, 2024		
(€ thousand)	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	271,626	3,960	275,586	255,768	4,030	259,798
Bonds	151,700	165,034	316,734	186,858	152,652	339,510
Real estate	53,165	221,572	274,737	42,357	223,043	265,400
Other assets	232,143	43,881	276,024	237,995	44,694	282,689
Fair value of plan assets as of December 31	**708,634**	**434,447**	**1,143,081**	**722,978**	**424,419**	**1,147,397**

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 €42,324 thousand (2024: €38,702 thousand).

Other assets include the following:

December 31, 2025

(€ thousand)	Germany	Switzerland	USA	**Total**
Mixed funds	120,489	-	-	120,489
Cash and cash equivalents	-	21,323	888	22,211
Infrastructure (alternative investments)	-	44,620	-	44,620
Commodities, private debt, hedge funds, insurance linked securities	-	45,711	-	45,711
Reinsurance claims	41,627	1,366	-	42,993
Other assets	**162,116**	**113,020**	**888**	**276,024**

December 31, 2024

(€ thousand)	Germany	Switzerland	USA	Total
Mixed funds	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

The actual return on plan assets was €56,543 thousand in the fiscal year (2024: €57,541 thousand).

The weighted average duration was 12 years (2024: 13 years). Employer contributions to plan assets for fiscal year 2026 are expected to amount to €7,972 thousand.

The maturity analysis of benefit payments is as follows:

(€ thousand)	
Future benefit payments	
– due in 2026	43,693
– due in 2027	42,990
– due in 2028	45,644
– due in 2029	45,212
– due in 2030	44,710
– due 2031–2035	227,097

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, 2025	Additions	Accretion/discount	Utilization	Reversals	Other changes*)	Liabilities held for sale	As of December 31, 2025
Other provisions								
Other taxes	4,651	474	-	-128	-6	-494	-791	3,705
Personnel-related obligations								
– Anniversary payments	4,230	316	11	-406	-	37	-	4,187
– Other	607	173	-	-	-29	-74	-	677
Onerous contracts	3,243	473	-	-2,849	-5	4	-	865
Restructuring expenses	8,936	7,754	-	-4,567	-614	-862	-	10,647
Pending litigation	471	151	-	-33	-31	-155	-	403
Warranties	2,137	426	-	-950	-734	58	-	938
Miscellaneous provisions	25,648	1,492	8	-4,732	-1,818	-4,319	-212	16,068
	49,922	11,259	19	-13,665	-3,237	-5,804	-1,003	37,491
Other accrued liabilities								
Personnel-related obligations	35,461	43,709	-	-30,334	-1,020	-2,726	-	45,090
Miscellaneous accrued liabilities	10,645	7,940	-	-7,299	-42	-4	-331	10,909
	46,106	51,649	-	-37,633	-1,062	-2,729	-331	55,999
Other provisions and accrued liabilities	**96,028**	**62,908**	**19**	**-51,299**	**-4,299**	**-8,533**	**-1,334**	**93,490**

*) Change in scope of consolidation, foreign currency adjustments, reclassification and transfers to/from third parties.

Analysis by maturities:

	December 31, 2025		December 31, 2024	
(€ thousand)	**Non-current**	**Current**	Non-current	Current
Other provisions				
Other taxes	-	3,705	-	4,651
Personnel-related obligations				
– Anniversary payments	4,187	-	4,230	-
– Other	596	81	533	74
Onerous contracts	-	865	-	3,243
Restructuring expenses	-	10,647	-	8,936
Pending litigation	-	403	140	330
Warranties	-	938	-	2,137
Miscellaneous provisions	3,695	12,373	4,058	21,590
	8,478	29,013	8,962	40,960
Other accrued liabilities				
Personnel-related obligations	-	45,090	-	35,461
Miscellaneous accrued liabilities	-	10,909	-	10,645
	-	55,999	-	46,106
Other provisions and accrued liabilities	**8,478**	**85,012**	**8,962**	**87,066**

The provisions for other taxes mainly relate to real estate tax.

Provisions for personnel-related obligations mainly relate, in the amount of €4,187 thousand (2024: €4,230 thousand), to anniversary payments in Switzerland (2024: Switzerland). The determination of the provision is based on actuarial calculations with an interest rate of 1.0% (2024: 0.9%). 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 €10,647 thousand (2024: €8,936 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 €35,428 thousand (2024: €26,614 thousand) as well as vacation entitlements and flextime balances in the amount of €6,258 thousand (2024: €6,189 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:

	December 31, 2025				December 31, 2024			
(€ thousand)	Up to 1 year	1 – 5 Years	Over five years	Total	Up to 1 year	1 – 5 Years	Over five years	Total
Liabilities to banks	**54,041**	**533,002**	**4,000**	**591,043**	**150,138**	**592,175**	**4,800**	**747,113**
– Liabilities under ABL programs	-	321,347	-	321,347	-	423,540	-	423,540
– Liabilities under ABS program	38,008	-	-	38,008	30,092	-	-	30,092
– Syndicated loan liabilities	120	208,294	-	208,414	3,197	168,307	-	171,504
– Other liabilities to banks	15,912	3,361	4,000	23,273	116,849	328	4,800	121,977
Lease liabilities	**39,671**	**78,084**	**55,123**	**172,878**	**33,176**	**76,814**	**38,917**	**148,907**
	93,711	**611,086**	**59,123**	**763,921**	**183,314**	**668,989**	**43,717**	**896,019**

Financial liabilities of €8,200 thousand (2024: €11,125 thousand) are secured by liens. Inventories as set out in the Notes to the Group Financial Statement 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 €5,683 thousand (2024: €4,664 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, 2025, the outstanding nominal amount was €135 million (excluding transaction costs).

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.

In January 2025, in agreement with the core banks, Klöckner & Co terminated bilateral credit lines at the Swiss country organization with a total volume of CHF 160 million (approximately €172 million) and established an unsecured syndicated loan with a volume of CHF 200 million (approximately €215 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. As of December 31, 2025, the outstanding nominal amount was CHF 70 million (approximately €75 million).

The remaining bilateral credit facilities totaling approximately €23 million were fully drawn (excluding lease liabilities) at the end of 2025. The bilateral credit lines mainly relate to the country organizations in Germany/ Austria and to the Becker Group.

For further information on liabilities to banks, please refer to the notes to the consolidated financial statements NOTE 31 (FINANCIAL RISK MANAGEMENT/LIQUIDITY RISKS).

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 €553 million) with the same terms and maturity while expanding the banking syndicate from three to four banks. Utilization of the program totaled USD 292 million (approximately €249 million) as of the reporting date.

In September 2024, Klöckner & Co agreed a new USD 115 million (approximately €98 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 90 million (approximately €77 million) as of the reporting date.

Utilization of the two programs including accumulative interest breaks down as follows:

(€ million)	**December 31, 2025**	December 31, 2024
– Utilization	321	424
– Maximum volume	652	736

Liabilities under ABS program

Since July 2005, the Klöckner & Co Group has operated an ABS program in Europe. In July 2025, Klöckner & Co renewed the ABS program – in which two German companies currently participate as sellers of receivables – ahead of schedule and rolled it over until 2028 on improved terms. The size of the program was adjusted from €300 million to €100 million, reflecting the sale of parts of the European distribution business completed in 2024. 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 €38 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:

(€ million)	**December 31, 2025**	December 31, 2024
– Utilization	38	30
– Maximum volume	100	300

For further information on the ABS program, see NOTE 3 (BASIS OF CONSOLIDATION AND CONSOLIDATION METHODS), NOTE 18 (TRADE RECEIVABLES AND CONTRACT ASSETS) and NOTE 31 (FINANCIAL RISK MANAGEMENT).

