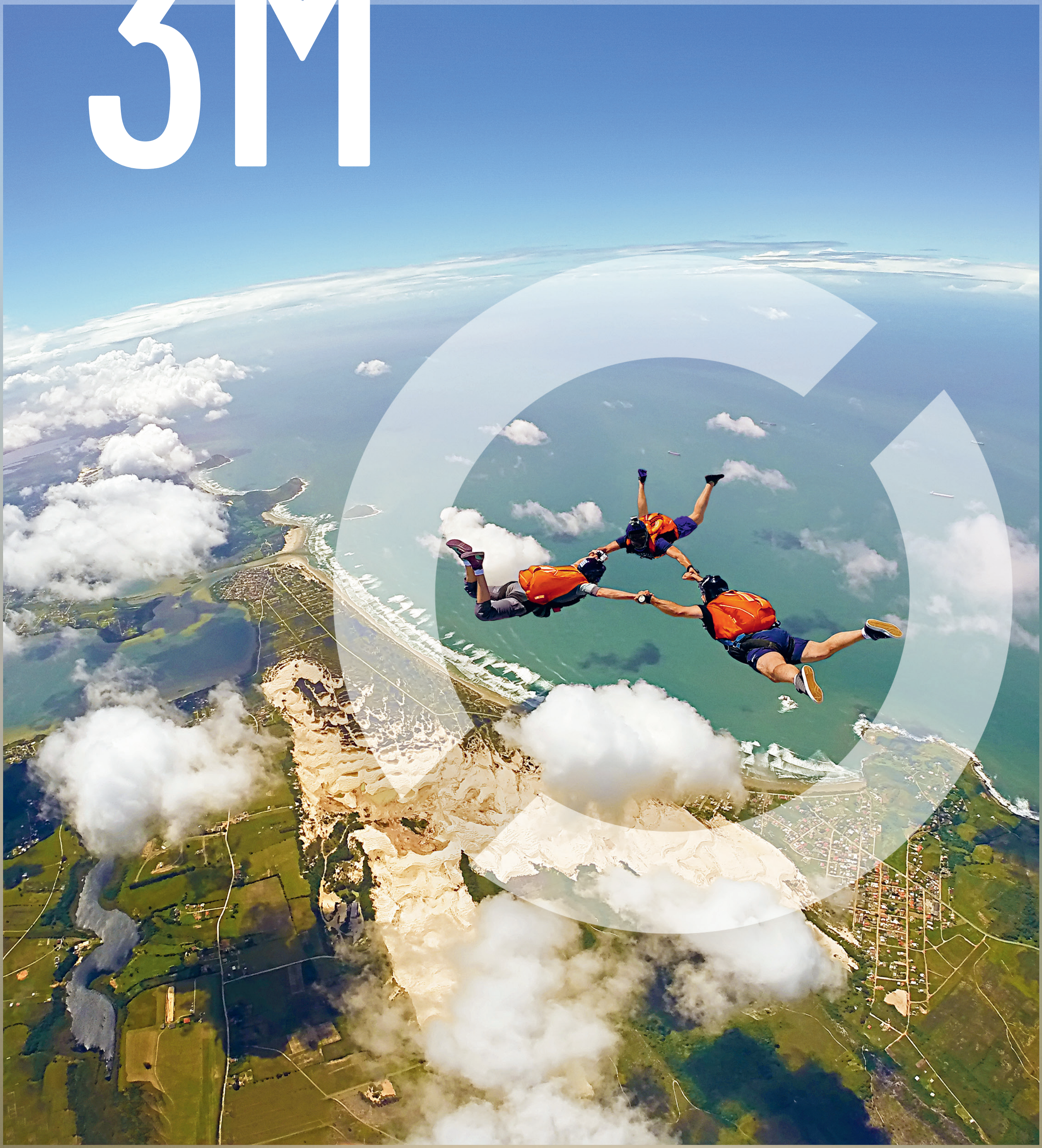
QUARTERLY STATEMENT
3 MONTHS 2024

3M



SALZGITTER AG
People, Steel and Technology

TABLE OF CONTENTS

THE SALZGITTER GROUP IN FIGURES

		Q1 2024	Q1 2023	+/-
Crude steel production	kt	1,678.6	1,584.5	94.1
External sales	€ m	2,677.9	2,982.5	-304.7
Steel Production Business Unit	€ m	932.0	1,038.8	-106.8
Steel Processing Business Unit	€ m	436.0	562.0	-126.0
Trading Business Unit	€ m	836.3	918.2	-81.9
Technology Business Unit	€ m	425.4	420.4	5.0
Industrial Participations / Consolidation	€ m	48.1	43.1	5.0
EBIT before depreciation and amortization (EBITDA)	€ m	126.4	290.0	-163.6
Steel Production Business Unit	€ m	43.1	135.6	-92.5
Steel Processing Business Unit	€ m	-0.8	100.1	-101.0
Trading Business Unit	€ m	12.1	3.4	8.7
Technology Business Unit	€ m	38.2	27.2	10.9
Industrial Participations / Consolidation	€ m	33.9	23.7	10.2
Earnings before interest and taxes (EBIT)	€ m	45.2	214.2	-169.0
Earnings before taxes (EBT)	€ m	17.2	183.7	-166.5
Steel Production Business Unit	€ m	-17.8	79.8	-97.6
Steel Processing Business Unit	€ m	-18.1	81.7	-99.7
Trading Business Unit	€ m	3.8	-5.2	9.0
Technology Business Unit	€ m	29.5	19.6	9.9
Industrial Participations / Consolidation	€ m	19.8	7.7	12.0
Consolidated result	€ m	15.0	140.5	-125.5
Earnings per share – basic	€	0.24	2.57	-2.33
Return on capital employed (ROCE)[1]	%	2.6	12.6	-10.0
Cash flow from operating activities	€ m	-142.6	167.0	-309.5
Investments[2]	€ m	108.3	119.3	-11.0
Depreciation / amortization[2,3]	€ m	-81.2	-75.8	-5.3
Total assets	€ m	10,607.4	11,186.9	-579.5
Non-current assets	€ m	4,594.2	4,559.3	34.9
Current assets	€ m	6,013.1	6,627.6	-614.5
Equity	€ m	4,835.3	4,968.8	-133.5
Liabilities	€ m	5,772.0	6,218.0	-446.0
Non-current liabilities	€ m	2,333.7	2,711.3	-377.6
Current liabilities	€ m	3,438.3	3,506.8	-68.5
of which due to banks[4]	€ m	633.1	727.7	-94.6
Net financial position on the reporting date[5]	€ m	-450.8	-498.1	47.3
Employees				
Personnel expenses	€ m	-501.0	-465.2	-35.8
Core workforce on the reporting date[6]	Empl.	23,396	22,705	691
Total workforce on the reporting date[7]	Empl.	25,253	24,529	724

Disclosure of financial data in compliance with IFRS

[1] Annualized

[2] Excluding financial assets

[3] Scheduled and unscheduled write-downs

[4] Current and non-current bank liabilities