Lease liabilities

Lease liabilities have the following term structure:

(€ thousand)	**December 31, 2025**	December 31, 2024
Due within one year	45,029	40,831
Due between one and five years	89,427	90,313
Due after five years	61,349	43,113
Future minimum lease payments (nominal value)	**195,805**	**174,258**
Due within one year	5,359	7,655
Due between one and five years	11,343	13,499
Due after five years	6,226	4,196
Interest included in future minimum lease payments	**22,927**	**25,351**
Due within one year	39,671	33,176
Due between one and five years	78,084	76,814
Due after five years	55,123	38,917
Total present value of future minimum lease payments	**172,878**	**148,907**

27. Trade payables

(€ thousand)	**December 31, 2025**	December 31, 2024
Trade payables	634,323	622,046
Provisions for pending invoices	17,078	16,500
Trade payables	**651,401**	**638,547**

28. Other financial and non-financial liabilities

(€ thousand)	December 31, 2025 Current	December 31, 2025 Non-current	December 31, 2024 Current	December 31, 2024 Non-current
Other financial liabilities	**16,741**	**1,412**	**24,822**	**1,359**
Negative fair value of derivative financial instruments	1,596	-	1,028	-
Customers with credit balances	6,174	-	9,017	-
Miscellaneous other financial liabilities	8,971	1,412	14,778	1,359
Non-financial liabilities	**13,208**	**-**	**5,115**	**-**
Contract liabilities	11,678	-	3,191	-
Advance payments received	1,530	-	1,924	-
Other non-financial liabilities	**24,315**	**-**	**21,095**	**-**
Value-added tax liabilities	7,361	-	7,398	-
Other tax liabilities	867	-	2,155	-
Deferred income	681	-	4,308	-
Liabilities to employees	1,721	-	2,513	-
Social security liabilities	2,201	-	4,310	-
Miscellaneous other non-financial liabilities	11,484	-	410	-
Other liabilities	**54,264**	**1,412**	**51,032**	**1,359**

Within contract liabilities and advance payments received as of December 31, 2024, amounts of €3,191 thousand and €1,924 thousand were recognized as revenue in fiscal year 2025 (2024: €4,903 thousand and €2,199 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% (2024: 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:

(€ thousand)	December 31, 2025	December 31, 2024	Variance
Financial liabilities	763,921	896,019	-132,098
Transaction costs	5,683	4,664	1,020
Liquid funds	-60,205	-120,793	60,589
Net financial debt (before deduction of transaction cost)	**709,400**	**779,890**	**-70,490**
Consolidated shareholders' equity	1,582,231	1,720,714	-138,484
Non-controlling interests	-6,298	-6,972	674
Goodwill from business combinations subsequent to May 23, 2024	-2,063	-1,834	-229
Adjusted shareholders' equity	**1,573,870**	**1,711,909**	**-138,039**
Gearing*)	**45%**	**46%**	**-0.5%p**

*) Gearing as defined prior to the syndicated loan extension signed in December 2024 (consolidated equity ./. non-controlling interests ./. goodwill from business combinations subsequent to May 23, 2019) was 47% as of December 31, 2024.

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 contracts, 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, 2025

			Category			Fair value			
(€ thousand)	Presented in the Statement of Financial Position as	Carrying amount	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	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 assets	300	300	-	-	-	300	-	300
Participations	Other non-current financial assets	22,109	22,061	47	-	-	-	22,109	22,109
Short-term deposits (< 3 months)	Cash and cash equivalents	9	9	-	-	-	9	-	9
Not measured at fair value									
Trade receivables and contract assets	Trade receivables and contract assets	640,388	-	-	640,388	-	-	-	-
Cash and cash equivalents	Cash and cash equivalents	60,196	-	-	60,196	-	-	-	-
Other financial assets at cost	Other current and non-current financial assets	18,777	-	-	18,777	-	18,777	-	18,777
Other financial assets at cost	Bonus claims to suppliers	55,554	-	-	55,554	-	-	-	-
Total		**797,332**	**22,370**	**47**	**774,915**	**-**	**19,085**	**22,109**	**41,194**

Financial liabilities as of December 31, 2025

			Category / Hedge Accounting / Leases			Fair value			
(€ thousand)	Presented in the Statement of Financial Position as	Carrying amount	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	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	335	335	-	-	-	335	-	335
Derivative financial instruments designated in hedge accounting	Other current and non-current financial liabilities	1,261	-	1,261	-	-	1,261	-	1,261
Other financial liabilities	Other non-current financial liabilities	1,412	1,412	-	-	-	-	1,412	1,412
Other financial liabilities	Other current financial liabilities	7,726	7,726	-	-	-	-	7,726	7,726
Not measured at fair value									
Financial liabilities at amortized cost	Current and non-current financial liabilities	591,043	-	-	591,043	-	590,485	-	590,485
Lease liabilities	Current and non-current financial liabilities	172,878	-	-	172,878	-	-	-	-
Trade payables	Trade payables	651,401	-	-	651,401	-	-	-	-
Other financial liabilities at amortized cost	Other current financial liabilities	7,419	-	-	7,419	-	-	-	-
Total		**1,433,475**	**9,474**	**1,261**	**1,422,741**	**-**	**592,081**	**9,138**	**601,219**

Financial assets as of December 31, 2024

			Category			Fair value			
(€ thousand)	Presented in the Statement of Financial Position as	Carrying amount	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	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 assets	433	433	-	-	-	433	-	433
Participations	Other non-current 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	Other current and non-current 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 / Leases			Fair value			
(€ thousand)	Presented in the Statement of Financial Position as	Carrying amount	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	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 amortized 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 amortized 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**

Measurement of the fair value of the equity investments in the amount of €22,109 thousand (2024: €32,556 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, a decrease of €2,547 thousand (2024: decrease of €1,604 thousand) is attributable to changes in fair value and a decrease of €3,852 thousand (2024: increase of €1,345 thousand) to corporate actions, of which a decrease of €4,953 thousand related to disposals. 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, 2025. 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 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 amounts to USD 1.8 million (€1.5 million).

Also included is contingent consideration of CHF 1.0 million (€1.1 million) for the acquisition of the shares in Müller Wüst AG, Aarau, Switzerland, which will fall due in 2026. As a qualitative component of the contingent consideration, the sellers will receive a maximum amount of CHF 150 thousand (€161 thousand) for 2026 if certain milestones are achieved. Consideration of CHF 850 thousand (€912 thousand) is dependent on cumulative net sales for the years 2024 to 2026 and the EBITDA margin in 2026.

A put liability from the acquisition of ODS Belgium B.V., Essen, Belgium is also included. 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 (2024: €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 contracts 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 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:

	December 31, 2025			December 31, 2024		
(€ million)	**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 contracts	161.8	-	-	64.4	-	-
Commodity forwards	-	25.3	508	-	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:

	December 31, 2025		December 31, 2024	
	Fair value		Fair value	
(€ million)	**Forward exchange contracts**	**Commodity forwards**	Forward exchange contracts	Commodity forwards
Not designated in hedge accounting	0.0	-	-0.6	-
Designated in hedge accounting	-	-1.3	-	-
Change in value of hedging instrument recognized in other comprehensive income	-	-2.0	-	-0.1
Ineffectiveness recognized in profit or loss	-	-	-	-
Gains and losses on hedges reclassified to inventories – basis adjustment	-	-0.5	-	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 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 €162 million (2024: €64 million) have a remaining maturity of less than one year. These include a notional amount of €86 million (2024: none) for the hedging of intra-Group loans.

Forward exchange contracts with a notional amount of €25.3 million (2024: €0.2 million) 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, 2025, a 10% fall in the price level in each case would have no material effect (December 31, 2024: 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:

2025 *(€ thousand)*	**Gross amounts in the statement of financial position**	**thereof subject to offsetting under master netting arrangements**	**Net amounts under master netting arrangements**
Financial assets			
Other current and non-current financial assets			
– Forward exchange contracts	300	-156	144
Financial liabilities			
Other current and non-current financial liabilities			
– Forward exchange contracts	-335	156	-179
– Commodity forwards	-1,261	-	-1,261

2024 *(€ thousand)*	Gross amounts in the statement of financial position	thereof subject to offsetting under master netting arrangements	Net amounts under master netting arrangements
Financial assets			
Other current and non-current financial assets			
– Forward exchange contracts	433	-220	213
Financial liabilities			
Other current and non-current financial liabilities			
– Forward exchange contracts	-984	220	-764
– Commodity forwards	-43	-	-43

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, 2025, €124 million (December 31, 2024: €130 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 as part of an ABS program in Germany 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 €0.2 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)	2025	2024
Valuation allowances as of January 1 under IFRS 9	**5,436**	**4,949**
Utilization	-1,148	-954
Additions	2,109	1,297
Exchange rate differences	-256	144
Valuation allowances as of December 31	**6,141**	**5,436**

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.

2025	Gross trade receivables (€ thousand)	Average default rates (in %)	Expected credit loss (€ thousand)
Germany	110,704	0,021-0,063	89
Switzerland	83,647	0.008	5
USA	282,561	0.036	97
Other	164,719	0,006-0,019	3
Total	**641,632**	**0,006-0,063**	**195**
Valuation allowance	-6,141		
Carrying amount of trade receivables	**635,491**		

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**
Valuation allowance	-5,436		
Carrying amount of trade receivables	**666,281**		

In addition to the expected credit losses, valuation allowances were recognized in the amount of €5,946 thousand (2024: €5,221 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 2025.

The other financial assets are mainly supplier bonus receivables. Supplier bonus receivables 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 €1.5 billion (2024: €1.8 billion). Financial liabilities plus transaction costs came to €764 million (2024: €896 million). This corresponds to approximately 51% of the credit facilities (2024: 50%). For further information on our credit facilities, see NOTE 26 (FINANCIAL LIABILITIES).

For a partial amount of the available credit facilities, the banks have a right of termination for cause in the event of a change in voting rights of more than 50% in the borrowing Klöckner Group company. This right of termination for cause relates to the syndicated revolving credit facility of Klöckner & Co SE in the amount of €350 million (drawdown as of the December 31, 2025 reporting date: €134 million) and the European ABS program in the amount of €100 million (drawdown as of the reporting date: €38 million).

In connection with the takeover offer from Worthington Steel published on February 5, 2026 (see also NOTE 36 (SUBSEQUENT EVENTS) and SECTION 4.2. (TAKEOVER DISCLOSURES) in the management report), it is considered probable that a change in voting rights of more than 50% could arise in the next 12 months. To the extent that the lenders do not exercise their right of termination for cause in connection with the implementation of the takeover offer from Worthington Steel and no replacement facilities have been put in place, Worthington Steel GmbH (the bidder) and Worthington Steel, Inc. have undertaken in the business combination agreement of January 15, 2026, if requested, to make available, or to arrange that there are made available, sufficient funds to refinance the amounts drawn under such financing arrangements immediately before the closing of the public takeover offer.

December 31, 2025		Cash outflows			
(€ thousand)		Less than 1 year	1 – 5 years	More than 5 years	**Total**
Bank loans, ABL	Nominal values	-	325,365	-	325,365
Bank loans, other	Nominal values	15,642	213,160	4,200	233,002
ABL	Interest	17,859	10,269	-	28,128
Other	Interest	11,539	15,279	194	27,011
	Total	**45,039**	**564,073**	**4,394**	**613,506**
ABS	Nominal values	38,000	-	-	38,000
	Interest	2,648	4,336	-	6,984
	Total	**40,648**	**4,336**	**-**	**44,984**
Lease liabilities	Nominal values	39,671	78,084	55,123	172,878
	Interest	5,359	11,343	6,226	22,927
	Total	45,029	89,427	61,349	195,805
Total financial liabilities		**130,716**	**657,835**	**65,743**	**854,295**
Cash outflows from derivative financial instruments designated in interest hedging relationships		**-**	**-**	**-**	**-**

December 31, 2024		Cash outflows			
(€ thousand)		Less than 1 year	1 – 5 years	More than 5 years	**Total**
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	25,350
	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		**-**	**-**	**-**	**-**

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).

(€ thousand)	**December 31, 2025**	December 31, 2024
Exchange rate differences	428	-2,359
Valuation allowance	-2,954	-3,904
Subtotal	**-2,526**	**-6,263**
Net income credit insurance	-1,314	-290
Net result	**-3,840**	**-6,553**

There was a net negative effect in the fiscal year of €66 thousand (2024: positive effect of €114 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 loss of €172 thousand (2024: net gain of €173 thousand).

Financial assets measured at fair value total €300 thousand (2024: €433 thousand). The net effect on earnings (other effects recognized in profit or loss) amounts to a negative €129 thousand (2024: net positive effect of €105 thousand). Further information about income from long-term equity investments measured at fair value is provided in NOTE 12 (INCOME FROM INVESTMENTS).

There are €335 thousand (2024: €984 thousand) in financial liabilities measured at fair value and €1,422,741 thousand (2024: €1,556,279 thousand) in financial liabilities measured at amortized cost. This resulted in negative net income effects of €537 thousand (2024: negative net income effects of €108 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 (holding company syndicated loan; ABS in Germany) and on local borrowings, notably in the USA and Mexico (ABL) and in Switzerland (syndicated loan). 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 (holding company syndicated loan, ABS in Germany, syndicated loan in Switzerland; US ABL 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 €8 million and lease liabilities in the amount of €173 million, €181 million or approximately 24% of financial liabilities before transaction costs were fixed-rate as of December 31, 2025 (2024: €165 million or approximately 18%).

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, 2025, 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 €5.9 million (2024: €6.9 million) for an analysis period of one year.

	2025	2024
(€ million)	**100 Bp**	100 Bp
EUR	1.9	2.2
USD	3.3	3.8
CHF	0.8	0.9
Total	**5.9**	**6.9**

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 €0.6 million (2024: €1.2 million).

	2025	2024
(€ million)	**100 Bp**	100 Bp
EUR	0.1	0.3
USD	0.4	0.8
CHF	0.1	0.1
Total	**0.6**	**1.2**

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 yet at the reporting date (2024: none). The intra-Group loans, including ongoing interest payments, have been hedged with forward contracts and currency swaps.

Currency transactions at our subsidiaries in Mexico, Switzerland and the Netherlands amounted to €76 million at the year-end (2024: €64 million). 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 €0.04 million (2024: negative fair value of €0.6 million).

Commodity price risk

Due to its business model, the company is dependent on steel and other metals, the prices of which are highly volatile due to cyclical demand, regional availability 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 metal forwards are used, which are entered into at the American and Swiss country organizations in coordination with Corporate Treasury and result in a settlement payment based on a reference 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. Potential causes of ineffectiveness include 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, 2025, there are no material sensitivities on these positions (December 31, 2024: no material sensitivities). Commodity price risks and opportunities for steel and other metals 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 commitments; these amounted as of December 31, 2025 to €133 million for capital expenditure on fixed assets (2024: €58 million) and €479 million for goods (2024: €225 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 2025.

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 €5,752 thousand (2024: €7,278 thousand) and purchased goods to the value of €49 thousand (2024: €72 thousand) and services to the value of €34 thousand (2024: €31 thousand). All transactions took place at arm's length. There were receivables of €252 thousand (2024: €561 thousand) and liabilities of €0 thousand (2024: €12 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 Board are Prof. Dr. Dieter H. Vogel, Dr. Ralph Heck, Prof. Dr. Tobias Kollmann, Prof. Dr. E.h. Friedhelm Loh, Uwe Röhrhoff and Dagmar Steinert.

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 stated for share-based remuneration in 2024 relates to the fair value of the Management Board's personal investment component to be paid out in shares for fiscal year 2024 and corresponds to the entitlement granted. Due to the takeover offer from Worthington Steel published on February 5, 2026, the Supervisory Board decided to suspend the obligation of the Management Board members to invest the personal investment component of the annual bonus for fiscal year 2025 and to pay out the annual bonus entirely in cash. Accordingly, a provision in the full amount of €2,448 thousand (2024: €924 thousand) was recognized for the performance-related remuneration of the Management Board for fiscal year 2025.

Supervisory Board remuneration comprises basic remuneration, attendance fees, expenses and the value added tax payable on the remuneration components. As of December 31, 2025, there was a provision for basic remuneration for the Supervisory Board in the amount of €648 thousand (2024: €644 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:

(€ thousand)	**2025**	2024
Management Board		
Fixed components	2,329	2,253
Annual bonus	2,448	2,310
Other remuneration	942	918
Total remuneration pursuant to Section 314 No. 6a of the German Commercial Code (HGB) – Management Board	**5,718**	**5,481**
Supervisory Board		
Fixed components	648	644
Total remuneration pursuant to Section 314 No. 6a of the German Commercial Code (HGB) – Supervisory Board	**648**	**644**

The following table illustrates the remuneration in accordance with IAS 24 (Related Party Disclosure) for the Management Board and the Supervisory Board:

(€ thousand)	**2025**	2024
Short-term benefits (IAS 24.17 a)		
– Management Board	5,718	4,095
– Supervisory Board	648	644
Share-based remuneration from the personal investment component of Management Board variable remuneration (IAS 24.17 e)	-	1,386
Total remunerations IFRS	**6,366**	**6,125**

There are pension provisions of €6,622 thousand (2024: €6,963 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 €911 thousand in the reporting year (2024: €915 thousand). In addition, there are pension provisions for former Management Board members in the amount of €18,785 thousand (2024: €20,666 thousand).

As of December 31, 2025, 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 €6 thousand (2024: €43 thousand) and purchased goods from them to the value of €856 thousand (2024: €943 thousand). All transactions took place at arm's length. There were liabilities of €122 thousand (2024: €112 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 €0 million (2024: €9 million) in short-term investments) at the year-end 2025 came to €60 million (2024: €121 million).

Cash flow from operating activities

Cash flow from operating activities was €110 million in the fiscal year (2024: €160 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:

	Variance	
(€ thousand)	**2025/2024**	2024/2023
Inventories	2,401	-148,646
Trade receivables	49,112	-72,516
Contract assets	6,357	-6,113
Supplier bonus receivables	3,239	445
Trade payables	-115,525	64,742
Contract liabilities	-8,690	1,747
Advance payments received	377	270
Net Working Capital	**-62,730**	**-160,071**

Cash flow from investing activities

Cash outflows of €113 million from capital expenditure on property, plant and equipment, intangible assets and financial assets and of €5 million for the acquisition of consolidated subsidiaries were offset by a total of €113 million in cash inflows from disposal of property, plant and equipment, financial assets and disposal groups. The net outcome was a cash outflow of €5 million (2024: €121 million). Of the capital expenditure on fixed assets, €11 million (2024: €15 million) was taxonomy-eligible CAPEX.