[5] Including investments, e.g. securities and structured investments

[6] Excl. trainee contracts and excl. non-active age-related part-time work

[7] Incl. trainee contracts and incl. non-active age-related part-time work

PROFITABILITY, FINANCIAL POSITION AND NET ASSETS

PROFITABILITY OF THE GROUP

		Q1 2024	Q1 2023
Crude steel production	kt	1,678.6	1,584.5
External sales	€ m	2,677.9	2,982.5
EBIT before depreciation and amortization (EBITDA)	€ m	126.4	290.0
Earnings before interest and taxes (EBIT)	€ m	45.2	214.2
Earnings before taxes (EBT)	€ m	17.2	183.7
Consolidated result	€ m	15.0	140.5
Return on capital employed (ROCE)[1]	%	2.6	12.6
Investments	€ m	108.3	119.3
Depreciation / amortization	€ m	–81.2	–75.8
Cash flow from operating activities	€ m	–142.6	167.0

[1] Annualized

In the first quarter 2024 that was impacted by the ailing economy, the **Salzgitter Group** delivered earnings before interest, taxes, depreciation and amortization of € 126.4 million (Q1 2023: € 290.0 million) and a pre-tax profit of € 17.2 million (Q1 2023: € 183.7 million). The result was mainly driven by the Technology Business Unit that delivered an extremely satisfactory quarterly result, as well as by a contribution from Aurubis AG (23,9 Mio. €; Q1 2023: € 29.3 million), an investment included at equity (IFRS accounting). Conversely, the steel-related business units were burdened by Europe's very downbeat economic trend, above all in Germany. Due to prices declining compared with the year-earlier period, the Salzgitter Group's external sales dropped notably to € 2.68 billion (Q1 2023: € 2.98 billion). The after-tax result came in at € 15.0 million (Q1 2023: € 140.5 million), which brings basic earnings per share to € 0.24 (Q1 2023: € 2.57). The return on capital employed (ROCE) stood at 2.6 % (Q1 2023: 12.6 %). The equity ratio posts a very sound 45.6 % (Q1 2023: 44.4 %).

SPECIAL ITEMS

	EBT		Restructuring		Impairment / Reversal of impairment		Other		EBT without special items	
In € million	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Steel Production	–17.8	79.8	–	–	–	–	–	–	–17.8	79.8
Steel Processing	–18.1	81.7	–	–	–	–	–	–	–18.1	81.7
Trading	3.8	–5.2	–	–	–	–	–	–	3.8	–5.2
Technology	29.5	19.6	–	–	–	–	–	–	29.5	19.6
Industrial Participations / Consolidation	19.8	7.7	–	–	–	–	–	–	19.8	7.7
Group	17.2	183.7	–	–	–	–	–	–	17.2	183.7

BUSINESS UNIT PERFORMANCE

STEEL PRODUCTION BUSINESS UNIT

		Q1 2024	Q1 2023
Order intake[1]	kt	1,318.5	1,355.7
Order backlog on reporting date[1]	kt	1,127.2	1,071.8
Crude steel production	kt	1,364.5	1,273.7
Salzgitter Flachstahl	kt	1,104.2	1,027.2
Peiner Träger	kt	260.2	246.5
Rolled steel production	kt	1,184.2	1,124.3
Salzgitter Flachstahl	kt	957.0	909.3
Peiner Träger	kt	227.2	215.0
Shipments	kt	1,446.6	1,448.6
Segment sales[1]	€ m	1,271.5	1,413.6
External sales	€ m	932.0	1,038.8
EBIT before depreciation and amortization (EBITDA)	€ m	43.1	135.6
Earnings before interest and taxes (EBIT)	€ m	–3.4	94.0
Earnings before taxes (EBT)	€ m	–17.8	79.8

[1] Including sales with other business units in the Group

Along with the two steel producing companies of Salzgitter Flachstahl GmbH (SZFG) and Peiner Träger GmbH (PTG), the **Steel Production Business Unit** also comprises DEUMU Deutsche Erz- und Metall-Union GmbH (DMU) as an important internal transformation partner for our ↗ SALCOS® – Salzgitter Low CO_2 Steelmaking decarbonization program. Furthermore, the business unit includes the companies of Salzgitter Mannesmann Stahlservice GmbH (SMS) and Salzgitter Europlatinen GmbH (SZEP). The product range of the business unit comprises hot-rolled strip, galvanized and coated cold-rolled strip, sections and laser-welded tailored blanks, among other products.

MARKET DEVELOPMENT

The start of the year saw business rebound slightly on the **strip steel market**, which was initially reflected in spot market prices rising again and peaking temporarily for the year at the end of February 2024. Since then, prices for short-term business have steadily trended up, resulting in the market situation remaining tight. The reasons are to be found in demand and supply-related factors: The demand for steel was seen to recover in the period under review while nevertheless hugging a very low level. This stable but relatively weak demand is juxtaposed to global excess steel production capacities. China's ailing construction industry in particular has resulted in exports to non-EU countries, which, in turn, feed into redirections of trade flows and ultimately result in higher volumes being available on the EU market. This has weakened the market position of domestic steelworks further against the backdrop of slack demand.

Demand on the **sections market** also settled at a low but stable level in the first quarter of 2024. Steel construction companies attempted to stop the gaps in their capacity utilization with orders destined for short-term delivery, a move that was, however, only partially successful due to the postponement of many large-scale projects. This scenario frequently triggered spontaneous bookings with producers, thereby enabling at least short-term production capacity utilization. Since the sales of the stockholding steel trade proved to be significantly weaker than expected, price pressure increased considerably in the period under review and remained high even after producers had reduced their prices.

PROCUREMENT

IRON ORE

Through to mid-February 2024, the price of iron ore moved in a range of between 126 and 144 USD / dmt. As the Chinese real estate market, the country's greatest consumer of steel, remained in the doldrums, and the production problems customary of the time of the year in Brazil and Australia were contained during the first quarter of 2024, there was no reason for the high price level from a fundamental standpoint. Instead, the development rather more revealed the rising influence of financial investors. In the meantime, for instance, four times more iron ore is traded on the financial market than on a physical basis. Since the anticipated recovery following the end of the Chinese New Year was much less pronounced than expected, the index fell significantly over the rest of the quarter and had settled only just above the 100 USD / dmt mark by the end of March. Compared with the year-earlier period, the price quoted dropped by 1.6 % to an average of 123.56 USD / dmt.

COKING COAL

As in previous years, bad weather warnings in Australia sent prices up initially at the start of 2024. At the beginning of February, the benchmark price declined to a level of 320 USD / t, also for reason of the steel market's weaker outlook. At the end of the rainy season in Australia, the benchmark price slipped by almost 80 USD / t within the space of a few weeks and settled at just shy of 245 USD / t at the end of March. In a year-on-year comparison, the benchmark price shed 10.3 % to an average 308.38 USD / t.

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

STEEL SCRAP

In the first quarter of 2024, Germany's scrap market rebounded initially on the back of rising demand from many German steelworks. Against the backdrop of a shortage in old scrap and brisk international demand for old and new scrap, prices rose slightly in the first two months, depending on the grade. The start of March saw an end to the price uptrend due to weaker demands, with the scrap price subsequently settling roughly around the level seen at the start of the year. At the last count, the deep sea export market was also displaying slight interest in purchasing scrap.

BUSINESS DEVELOPMENT

The **order intake** of the Steel Production Business Unit dropped slightly below the year-earlier level due above all to the decline sustained by the strip steel segment. By contrast, **orders on hand** exceeded the previous year's period thanks to the notable increase in sections. The business unit's **crude** and **rolled steel production** also outperformed the year-earlier figures. While **shipments** approximated the level of the first three months of 2023, **segment** and **external sales** declined discernibly. Despite higher shipment volumes, sales in the sections business dropped off significantly due to lower selling prices, and the downturn in selling prices also caused sales to decline notably in the strip steel segment compared with the first three months of 2023. Accordingly, the Steel Production Business Unit generated **EBITDA** of € 43.1 million (Q1 2023: 135.6 € million) and € –17.8 million **in earnings before taxes** (Q1 2023: 79.8 € million). Despite lower scrap prices and energy costs, PTG's result discernibly underperformed the year-earlier period and SZFG also did not match the previous year's profit either, principally due to lower selling prices. With the exception of SMS, whose results improved compared with the first three months of 2023, all the other companies fell short of the previous year's figures.