Cash flow from financing activities

The negative €155 million (2024: negative €140 million) cash flow from financing activities includes a cash outflow of €20 million for dividend payments to shareholders of Klöckner & Co SE and €35 million for lease liability repayments in accordance with IFRS 16.

The €1 million payments for derivatives in financing activities in fiscal year 2024 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:

(€ thousand)	Liabilities to banks	Liabilities under ABS program	Lease liabilities	**Total**
Balance as of January 1, 2024	**696,642**	**97,777**	**133,167**	**927,587**
Changes in cash flow from financing activities				
Borrowings of financial liabilities	331,149	9,736	-	340,885
Repayment of financial liabilities	-344,467	-77,752	-34,205	-456,424
Changes in cash flow from financing activities	**-13,318**	**-68,016**	**-34,205**	**-115,539**
Changes arising from obtaining or losing control of subsidiaries or other businesses	-	-	11,349	11,349
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 terminations of 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**
Balance as of January 1, 2025	**717,021**	**30,092**	**148,907**	**896,019**
Changes in cash flow from financing activities				
Borrowings of financial liabilities	432,647	56,107	-	488,754
Repayment of financial liabilities	-539,000	-48,190	-35,354	-622,544
Changes in cash flow from financing activities	**-106,353**	**7,917**	**-35,354**	**-133,790**
Changes arising from obtaining or losing control of subsidiaries or other businesses	-7,627	-	127	-7,500
Effect of changes in foreign exchange rates	-45,723	-	-11,871	-57,594
Other changes liability-related				
Changes in bank overdraft	-770	-	-	-770
New leases	-	-	81,599	81,599
Early terminations of leases	-	-	-10,530	-10,530
Interest income	-2,468			-2,468
Interest expense	42,803	3,452	6,672	52,927
Interest paid	-44,572	-3,452	-6,672	-54,696
Interest received	725	-	-	725
Total liability-related other changes	**-4,282**	**-**	**71,069**	**66,786**
Balance as of December 31, 2025	**553,035**	**38,008**	**172,878**	**763,921**

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.

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.

(€ thousand)	Kloeckner Metals Americas 2025	Kloeckner Metals Americas 2024	Kloeckner Metals Europe 2025	Kloeckner Metals Europe 2024	Total segments 2025	Total segments 2024	Holding and other Group companies 2025	Holding and other Group companies 2024	Consolidation 2025	Consolidation 2024	Total 2025	Total 2024
Shipments (Tto)	2,939,384	2,845,203	1,588,415	1,607,543	4,527,799	4,452,746	-	-	-	-	4,527,799	4,452,746
External sales	3,731,713	3,917,148	2,648,441	2,715,045	6,380,154	6,632,193	-	-	-	-	6,380,154	6,632,193
Gross profit	719,373	668,321	484,468	444,425	1,203,841	1,112,746	-	-	-	-	1,203,841	1,112,746
Gross profit margin (%)	19.3	17.1	18.3	16.4	18.9	16.8	-	-	-	-	18.9	16.8
Segment result (EBITDA)	180,081	149,326	-12,840	-34,871	167,241	114,455	-15,682	-3,381	-	-1,993	151,559	109,081
EBITDA before material special effects	177,591	153,925	-6,288	-17,838	171,303	136,088	67	2,177	-	-1,993	171,369	136,272
Income from investments	-	-	-	-	-	-	-1,565	-1,607	-	-	-1,565	-1,607
Earnings before interest and taxes (EBIT)	120,642	82,585	-71,639	-93,827	49,003	-11,242	-18,134	-6,704	-	-1,993	30,869	-19,939
Amortization and depreciation of intangible assets and property, plant and equipment	-59,439	-65,818	-57,873	-57,134	-117,311	-122,953	-2,452	-2,875	-	-	-119,763	-125,827
Impairments on intangible assets and property, plant and equipment	-	-923	-1,023	-1,872	-1,023	-2,795	-	-448	-	-	-1,023	-3,243
Impairment reversals on intangible assets and property, plant and equipment	-	-	97	50	97	50	-	-	-	-	97	50
Interest income	3,190	572	6,031	2,642	9,221	3,214	19,345	31,672	-21,787	-32,573	6,778	2,313
Interest expense	-36,716	-41,271	-23,453	-32,260	-60,169	-73,532	-15,541	-21,857	21,787	31,166	-53,923	-64,223
Earnings before taxes (EBT)	87,116	41,885	-89,061	-123,445	-1,945	-81,560	-15,895	1,503	-	-3,400	-17,840	-83,456
Income taxes	-26,225	-22,309	-8,987	-4,704	-35,212	-27,013	-335	-35,228	-	-	-35,546	-62,241
Other non-cash income/expenses	-	-	-1,782	-216	-1,782	-216	87	3	-	-	-1,695	-213
Net income from continuing operations	60,892	19,576	-98,048	-128,149	-37,156	-108,573	-16,230	-33,724	-	-3,400	-53,386	-145,698
Net income from discontinued operations	-	-	-	-47,571	-	-47,571	-	-	-	17,710	-	-29,861
Capital expenditure for intangible assets, property, plant and equipment and financial investments	-79,869	-57,512	-31,040	-51,587	-110,909	-109,099	-2,133	-2,757	-	-	-113,042	-111,856
Cash flow from operating activities – continuing operations	66,283	58,886	59,752	94,038	126,035	152,924	-16,505	7,285	-10	-	109,520	160,209
Cash flow from operating activities – discontinued operations	-	-	-	-45,504	-	-45,504	-	-	-	-	-	-45,504

(€ thousand)	Kloeckner Metals Americas December 31, 2025	Kloeckner Metals Americas December 31, 2024	Kloeckner Metals Europe December 31, 2025	Kloeckner Metals Europe December 31, 2024	Total segments December 31, 2025	Total segments December 31, 2024	Holding and other Group companies December 31, 2025	Holding and other Group companies December 31, 2024	Consolidation December 31, 2025	Consolidation December 31, 2024	Total December 31, 2025	Total December 31, 2024
Net Working Capital	650,819	742,241	524,399	622,129	1,175,218	1,364,370	-307	4,333	-	-	1,174,911	1,368,702
Employees at year-end (headcount)	3,041	3,109	3,256	3,174	6,297	6,283	203	224	-	-	6,500	6,507

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 income from investments, 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.

The net income from discontinued operations in the prior year related to the sale of the distribution business in France, Belgium, the Netherlands and the United Kingdom.

Non-current assets by country

Intangible assets, property, plant and equipment and investment property are broken down by country as follows:

(€ thousand)	2025	2024
USA	320,280	361,340
Mexico	180,142	173,781
Switzerland	335,568	319,721
Germany	141,377	147,013
Other countries	17,867	17,172
Total	**995,235**	**1,019,027**

36. Subsequent events

On January 15, 2026, the Management Board of Klöckner & Co SE resolved to divest the Becker Group (the Becker CGU). The Management Board of Klöckner & Co SE made this decision after a comprehensive analysis and evaluation of possible strategic options for the Becker Group. Through this step, Klöckner & Co intends to allow the Becker Group to contribute to the consolidation of the European industry under new ownership while strengthening the focus on higher value-added products and services.

Likewise on January 15, 2026, Klöckner & Co SE and Worthington Steel Inc., together with the latter's wholly owned subsidiary Worthington Steel GmbH (the "bidder", together with Worthington Steel, Inc. "Worthington Steel"), signed a business combination agreement. The objective of the agreement is, in the event of the successful consummation of a takeover offer by Worthington Steel, for the complementary alignment of the two companies to create the basis for sustainable growth and expand the footprint in Europe and North America. Worthington Steel supports Klöckner & Co's strategy of focusing on higher value-added products and services and is committed to the long-term development of the Group. The Management Board of Klöckner & Co acknowledges that Worthington Steel, after successful completion of the takeover offer, will examine the possibility of a squeeze-out, a domination and profit and loss transfer agreement and/or a delisting of the Company's shares from the regulated market of the Frankfurt Stock Exchange. Worthington Steel intends to provide sufficient funds to refinance certain financing agreements in the event of their termination due to a change of control. Furthermore, according to the business combination agreement, the Company's headquarters for the European business is to remain in Düsseldorf. The company is to be managed independently and under its own responsibility by the current Management Board. The size of the Supervisory Board is also to remain unchanged; following the completion of the takeover offer, Worthington Steel intends to be represented in the Supervisory Board in a manner which appropriately reflects the shareholding and role as strategic partner. According to the agreement, no closures of sites or plants are planned. Worthington Steel also does not intend to initiate any lay-offs or lasting changes to working conditions, collective agreements or works councils.