INVESTMENTS

After a complete upgrade which took somewhat more than 100 days, Blast Furnace A in Salzgitter was fired back up again in December 2023 and recommissioned. The performance test was conducted on the blast furnace in the first quarter of 2024. In relining the blast furnace, the Salzgitter Group has completed an important operational step in securing the pig iron basis for the incremental transformation phase toward low carbon steel production in the context of SALCOS®.

SALCOS®

Our SALCOS® transformation program is aimed at fully converting the integrated steelworks into low carbon crude steel production in stages over the period up until 2033. As part of the first stage of development, an electrolyzer, a direct reduced iron (DRI) plant and an electric arc furnace are to be built. All facility components have been awarded to a plant engineering company and are in the manufacturing and construction phase. Ultimately, in 2026, SZFG will be operating on the market with products produced via the SALCOS® route. After the respective ramping up phase, the new facilities will be capable of producing 1.9 million tons of low carbon crude steel a year, thereby replacing a blast furnace and a converter.

Through to the end of 2026, we will be investing approximately € 2.3 billion in the first stage of transforming primary steel production. In this first stage, SALCOS® will be supported by funds of around € 700 million from the German government and € 300 million from the federal state. Together with funds from the Group of around € 1.3 billion, financing the first stage of SALCOS® has been secured.

STEEL PROCESSING BUSINESS UNIT

		Q1 2024	Q1 2023
Order intake	€ m	462.5	702.5
Order backlog	€ m	767.4	1,020.2
Crude steel production	kt	314.1	310.8
Rolled steel production	kt	268.2	276.2
Shipments	kt	349.0	433.1
Segment sales[1]	€ m	686.7	867.3
External sales	€ m	436.0	562.0
EBIT before depreciation and amortization (EBITDA)	€ m	−0.8	100.1
Earnings before interest and taxes (EBIT)	€ m	−13.8	86.4
Earnings before taxes (EBT)	€ m	−18.1	81.7

[1] Including sales with other business units in the Group

The companies producing steel tubes and pipes and the Salzgitter Group's heavy plate activities are combined under the **Steel Processing Business Unit**. The pipes and tubes portfolio covers a wide range of line pipe diameters, as well as precision steel tubes and stainless steel and nickel-based tubes. Two heavy plate mills also belong to the business unit. Along with standard grades, the Ilsenburg mill produces high-strength and sour-gas resistant plate. The competence of the mill operating out of Mülheim an der Ruhr resides above all in the production of line pipe plate for onshore and offshore pipelines in medium to large batch sizes. The business unit has its own supply of input material through its participation in Hüttenwerke Krupp Mannesmann GmbH (HKM).

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

Following the conclusion of a contract concerning the sale of the MST Group in February 2024, the approval from various authorities is still required for the purchaser to complete the actual takeover. Approval and the subsequent deconsolidation of the MST Group are expected in the second half of 2024.

MARKET DEVELOPMENT

QUARTO PLATE

Having initially rebounded at the start of the year, demand in the quarto plate market had dropped off considerably at the last count. The purchase activities of the key consumer sectors in trading, steel construction and wind energy remained downbeat in the opening months of 2024. Italian re-rollers are delivering standard material with delivery times at short notice and are looking for orders at the lowest conditions. The weakening of the sanctions against Russia is allowing Russian slabs to be imported over the period up until September 2028. The low import prices for Russian slabs essentially used by re-rollers for heavy plate production are placing an additional burden on the market. As the Western European mills are only able to keep pace with falling commodity steel prices to a limited extent, prices in the special grades segment also came under increasing pressure as a result. Both slabs and heavy plate imports into the EU are too high when measured against the downturn in demand, even considering the fact that the safeguard quotas are not fully exhausted at present. South Korea, India, Japan, Indonesia and northern Macedonia once again supplied the lion's share of volumes. The European commission is currently investigating a possible extension of the existing safeguards due to expire on June 30, 2024.

STEEL TUBES AND PIPES

The energy transformation in Europe can only be successful if the construction and expansion of the grids for carrying hydrogen and natural gas are massively ramped up. However, the final investment decisions for hydrogen pipelines in Europe have been delayed. Even, the tenders for large-scale line pipe projects for expanding the H2 core pipeline system in Germany announced at the year-end of 2023 have not so far been published. By contrast, the demand for carbon capture storage is developing at a faster pace. Numerous new construction projects for major pipelines to satisfy the world's growing need for energy are on the cards in the years ahead, also outside Europe – and ultimately also for gas pipelines. Inquiry activity in the project business for medium-diameter line pipes proved to be reasonably brisk at the start of the year. Demand from traders remained weak during the reporting period. With the supply situation having resumed normal levels, production from the automotive industry relevant for the precision tubes segment returned to a demand-driven model. Demand was nevertheless braked by high interest rates and new vehicle prices, along with concerns about the macroeconomic situation, particularly in Europe. At the start of the year the weak phase in order intake in plant and machinery engineering continued unabated from 2023. The stainless steel tubes segment was determined by lackluster momentum in its core market. In this segment as well, demand from the stockholding steel trade remained weak in the first quarter of 2024. By contrast, incoming orders from the aerospace industry for cold-drawn tubes continued to flow encouragingly well.

BUSINESS DEVELOPMENT

Order intake and **orders on hand** of the Steel Processing Business Unit dropped considerably in a year-on-year comparison. Both the heavy plate companies and the steel tubes producers sustained notable declines owing to weak economic momentum. Against the backdrop of lower **shipments, segment** and **external sales** fell short of the previous year's period. The business unit generated **EBITDA** of € –0.8 million (Q1 2023: € 100.1 million) and € –18.1 million **in earnings before taxes** (Q1 2023: € +81.7 million). As against the first three months of 2023, the negative result of the heavy plate segment is especially reflected in falling selling prices and in an increase in input material costs. All steel tubes producing companies, including the EUROPIPE Group accounted for using the equity method, recorded results that were significantly lower year-on-year on the back of the developments described above.

TRADING BUSINESS UNIT

		Q1 2024	Q1 2023
Shipments	kt	901.1	788.4
Segment sales[1]	€ m	845.7	923.9
External sales	€ m	836.3	918.2
EBIT before depreciation and amortization (EBITDA)	€ m	12.1	3.4
Earnings before interest and taxes (EBIT)	€ m	7.5	–0.9
Earnings before taxes (EBT)	€ m	3.8	–5.2

[1] Including sales with other business units in the Group

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

MARKET DEVELOPMENT

The stockholding steel trade in Europe recorded weak demand in the first quarter of 2024 as opposed to the US where shipments performed better. Demand proved to be robust in the oil and gas sector in particular. The trading business' international trading markets remained stable in comparison with the year-earlier quarter.

BUSINESS DEVELOPMENT

Along with significantly higher sales volumes in international trading, the **shipments** of the Trading Business Unit rose discernibly compared with the weak first quarter of 2023. By contrast, the European stockholding steel trade that contributes around half of the overall shipments reported a notable decline in volumes as a result of very subdued market demand. The business unit's **segment** and **external sales** fell short of the previous year's figures as selling prices fell considerably over the course of 2023. Thanks to prices stabilizing in the first quarter of 2024 and contrary to the year-earlier period, negative effects emanating from inventories in the stockholding steel trade did not materialize. In conjunction with higher volumes, **EBITDA** (€ 12.1 million; Q1 2023: € 3.4 million) and **earnings before taxes** (€ 3.8 million; Q1 2023: € –5.2 million) therefore improved notably.

TECHNOLOGY BUSINESS UNIT

		Q1 2024	Q1 2023
Order intake	€ m	366.9	583.8
Order backlog on reporting date	€ m	1,350.2	1,368.4
Segment sales[1]	**€ m**	**425.7**	**420.5**
External sales	**€ m**	**425.4**	**420.4**
EBIT before depreciation and amortization (EBITDA)	**€ m**	**38.2**	**27.2**
Earnings before interest and taxes (EBIT)	€ m	30.0	19.7
Earnings before taxes (EBT)	**€ m**	**29.5**	**19.6**

[1] Including sales with other business units in the Group

Three manufacturers of special machinery steeped in tradition are grouped within the **Technology Business Unit**. More than 90 % of sales is generated by the KHS Group that, as a plant engineering specialist, holds a leading global position in filling and packaging technology. The KHS Group is a full-line supplier. The product range covers intralogistics and processing through to the filling and packaging of beverages. The Klöckner DESMA Elastomertechnik Group (KDE Group) manufactures injection molding machinery for rubber and silicon products, while DESMA Schuhmaschinen GmbH (KDS) sells special machinery for the shoe industry.

MARKET DEVELOPMENT

According to the German Engineering Federation (VDMA), order intake by German mechanical engineering mirrored the trend of the previous quarters in the first three months of 2024, falling significantly short of the figure generated in the year-earlier period. Global market development and our customers' investment propensity are impacted by uncertainty running at a high level. Along with Russia's war of aggression against Ukraine and the prevailing geopolitical tensions between the US and China, further regional conflicts have arisen that may also have a global impact and contribute to uncertainty in the markets.

BUSINESS DEVELOPMENT

Reflecting the general downtrend in the sector, the Technology Business Unit's **order intake** in the first quarter of 2024 dropped significantly below the strong year-earlier quarter due to weak demand. By contrast, the business unit's **orders on hand** remained on the level of the previous year on the back of stable order intake at the year-end of 2023. **Segment** and **external sales** also proved stable compared with the first three months of 2003. All in all, the Technology Business Unit generated **EBITDA** of € 38.2 million (Q1 2023: € 27.2 million) and **earnings before taxes** of € 29.5 million (Q1 2023: € 19.6 million). The results of the KHS Group and the KDE Group as well as of KDS considerably outperformed the year-earlier figures.