In addition, Worthington Steel notified Klöckner & Co on January 15, 2026 that SWOCTEM GmbH has entered into an irrevocable undertaking to the bidder to tender its entire stake of approximately 41.53% in Klöckner & Co SE into the takeover offer.

On February 5, 2026, Worthington Steel announced a voluntary public takeover offer for all outstanding shares of Klöckner & Co SE, offering €11.00 in cash per Klöckner share. The acceptance period for the takeover offer ends on March 12, 2026. In a response statement published on February 13, 2026, the Management Board and Supervisory Board of Klöckner & Co SE recommended that the public takeover offer be accepted.

According to the announcement pursuant to Section 23 para. 1 sentence 1 no. 1 of the German Securities Acquisitions and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – WpÜG), the total number of Klöckner & Co shares for which the takeover offer has been accepted as of February 25, 2026, 6:00 p.m. (local time Frankfurt am Main), plus the Klöckner Shares directly held by the Bidder as well as the instruments relating to voting rights from Klöckner Shares held by the Bidder, amounts to a total of 52,409,704 Klöckner & Co shares. This corresponds to approximately 52.54% of the share capital and voting rights of the Company at 6:00 p.m. (local time in Frankfurt am Main) on February 25, 2026. According to an announcement by the bidder, SWOCTEM GmbH has already tendered its entire stake of around 41.53% in Klöckner & Co into the takeover bid. With regard to developments after the preparation date, please refer to the bidder's further relevant publications.

The offer provides for a minimum acceptance rate of 65% and is subject to customary closing conditions, including regulatory approvals. According to Worthington Steel, the transaction is expected to be completed in the second half of calendar year 2026.

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:

	2025	
(€ thousand)	Total	thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Audit of financial statements	2,760	1,387
Other assurance services	145	145
Total	**2,905**	**1,532**

	2024	
(€ thousand)	Total	thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Audit of financial statements	2,771	1,400
Other assurance services	159	159
Total	**2,930**	**1,559**

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 2025 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 16, 2025. This Declaration of Conformity was updated on January 15, 2026. Both Declarations of Conformity have been made permanently publicly available to shareholders on the Klöckner & Co SE website.

Düsseldorf, March 4, 2026

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.

Düsseldorf, March 4, 2026

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, Düsseldorf, Germany

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, Düsseldorf (previously Duisburg), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, 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 management report of the company, for the fiscal year from January 1 to December 31, 2025.

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 published by the International Accounting Standards Board (hereinafter "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December, 2025, and of its financial performance for the fiscal year from 1 January to 31 December, 2025, 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 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 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 for audit of 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 2025. 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:

a) Matter and issue

b) Audit approach and findings

c) Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of intangible assets and property, plant and equipment

a) In the Company's consolidated financial statements intangible assets (excluding goodwill) amounting in total to €95.5 million (2.9% of total assets) and property, plant and equipment amounting in total to €810.1 million (24.7% 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 to which the assets are assigned 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 Austria recognized impairment losses on property, plant and equipment totaling €3.8 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 €82.9 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. As part of our audit, we also assessed the professional qualifications, objectivity and independence of the external experts. We also carried out our own calculations to determine the recoverable amount. We have examined whether the notes disclosures on impairment testing are complete and appropriate.

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 Management Board 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 (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, management is 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., accounting manipulation or asset misstatement) 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 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.

- 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 (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 assurance in accordance with section 317 (3a) HGB on the electronic reproduction of the consolidated financial statements and the Group management report prepared for publication purposes

Assurance Conclusion

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-konzernabschluss-2025-12-31-1-de.xbri 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 (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 2025 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 Conclusion

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 (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 (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 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 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 (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 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 (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 Commission Delegated Regulation (EU) 2019/815 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 auditor by the annual general meeting on 28 May 2025. We were engaged by the Supervisory Board on October 2, 2025. We have been the auditor of the Klöckner & Co SE, Düsseldorf, 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 (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 4, 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Antje Schlotter
Wirtschaftsprüferin (German public auditor)

Verena Polzer
Wirtschaftsprüferin (German public auditor)

Individual financial statements

of Klöckner & Co SE

Individual financial statements	**221**
Statement of income	221
Balance sheet	222
Movements in intangible assets, property, plant and equipment and non-current investments	223
Notes to the financial statements	224
Declaration of the Management Board	232
Independent Auditor's Report	233

Individual financial statements

Statement of income

for the 12-month period ending December 31, 2025

(€ thousand)	2025	2024
Sales	32,472	35,160
Other operating income	6,093	14,872
Cost of purchased services	-4,258	-5,195
Personnel expenses	-19,906	-15,104
Depreciation of intangible assets and property, plant and equipment	-222	-353
Other operating expenses	-24,125	-31,312
Income from participations	88,813	20,473
Income from profit transfer agreements	27	284
Other interest and similar income	17,718	31,838
Impairment of investments	-62,780	-5,028
Expenses from loss transfer agreements	-72,993	-104,358
Interest and similar expenses	-10,669	-15,862
Result before taxes	**-49,831**	**-74,584**
Income taxes	-1,512	-55
Net loss	**-51,344**	**-74,639**
Unappropriated profits carried forward	19,950	19,950
Dividends	-19,950	-19,950
Withdrawals from other revenue reserves	71,294	94,589
Unappropriated profits	**19,950**	**19,950**

Balance sheet

as of December 31, 2025

Assets

(€ thousand)	December 31, 2025	December 31, 2024
Property, plant and equipment	1,544	1,113
Non-current investments	818,782	881,562
Fixed assets	**820,326**	**882,675**
Trade receivables	-	6
Receivables from affiliated companies	220,644	268,513
Other assets	6,892	1,499
Cash and cash equivalents	6	18,393
Current assets	**227,542**	**288,411**
Prepaid expenses	1,879	2,463
Pension plan surplus	21,131	12,232
Total assets	**1,070,879**	**1,185,780**

Equity and liabilities

(€ thousand)	December 31, 2025	December 31, 2024
Equity		
Subscribed capital	249,375	249,375
Capital reserves	585,777	585,777
Other revenue reserves	59,169	130,462
Unappropriated profits	19,950	19,950
Equity	**914,270**	**985,564**
Provisions for taxes	1,794	1,808
Other provisions	12,715	14,768
Liabilities to banks	134,924	173,197
Trade payables	999	649
Liabilities to affiliated companies	5,804	4,283
Other liabilities	372	5,512
Total equity and liabilities	**1,070,879**	**1,185,780**

Movements in intangible assets, property, plant and equipment and non-current investments

as of December 31, 2025 (annex to the Notes)

	Intangible assets	Property, plant and equipment			Non-current investments	Fixed assets
(€ thousand)	Software	Buildings	Other equipment, operating and office equipment	Payments on account	Investments in affiliated companies	**Total**
Acquisition and manufacturing costs as of January 1, 2025	**1,548**	**28**	**1,547**	**795**	**959,288**	**963,208**
Additions	-	135	804	-	-	939
Reclassification	-	181	366	-547	-	-
Disposals	-492	-28	-982	-236	-11,037	-12,775
Acquisition and manufacturing costs as of December 31, 2025	**1,056**	**316**	**1,735**	**13**	**948,251**	**951,371**
Accumulated depreciation as of January 1, 2025	**-1,548**	**-28**	**-1,230**	**-**	**-77,726**	**-80,533**
Additions	-	-31	-192	-	-62,780	-63,003
Disposal depreciation	492	28	932	-	11,037	12,489
Accumulated depreciation as of December 31, 2025	**-1,056**	**-31**	**-489**	**-**	**-129,470**	**-131,046**
Fixed assets, net as of December 31, 2025	**-**	**286**	**1,246**	**13**	**818,782**	**820,326**

	Intangible assets	Property, plant and equipment			Non-current investments	Fixed assets
(€ thousand)	Software	Buildings	Other equipment, operating and office equipment	Payments on account	Investments in affiliated companies	**Total**
Acquisition and manufacturing costs as of January 1, 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 December 31, 2024	**1,548**	**28**	**1,547**	**795**	**959,288**	**963,208**
Accumulated depreciation as of January 1, 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 December 31, 2024	**-1,548**	**-28**	**-1,230**	**-**	**-77,726**	**-80,533**
Fixed assets, net as of December 31, 2024	**-**	**-**	**318**	**795**	**881,562**	**882,675**

Notes to the financial statements

For the 12-month period ending December 31, 2025

General information

Klöckner & Co SE & Co SE is the parent company of the Klöckner & Co Group and has its registered domicile in Düsseldorf, Germany. It is entered in the commercial register of Düsseldorf Local Court under HRB 109982.

Klöckner & Co SE is in charge of operating management of the Klöckner & 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, Klöckner & 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, 2025 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).