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

INDUSTRIAL PARTICIPATIONS / CONSOLIDATION

		Q1 2024	Q1 2023
Sales[1]	€ m	305.7	328.8
External sales	€ m	48.1	43.1
EBIT before depreciation and amortization (EBITDA)	€ m	33.9	23.7
Earnings before interest and taxes (EBIT)	€ m	24.9	14.9
Earnings before taxes (EBT)	€ m	19.8	7.7

[1] Including sales with other business units in the Group

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

Sales in the Industrial Participations / Consolidation segment, which are based mainly on business in semi-finished products with subsidiaries and external parties, declined compared with the first three months of 2023. **External sales** increased as against the year-earlier period. **EBITDA** (€ 33.9 million; Q1 2023: € 23.7 million) includes a contribution of € 23.9 million from the participating investment in Aurubis AG accounted for using the equity method (IFRS accounting) (Q1 2023: € 29.3 million). At € 19.8 million, **earnings before taxes** notably exceeded the previous year’s figure (Q1 2023: € 7.7 million). The results from the valuation of derivatives positions and net interest income from cash management of the consolidated group delivered a marginally positive net contribution (€ 14.2 million; Q1 2023: € 1.2 million). Performance in this area of business also includes the negative operating result from holding services provided for the subsidiaries. The companies largely acting on behalf of the Group generated a positive pre-tax result (€ 2.2 million; Q1 2023: € 0.9 million).

FINANCIAL POSITION AND NET ASSETS

NOTES TO THE BALANCE SHEET

The **total assets** of the Salzgitter Group rose by € 105 million in the first three months of 2024 compared with December 31, 2023.

Non-current assets remained roughly at the level of the year-earlier reporting date (€ +24 million). The shares in the companies accounted for using the equity method rose by € 4 million. Investments in intangible assets and property, plant and equipment (€ +108 million) considerably exceeded the scheduled depreciation and amortization of fixed assets (€ –81 million) in the period under review. Deferred tax assets (€ +2 million) increased essentially due to the formation of deferred tax assets on the tax loss incurred at the domestic parent company SKWG in the first quarter of 2024. This was offset by the lower level of non-current other receivables and assets (€ –6 million). **Current assets** were marginally higher than on the previous year's reporting date (€ 82 million). While trade receivables, including contract assets, advanced notably (€ +296 million), cash and cash equivalents (€ –202 million) and inventories (€ –12 million) declined.

On the **liabilities side**, equity capital remained virtually unchanged (€ +1 million). Against the backdrop of slightly higher total assets, the equity ratio continued to post a very sound 45.6 % (2023/12/31: 46.0 %). **Non-current liabilities** were lower compared with the year-earlier reporting date (€ –20 million), which was principally attributable to the fact that pension provisions had declined by € 28 million compared with the previous year's reporting date due to the higher actuarial interest rate. Conversely, non-current financial liabilities were higher (€ 7 million) than on the last reporting date. **Current liabilities** rose by € 124 million. While current financial liabilities (€ +55 million), trade payables, including contract liabilities (€ +20 million), and other liabilities (€ +66 million) increased, other provisions declined (€ –14 million).

As against the reporting date at year-end 2023 (€ –214 million), the **net financial position** (€ –451 million) had dropped significantly. Cash investment, including securities (€ 746 million; 12/31/2023: € 946 million), was offset by liabilities of € 1,197 million (12/31/2023: € 1,160 million), of which € 492 million were owed to banks (12/31/2023: € 511 million). The Federal Republic of Germany and the Federal State of Lower Saxony have committed to providing funds for the SALCOS® transformation program that will be paid out depending on the investments realized. Of these funds, a total of € 214 million had been paid by the reporting date. Further funds applied for (€ 6 million) are expected to be received in the near future. As before, assets and liabilities from leasing arrangements are not considered in the net financial position. Higher trade payables, including contract assets and liabilities, only impact the net financial position when payments flow.

NOTES TO THE CASH FLOW STATEMENT

With a pre-tax profit of € 17 million, a negative **cash flow from operating activities** of € –143 million was reported (previous year: € +167 million). While, in comparison with the year-earlier period, the lower result had less of a positive effect on the operating cash flow, the increase in working capital negatively impacted the operating cash flow.

The **cash outflow from investing activities** amounted to € –83 million (previous year: € –100 million). Disbursements for capital expenditure on intangible assets and on property, plant and equipment (€ –95 million; previous year: €– 118 million) are significantly lower than in 2023 and also reflect investments in strategic projects, including payouts of € 21 million for SALCOS®. In the financial year 2024, an amount of € 13 million in funds for the SALCOS® program has so far been received, with a commensurate cash effect. The lower level of proceeds from the disposal of other non-current assets had an additionally negative impact on the cash flow in a year-on-year comparison. Lower disbursements for investments in other non-current assets constituted a counter trend.

Incoming payments from borrowing and other financial liabilities were offset by lower repayments of loans and other financial liabilities as well as interest payments, resulting in **cash inflow from financing activities** (€ 22 million; previous year: cash outflow of € 25 million).

As a result of the negative overall cash flow, **cash and cash equivalents** (€ 738 million) declined accordingly compared with December 31, 2023 (€ 940 million).

EMPLOYEES

	2024/03/31	2023/12/31	Change
Core workforce[1]	23,396	23,138	258
Steel Production Business Unit	7,518	7,430	88
Steel Processing Business Unit	5,378	5,317	61
Trading Business Unit	1,992	1,990	2
Technology Business Unit	5,778	5,720	58
Industrial Participations / Consolidation	2,730	2,681	49
Apprentices, students, trainees	1,240	1,413	–173
Non-active age-related part-time employment	617	632	–15
Total workforce	25,253	25,183	70

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

As of March 31, 2024, the **core workforce** of the Salzgitter Group numbered 23,396 employees, which is 258 persons more than at the end of the financial year 2023.

The increase of 85 employees in the workforce of Salzgitter Flachstahl GmbH in the first quarter of 2024 is due especially to hiring trainees in January. Increases in the number of employees were also reported at the KHS Group (+41) and Salzgitter Digital Solutions GmbH (+31) with the aim of facilitating the realization of the planned business expansion and the ongoing digitalization of business processes. A total of 145 trainees were hired during the reporting period, 87 of whom were given temporary contracts. A counter trend emanated from employees reaching retirement through switching to the non-active age-related part-time or going into immediate retirement.

The **total workforce** amounted to 25,253 employees. The number of **temporary staff** outsourced came in at 1,231 on March 31, 2024, which is 34 persons more than on the previous year's reporting date. At the end of the reporting period, 387 employees were working **short time** in the domestic Group companies (2023: 340), of which 159 employees at Mannesmannröhren-Werk GmbH and 220 employees at Salzgitter Mannesmann Stahlhandel GmbH.

FORECAST, OPPORTUNITIES AND RISK REPORT

OUTLOOK

Compared with the previous year, the business units anticipate that business in the financial year 2024 will develop as follows:

The results of the companies forming part of the **Steel Production Business Unit** mirrored the ongoing sluggish economy in the first quarter of 2024 although – despite all the uncertainty – sound demand was reported from the automotive manufacturers and orders on hand remained at a healthy level. We anticipate that shipments in the strip steel business will be marginally lower due to the persistently subdued demand from the non-automotive sectors. Crude steel production will be slightly curtailed and run on the basis of three-furnace operation. In terms of the sections business, we assume that volumes are gradually set to stabilize over the course of 2024 following a muted start to the year. We nevertheless expect selling prices to fall in both product segments – strip steel and sections – a development that will not be offset by declining input costs. All in all, we predict a slight increase in sales for the business unit (2023: € 3,528.0 million) albeit with EBITDA that falls notably short of the year-earlier figure (2023: € 295.5 million), accompanied by discernibly lower earnings before taxes (2023: € 75.8 million).

As regards the **Steel Processing Business Unit**, we predict that the economy will remain in the doldrums in the target markets in 2024: We expect heavy plate order intake to range around the weak year-earlier level, with prices under intense pressure, however. Pipe plate production is likely to benefit from the awarding of large-diameter pipes projects in the second half of the year at the earliest. Inasmuch, better capacity utilization would also then materialize for the large-diameter pipe mills. We predict a significant downturn in volumes in the medium-diameter line pipe segment. In the precision tubes group, demand remains hesitant following on from the previous year. Lackluster market conditions are also set to persist for the stainless tubes group, the disposal of which is still subject to approval by the authorities. All in all, we anticipate a decline in sales for the business unit compared with the previous year (2023: € 2,126.5 million) and EBITDA that is considerably lower year on year (2023: € 227.4 million). For this reason, the pre-tax result is also likely to fall significantly short of the previous year's level (2023: € 144.7 million).

A generally improved result is anticipated for the **Trading Business Unit** in 2024. This development is principally a consequence of prices that are more stable compared with the previous year, and consequently considerably less negative effects from inventories held in the stockholding steel trade. By contrast, sales are expected to rise marginally in international trading in a year-on-year comparison. All in all, the following is forecast for the Trading Business Unit: a slight downturn in sales (2023: € 3,313.0 million), EBITDA above the year-earlier level (2023: € 20.5 million) and earnings before taxes around breakeven (2023: € –13.6 million).

The **Technology Business Unit** is expected to put in a good performance in 2024 as well. With regard to the KHS Group in particular, we anticipate that business will continue to develop satisfactorily on the back of the quality of the order backlog in the project business and ongoing, focused growth in the service business, as in recent years. The two DESMA specialist mechanical engineering companies anticipate a sustained market recovery and, supported by cost-cutting programs, a pre-tax result that exceeds the year-earlier figure. All in all, we anticipate notable sales growth for the business unit (2023: € 1,647.4 million), as well as EBITDA (2023: € 114.9 million) and a pre-tax profit (2023: € 81.1 million) that both substantially exceed the year-earlier figures.

As far as the remainder of the year is concerned, there are indications that the German economy will not be able to keep pace with the upswing in other industrial nations. The signs of recovery are more hesitant and weaker than originally anticipated; at the same time, uncertainty regarding the economic development in the second half of the year is on the rise. Against this backdrop, we anticipate the following for the **Salzgitter Group** in the financial year 2024:

- sales in the region of € 10.5 billion,
- EBITDA of between € 550 million and € 625 million,
- a pre-tax profit of between € 100 million and € 175 million and
- a return on capital employed (ROCE) marginally below the year-earlier figure.