Klöckner & 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% (2024: 3.0%); for pension increases 2.4% for 2026, 2.1% for 2027 and 2.1% from 2028 (2024: pension increases of 3.5% for 2025, 2.6% for 2026 and 2.2% from 2027). The biometric parameters are based on the Prof. Dr. Klaus Heubeck 2018 G tables (2024: 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 2.06% (2024: 1.9%). 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.

Effective March 31, 2025, Klöckner & Co SE sold its interests in Kloeckner Metals Brasil Ltda, São Paulo, Brazil, from the Kloeckner Metals Americas segment. The sale resulted in a loss of €693 thousand, which was recognized in other operating expenses (prior year: loss of €11 million from the sale of the European steel distribution business).

Impairments of €56 million were recognized in the fiscal year on Becker Stahl-Service GmbH, Düsseldorf, Germany, and of €7 million on Kloeckner Metals Germany GmbH, Düsseldorf, Germany.

A listing of all equity investments is presented in the appendix.

Receivables and other assets

(€ thousand)	**December 31, 2025**	December 31, 2024
Trade receivables	-	6
Receivables from affiliated companies	220,644	268,513
Other assets	6,892	1,499
	227,536	270,018

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 €840 thousand (2024: €929 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 €119,138 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 €140,269 thousand leaves a surplus of plan assets of €21,131 thousand as of December 31, 2025.

The development of the prior-year figures is shown in the following table.

(€ thousand)	December 31, 2025	December 31, 2024
Settlement amount of pension commitments	119,138	126,586
Fair value of the security assets/reinsurance policy invested with the CTA	140,269	138,818
Excess of assets over pension obligations (excess of plan assets over pension liabilities)	**21,131**	**12,232**
Cost of guaranteed assets invested with CTA	102,135	109,179
Cost of pension liability insurance	28,976	29,638

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 €2,194 thousand as of December 31, 2025 (2024: positive difference of €920 thousand).

The expense in the reporting year from the unwinding of the discount on pension obligations was €2,331 thousand (2024: €2,276 thousand); the gain on remeasuring plan assets at fair value amounted to €5,414 thousand (2024: €7,893 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 €2,194 thousand as of December 31, 2025. 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 2025. 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:

(€ thousand)	December 31, 2025	December 31, 2024
Personnel-related	8,237	5,528
Outstanding invoices	3,534	3,420
Miscellaneous other provisions	944	5,819
	12,715	**14,768**

Liabilities

	December 31, 2025			December 31, 2024		
(€ thousand)	Up to 1 year	1 – 5 Years	Total	Up to 1 year	1 – 5 Years	Total
Liabilities to banks	120	134,804	134,924	3,197	170,000	173,197
Trade payables	999	-	999	649	-	649
Liabilities to affiliated companies	5,804	-	5,804	4,283	-	4,283
Miscellaneous liabilities	372	-	372	5,512	-	5,512
Liabilities	**7,295**	**134,804**	**142,099**	**13,641**	**170,000**	**183,641**

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 €120 thousand (2024: €1.504 thousand) in interest payable on the syndicated loan. The liabilities under the syndicated credit facility, which as of December 31, 2025 was drawn in the amount of €134,804 thousand (2024: €170,000 thousand), are uncollateralized.

Other liabilities include:

(€ thousand)	December 31, 2025	December 31, 2024
Tax liabilities	372	5,460
Miscellaneous other liabilities	-	52
Miscellaneous liabilities	**372**	**5,512**

Derivative financial instruments

The nominal values and fair values of the derivative financial instruments as of December 31, 2025 are as follows:

(€ million)	Nominal values	Fair values
Forward exchange contracts	85.6	-0.1

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 €764 thousand (December 31, 2024: €1,118 thousand). The total amount of these obligations is €9,367 thousand (December 31, 2024: €11,250 thousand).

Sales

Sales consist of goods or services provided to subsidiaries and relate to the following:

(€ thousand)	2025	2024
Group services rendered/intra-Group charges/rights-of-use granted	29,392	31,337
Service fees ABS program	1,972	1,039
Insurance	29	1,507
Rental income	-	639
Other revenue	1,079	638
Sales	**32,472**	**35,160**

Other operating income

Other operating income of €6,093 thousand includes income from on-charging to subsidiaries of €2,000 thousand, income from changes in interest rates of €2,269 thousand and income attributable to prior periods of €1,520 thousand (2024: income attributable to prior periods of €274 thousand).

Personnel expenses

(€ thousand)	2025	2024
Wages and salaries	18,049	13,656
Social security contributions	1,166	1,037
Retirement benefit cost	691	409
Welfare	1	3
	19,906	**15,104**

The rise wages and salaries is mainly due to the increase in earnings-based salary components. Personnel expenses in the fiscal year included expenses of €119 thousand (prior year: €200 thousand) for severance and furlough expenses.

Average number of employees over the year:

	2025	2024
Salaried employees	69	67
Wage earners	1	1
	70	**68**

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:

(€ thousand)	2025	2024
Fixed components	1,669	1,601
Annual bonus	2,126	1,991
Other remuneration	613	600
Total remuneration pursuant to Section 285 No. 9a HGB	**4,408**	**4,192**

German Commercial Code (HGB)-basis pension provisions for former Management Board members amount to €23,424 thousand (2024: €24,705 thousand). Pension payments to former members of the Management Board in the reporting year amounted to €813 thousand (2024: €813 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 2025 amounted to €648 thousand (2024: €644 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:

	2025	
(€ thousand)	Total	thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Audit of financial statements	1,031	1,031
Other assurance services	145	145
Total	**1,175**	**1,175**

	2024	
(€ thousand)	Total	thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Audit of financial statements	1,004	1,004
Other assurance services	159	159
Total	**1,163**	**1,163**

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 2025 half-year financial report.

The fees for other assurance services relate to other statutory or contractual audits.

Income from investments

(€ thousand)	2025	2024
Income from participations	88,813	20,473
Income from profit transfer agreements	27	284
Expenses from loss transfer agreements	-72,993	-104,358
Income from investments	**15,847**	**-83,602**

Income from investments relates to dividends from Klöckner USA Holding Inc., Wilmington, Delaware, USA, and Debrunner Koenig AG, St. Gallen, Switzerland (2024: Debrunner Koenig AG, St. Gallen, Switzerland.

The income from profit transfer agreements relates to agreements with Klöckner & Co Center of Excellence GmbH, Düsseldorf, Germany (2024: Klöckner & Co Center of Excellence GmbH, Düsseldorf, Germany).

In addition, losses were assumed in the reporting year as well as in the prior year for Becker Stahl-Service GmbH, Düsseldorf, Germany, kloeckner.i GmbH, Berlin, Germany, and kloeckner.v GmbH, Berlin, Germany.

Net interest income

(€ thousand)	2025	2024
Other interest and similar income		
– Affiliated companies	14,097	26,050
– Other interest and similar income	3,621	5,788
	17,718	31,838
Interest and similar expenses		
– Affiliated companies	-2,460	-2,157
– Other interest and similar expenses	-8,209	-13,705
	-10,669	-15,862
	7,049	**15,976**

The decline in interest income and expense is the result of lower average interest rates over the year. In addition, the annual average drawings on Group financing by the subsidiaries were lower than in the prior year. Accordingly, drawings on the credit line under the syndicated loan were also down on the prior year.

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 €20,369 thousand (2024: €24,534 thousand) comprising deductible temporary differences in the amount of €21,210 thousand (2024: €25,193 thousand) less taxable temporary differences in the amount of €840 thousand (2024: €658 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 31.6% (2024: 31.9%) for corporate income tax, solidarity surcharge and trade tax.

Contingent liabilities

Klöckner & Co SE's contingent liabilities consist of guarantees and sureties relating to underlying transactions with an outstanding principal amount of €27.5 million (2024: €24.3 million). They primarily relate to loans of domestic and foreign Group companies and to credit support granted to ensure financing and to provide bank guarantee instruments such as surety bonds and letters of credit.

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 January 15, 2026, the Management Board of Klöckner & Co SE resolved to divest the Becker Group (the Becker CGU). The Management Board of Klöckner & Co SE made this decision after a comprehensive analysis and evaluation of possible strategic options for the Becker Group. Through this step, Klöckner & Co intends to allow the Becker Group to contribute to the consolidation of the European industry under new ownership while strengthening the focus on higher value-added products and services.

Likewise on January 15, 2026, Klöckner & Co SE and Worthington Steel Inc., together with the latter's wholly owned subsidiary Worthington Steel GmbH (the "bidder", together with Worthington Steel, Inc. "Worthington Steel"), signed a business combination agreement. The objective of the agreement is, in the event of the successful consummation of a takeover offer by Worthington Steel, for the complementary alignment of the two companies to create the basis for sustainable growth and expand the footprint in Europe and North America. Worthington Steel supports Klöckner & Co's strategy of focusing on higher value-added products and services and is committed to the long-term development of the Group. The Management Board of Klöckner & Co acknowledges that Worthington Steel, after successful completion of the takeover offer, will examine the possibility of a squeeze-out, a domination and profit and loss transfer agreement and/or a delisting of the Company's shares from the regulated market of the Frankfurt Stock Exchange. Worthington Steel intends to provide sufficient funds to refinance certain financing agreements in the event of their termination due to a change of control. Furthermore, according to the business combination agreement, the Company's headquarters for the European business is to remain in Düsseldorf. The company is to be managed independently and under its own responsibility by the current Management Board. The size of the Supervisory Board is also to remain unchanged; following the completion of the takeover offer, Worthington Steel intends to be represented in the Supervisory Board in a manner which appropriately reflects the shareholding and role as strategic partner. According to the agreement, no closures of sites or plants are planned. Worthington Steel also does not intend to initiate any lay-offs or lasting changes to working conditions, collective agreements or works councils.

In addition, Worthington Steel notified Klöckner & Co on January 15, 2026 that SWOCTEM GmbH has entered into an irrevocable undertaking to the bidder to tender its entire stake of approximately 41.53% in Klöckner & Co SE into the takeover offer.

On February 5, 2026, Worthington Steel announced a voluntary public takeover offer for all outstanding shares of Klöckner & Co SE, offering €11.00 in cash per Klöckner share. The acceptance period for the takeover offer ends on March 12, 2026. In a response statement published on February 13, 2026, the Management Board and Supervisory Board of Klöckner & Co SE recommended that the public takeover offer be accepted.

According to the announcement pursuant to Section 23 para. 1 sentence 1 no. 1 of the German Securities Acquisitions and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – WpÜG), the total number of Klöckner & Co shares for which the takeover offer has been accepted as of February 25, 2026, 6:00 p.m. (local time Frankfurt am Main), plus the Klöckner Shares directly held by the Bidder as well as the instruments relating to voting rights from Klöckner Shares held by the Bidder, amounts to a total of 52,409,704 Klöckner & Co shares. This corresponds to approximately 52.54% of the share capital and voting rights of the Company at 6:00 p.m. (local time in Frankfurt am Main) on February 25, 2026. According to an announcement by the bidder, SWOCTEM GmbH has already tendered its entire stake of around 41.53% in Klöckner & Co into the takeover bid. With regard to subsequent events after the preparation date, please refer to the bidder's further relevant publications.

The offer provides for a minimum acceptance rate of 65% and is subject to customary closing conditions, including regulatory approvals. According to Worthington Steel, the transaction is expected to be completed in the second half of calendar year 2026.

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 25, 2026. 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 16, 2025. This Declaration of Conformity was updated on January 15, 2026. Both Declarations of Conformity have been made permanently publicly available to shareholders on the Klöckner & Co SE website.

Düsseldorf, March 4, 2026

Klöckner & Co SE
Management Board

Guido Kerkhoff
Chief Executive Officer (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.

Düsseldorf, March 4, 2026

Management Board

Guido Kerkhoff
Chief Executive Officer (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, Düsseldorf, Germany

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, Düsseldorf (formerly Duisburg), which comprise the balance sheet as at December 31, 2025, and the statement of income for the fiscal year from January 1 to December 31, 2025, and notes to the financial statements, including the recognition and measurement policies presented therein. 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 January 1 to December 31, 2025.

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 2025 and of its financial performance for the financial year from 1 January to 31 December 2025 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 § 322 (3) 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 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 and principles 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 2025. 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 €818.8 million (76.5% 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 €56.2 million for Becker Stahl-Service GmbH, Düsseldorf, Germany and €6.6 million for Kloeckner Metals Germany, Düsseldorf, Germany 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 group statement on corporate governance pursuant to § 289f and § 315d HGB included in section "7. Corporate Governance Statement"
- 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 management and the Supervisory Board for the 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 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.

- 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 assurance in accordance with Section 317 (3a) HGB on the electronic reproduction of the annual financial statements and the management report prepared for publication purposes

Assurance Conclusion

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-einzelabschluss-2025-12-31-0-de.xhtml 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 (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 2025 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 Conclusion

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 (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 (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 (1) sentence 4 no. 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 (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 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 (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 May 28, 2025. We were engaged by the Supervisory Board on October 2, 2025. We have been the auditor of Klöckner & Co SE without interruption since fiscal 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 (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 4, 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Antje Schlotter
Wirtschaftsprüferin (German public auditor)

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	Held by entity no.	Currency	Equity in euro[1)]	Net income in euro[1)]		Sales in euro[1)]
1	Klöckner & Co SE, Düsseldorf (formerly: Duisburg) /Germany	-	-		-	-		-
I.	**Consolidated affiliated companies**							
2	Klöckner & Co Center of Excellence GmbH, Düsseldorf/Germany	100.00	1	EUR	377,900	186,492		-
3	Klöckner & Co Financial Services S.A., Luxembourg/Luxembourg	100.00	1	EUR	4,242,192	43,414		-
4	XOM Materials GmbH, Berlin/Germany	100.00	1	EUR	487,684	40,496		-
5	kloeckner.i GmbH, Berlin/Germany	100.00	1	EUR	932,453	-976,177		-
6	kloeckner.v GmbH, Berlin/Germany	100.00	1	EUR	3,113,724	-2,473,075		-
7	Kloeckner Metals Germany GmbH, Düsseldorf/Germany	100.00	1	EUR	54,785,799	-26,514,739		618,064,840
8	Ambo Stahl GmbH, Cologne/Germany	100.00	7	EUR	4,122,236	784,792		3,904,949
9	Klöckner Stahl and Metall Ges.m.b.H., Vienna/Austria	100.00	7	EUR	2,225,242	-6,191		-
10	Kloeckner Metals Austria GmbH & Co KG, Vienna/Austria	51.00	9	EUR	12,267,619	317,719		138,296,553
11	ODS Metering Systems B.V., Rotterdam/The Netherlands	100.00	1	EUR	27,130,957	11,614,184		37,355,609
12	ODS Belgium B.V., Essen/Belgium	80.00	11	EUR	1,556,182	494,252		10,163,361
13	ODS Metering Systems Asia Pacific Pte. Ltd., Singapore/Singapore	100.00	11	EUR	256,410	13,874		-
14	ODS Middle East FZE, Dubai/United Arab Emirates	100.00	11	EUR	4,845,727	-2,711,312		4,226,981
15	ODS Saudi Co. LLC, City of Dammam/Saudi Arabia	100.00	11	EUR	17,591,244	12,457,255		56,422,487
16	ODS do Brasil Sistemas de Medicao Ltda., Campinas, State of São Paulo/Brazil	100.00	11	EUR	226,567	2,325,858		9,649,240
17	ODS for Maintenance, City of Dammam/Saudi Arabia	100.00	15	EUR	22,695	-		-
18	Becker Stahl-Service GmbH, Düsseldorf/Germany	100.00	1	EUR	108,376,285	-543,978		540,894,320
19	Becker Aluminium-Service GmbH, Düsseldorf/Germany	100.00	18	EUR	295,749	-280,780		128,154,195
20	Becker Stainless GmbH, Düsseldorf/Germany	100.00	18	EUR	619,522	-23,715		-
21	Umformtechnik Stendal GmbH, Stendal/Germany	100.00	18	EUR	4,222,189	-		20,184,923
22	Becker Stainless Center GmbH, Süßen/Germany	100.00	20	EUR	820,456	138,886		112,328,888
23	Debrunner Koenig AG, St. Gallen/Switzerland	100.00	1	EUR	349,388,488	1,183,663		-
24	BEWETEC AG, St. Gallen/Switzerland	100.00	23	EUR	100,142,181	-4,518,704		183,539,481
25	Debrunner Acifer AG, St. Gallen/Switzerland	100.00	23	EUR	264,091,556	-5,752,392		627,908,790
26	Debrunner Acifer Bewehrungen AG, St. Gallen/Switzerland	100.00	23	EUR	42,370,005	-5,466,847		132,953,279
27	Debrunner Bewehrungstechnik AG, St. Gallen/Switzerland	100.00	23	EUR	4,890,060	6,681,632		39,949,920
28	Debrunner Metallservice AG, St. Gallen/Switzerland	100.00	23	EUR	21,035,446	-2,659,005		108,534,667

No.	Entity	Interest in percent	Held by entity no.	Currency	Equity in euro[1)]	Net income in euro[1)]		Sales in euro[1)]
29	Müller Wüst AG, St. Gallen/Switzerland	100.00	23	EUR	3,487,540	180,223		984,793
30	PC-Tech S.A., Penthalaz/Switzerland	100.00	23	EUR	3,577,317	-1,170,553		1,577,419
31	Simfloc AG, Frauenkappelen/Switzerland	100.00	23	EUR	684,809	-91,941		1,297,899
32	Klöckner USA Holding Inc., Wilmington, Delaware/United States of America	100.00	1	EUR	62,705,833	-3,284		-
33	Kloeckner Metals Corporation, Wilmington, Delaware/United States of America	100.00	32	EUR	812,614,468	64,527,844		2,937,290,614
34	Amerinox Processing, Inc., Camden, New Jersey/United States of America	100.00	33	EUR	8,031,686	-699,046		9,457,480
35	California Steel and Tube LLC, Wilmington, Delaware/United States of America	100.00	33	EUR	28,048,856	1,105,071		29,071,905
36	International Machinery Sales, Inc., Lancaster, South Carolina/United States of America	100.00	33	EUR	41,453,300	446,333		21,414,445
37	Kloeckner Metals P.R., Inc., Wilmington, Delaware/United States of America	100.00	33	EUR	1,234,825	-352,868		2,042,877
38	Kloeckner Metals Relief Fund, Inc., Wilmington, Delaware/United States of America	100.00	33	EUR	155,271	17,959		-
39	Kloeckner Metals Service Center de Mexico, S. de R.L. de C.V., Monterrey, Nuevo Leon/Mexico	99.97	33	EUR	319,270,034	22,572,464		493,287,751
		0.03	32	EUR	-	-		-
40	Kloeckner Metals de Mexico S.A. de C.V., Monterrey, Nuevo Leon/Mexico	100.00	33	EUR	33,476,947	-2,612,965		169,406,827
41	Kloeckner Specialty Metals de Mexico, S. de R.L. de C.V., San Nicolas de los Garza, Nuevo Leon/Mexico	100.00	39	EUR	39,378,193	-3,409,373		70,058,205
42	NMML Asia, Limited, Hong Kong/Hong Kong	100.00	41	EUR	3,365,646	-71,035		-

1) IFRS HBII amounts.

Subsidiary listing according to Sections 285 No. 11/313 (2) German Commercial Code (HGB)

No.	Entity	Interest in percent	Held by entity no.	Currency	Equity in euro[1)]	Net income in euro[1)]		Sales in euro[1)]
II.	**Non-consolidated affiliated companies**							
43	Umformtechnik Stendal UTS s.r.o., Skalica/Slovakia	100.00	21	EUR	156,249	25,031	[2)]	42,864
44	Kloeckner Acquisitions, LLC, Wilmington, Delaware/United States of America (dormant company)	100.00	33	EUR	-	-		-
III.	**Associates**							
45	Birs-Stahl AG, Birsfelden, Switzerland	50.00	25	EUR	861,259	11,606	[2)]	1,377,440

2) Based on report as of December 31, 2024.

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/Germany
- kloeckner.i GmbH, Berlin/Germany
- kloeckner.v GmbH, Berlin/Germany
- Kloeckner Metals Germany GmbH, Düsseldorf/Germany
- XOM Materials GmbH, Berlin/Germany
- Ambo Stahl GmbH, Cologne/Germany
- Becker Stahl-Service GmbH, Düsseldorf/Germany
- Becker Aluminium-Service GmbH, Düsseldorf/Germany
- Becker Stainless GmbH, Düsseldorf/Germany
- Umformtechnik Stendal GmbH, Stendal/Germany
- Becker Stainless Center GmbH, Süßen/Germany

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 (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 Acquisition/disposal of shares with voting rights	41.53% (41,428,687) indirect (Sec. 34 WpHG)	0.00%	41.53% [1]
		Name(s) of shareholder(s) holding directly 3% or more voting rights: SWOCTEM GmbH, Rudolf-Loh-Straße 1, 35708 Haiger. For the full chain of controlled undertakings stated in the notification, please see our publication of February 5, 2024 pursuant to Section 40 (1) WpHG.		
Rossmann Beteiligungs GmbH Burgwedel, Germany	January 16, 2026 Acquisition/disposal of shares with voting rights	0.00% (0)	0.80% Sec. 38 (1) No. 1 WpHG: 0.80% (800,000)	0.80% [1]
The Goldman Sachs Group, Inc. Wilmington, DE, United States	January 21, 2026 Acquisition/disposal of instruments	3.25% (3,240,653) indirect (Sec. 34 WpHG)	1.99% Sec. 38 (1) No. 1 WpHG: 1.89% (1,883,023) Sec. 38 (1) No. 2 WpHG: 0.10% (102,691)	5.24% [1]
		Name(s) of shareholder(s) holding directly 3% or more voting rights: Goldman Sachs International. For the full chain of controlled undertakings stated in the notification, please see our publication of January 27, 2026 pursuant to Section 40 (1) WpHG.		
JPMorgan Chase & Co. Wilmington, DE, United States	February 2, 2026 Acquisition/disposal of shares with voting rights	5.05% (5,033,487) indirect (Sec. 34 WpHG)	0.84% Sec. 38 (1) No. 1 WpHG: 0.48% (478,566) Sec. 38 (1) No. 2 WpHG: 0.36% (357,268)	5.88% [1]
		Name(s) of shareholder(s) holding directly 3% or more voting rights: J.P. Morgan Securities plc. For the full chain of undertakings stated in the notification, please see our publication of February 6, 2026 pursuant to Section 40 (1) WpHG.		

Notifier	Date on which threshold was crossed or reached Reason for notification	Total positions		
		% of voting rights attached to shares (absolute) Attribution provision (Sec. 33, 34 WpHG)	% of voting rights through instruments (absolute) (Sec. 38 WpHG)	Total of both in % (absolute) (Sec. 39 WpHG)
Worthington Steel, Inc. Columbus, USA	February 10, 2026 Expiration of instruments due to fulfillment of irrevocable undertaking to accept as part of with a public takeover offer	7.79% (7,769,515) indirect (Sec. 34 WpHG)	0.00%	7.79% [1]
		Name(s) of shareholder(s) holding directly 3% or more voting rights: Worthington Steel GmbH. For the full chain of controlled undertakings stated in the notification, please see our publication of February 11, 2026 pursuant to Section 40 (1) WpHG.		
DWS Investment GmbH Frankfurt am Main, Germany	February 23, 2026 Equity collateral received	6.86% (6,841,951) indirect (Sec. 33 WpHG)	0.12% Sec. 38 (1) No. 1 WpHG: 0.12% (115,000)	6.97% [1]

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 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 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 Board[1)]
- HSBC Continental Europe S.A., Germany branch, Member of the Advisory Board[1)]

Dr. Ralph Heck, Deputy Chairman
Director Emeritus McKinsey & Company, Meggen, Switzerland

- Adolf Würth GmbH & Co. KG, Member of the Advisory Board[1)]
- Formel D GmbH, Chairman of the Advisory Board[1)] (until December 31, 2025)

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
CEO of Gerresheimer AG, Düsseldorf, Germany

- Constantia Flexibles GmbH, Member of the Supervisory Board[1)] (since January 1, 2025)
- Röchling SE & Co. KG, Member of the Advisory Board[1)] (since May 24, 2025, dormant since November 1, 2025)

Dagmar Steinert
CFO of Wienerberger AG, Vienna, Austria

- 4iG Nyrt., Member of the Supervisory Board[1)] (until January 9, 2025)

[1] Membership in similar corporate Supervisory Bodies in Germany and abroad as defined by Section 125 German Stock Corporations Act (AktG).

Services

Disclaimer	247
Financial calendar	248
Contact/Imprint	248

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 11, 2026	**Annual Financial Statements 2025**
May 6, 2026	**Q1 quarterly statement 2026**
May 20, 2026	**2026 Annual General Meeting**
August 5, 2026	**Half-year financial report 2026**
November 4, 2026	**Q3 quarterly statement 2026**

Contact/Imprint

Contact

Klöckner & Co SE

INVESTOR RELATIONS
Telephone: +49 211 88245-468
Email: ir@kloeckner.com

CORPORATE COMMUNICATIONS
Telephone: +49 211 88245-360
Email: pr@kloeckner.com

Imprint

Publisher
KLÖCKNER & CO SE
Peter-Müller-Straße 24
40468 Düsseldorf
Germany
Telephone: +49 211 88245-0
Telefax: +49 211 88245-900
Email: info@kloeckner.com
HTTPS://WWW.KLOECKNER.COM/

Support in Workiva
RYZE Digital
HTTPS://WWW.RYZE-DIGITAL.DE/

Photography
Frank Beer, Düsseldorf

klöckner & co Your partner for a sustainable tomorrow

Peter-Müller-Strasse 24
40468 Düsseldorf
Germany
Telephone: +49 211 88245-0
Telefax: +49 211 88245-900
Email: info@kloeckner.com
www.kloeckner.com