FORECAST FOR THE BUSINESS UNITS AND THE GROUP

			Financial year 2023	Forecast financial year 2024
Steel Production	Sales	€ m	3,528.0	Somewhat higher
	EBITDA	€ m	295.5	Tangibly lower y / y
	EBT	€ m	75.8	Notably lower y / y
Steel Processing	Sales	€ m	2,126.5	Reduced sales
	EBITDA	€ m	227.4	Tangibly lower y / y
	EBT	€ m	144.7	Significantly lower y / y
Trading	Sales	€ m	3,313.0	Marginal downturn
	EBITDA	€ m	20.5	Above previous year
	EBT	€ m	–13.6	Around breakeven
Technology	Sales	€ m	1,647.4	Notable uptrend
	EBITDA	€ m	114.9	Clearly higher y / y
	EBT	€ m	81.1	Clearly higher y / y
Group	Sales	€ m	10,790.5	Around € 10.5 billion
	EBITDA	€ m	677.0	Between € 550 million and € 625 million
	EBT	€ m	238.4	Between € 100 million and € 175 million
	ROCE	%	5.6	Marginally lower y / y

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

As in recent years, please note that opportunities and risks from currently unforeseeable trends in selling prices, input material prices and capacity level developments, as well as exchange rate fluctuations, may considerably affect business performance in the course of the financial year 2024. The resulting impact on performance may be within a substantial range, either to the positive or to the negative.

RISK MANAGEMENT

At the time of reporting, we find ourselves still dealing with the impact of the Russia/Ukraine war and are facing volatility on the raw materials and energy markets, with the associated higher inflation rates. At present, and to the extent foreseeable, we have factored in the effects on earnings in the companies into guidance for the current year, as far as can be estimated.

Despite reduced discernibility, there were no risks that could endanger the Salzgitter Group as a going concern as of the reporting date. With regard to the individual **opportunities and risks**, we make reference to the Annual Report 2023.

GEOPOLITICAL RISKS

Salzgitter AG is a group with global operations and is therefore especially exposed to geopolitical impact. The escalating number and acceleration of negative geopolitical risks continued at the start of 2024.

Concerning the Salzgitter Group, the economic uncertainties resulting from the Russia/Ukraine war pertain in particular to price trends and supply reliability on the procurement markets for energy and commodities and future sales prospects. The direct impact on our customers and suppliers changes periodically.

An indirect impact is emanating from insufficiently drafted sanctions that allow introducing slab from Russia into the EU in significant volumes and at prices detrimental to the market (see also sectoral risks). The decline in sales in the war-affected regions of Russia and Ukraine is of minor significance for Salzgitter AG. Furthermore, in the context of Russia/Ukraine, we inventorize all the Group's assets and investments, market-related risks pertaining to sales and procurement as well as outstanding receivables in these countries. As we do not anticipate any fundamental change in the medium term, we have scaled back our business activities in these regions.

Against the backdrop of Hamas' terrorist attack on Israel and possibility of other parties entering the war, as well as most particularly Iran's attack on Israel, the situation in the Middle East is threatening to escalate, with a significant impact on energy prices, particularly on oil and gas, and renewed supply chain disruptions. Should the conflict in the Middle East spread, the negative consequences would filter through to the flow of goods and the oil market in particular. At the current point in time no notable effects on Salzgitter AG's business policy are discernible.

Natural gas savings in the industrial arena and by private households thanks to the relatively mild winter and stable LNG imports have prevented gas shortfalls. Gas and electricity prices declined accordingly while nevertheless remaining at a very high level by historical comparison. Wholesale prices have dipped slightly in recent weeks. Companies and private households will nevertheless have to adapt to fluctuating prices. The most recent geopolitical events, such as the war in Ukraine, the conflict in the Middle East, and the terror attacks in the Red Sea may negatively impact Salzgitter AG's business model. Thus, negative effects may manifest on the sales markets, the commodities markets, the energy markets and on transport routes.

A further significant geopolitical risk is also inherent in the imminent US elections. Trump's return to the Oval Office may translate into a negative scenario with the US withdrawing its support for Ukraine and an escalation in trade policy measures against China and also against the EU. Prohibitively high import and export duties or even exclusion from America's domestic market would hit export-oriented branches of Europe's industries hard. Such a scenario would also have a direct and detrimental impact on Salzgitter AG's business model given the high volumes of Germany's indirect steel exports to the US.

China's support of Russia has served to exacerbate the tensions between "The West" and China. China's repeated threats regarding Taiwan are also contributing to this situation. Furthermore, the Chinese central government, with its economic policy aligned to "dominance via subsidies" and the ensuing consequences, have put the US on higher alert – and meanwhile also Europe. The impending formation of blocks in global trade is already redirecting investment flows. Important customers in the steel industry, for instance, are relocating their value chains to the US or China respectively, with the aim of circumventing trade defense measures. A further risk lies in European industry's dependence on important commodities that cannot be substituted in the context of transformation and can so far only be sourced in multiple instances from China.

ECONOMIC RISKS

The aforementioned risks may negatively impact the short-term development of the global economy. This is compounded by further risks for the global economy, such as China's weak economic growth or imponderables regarding inflation in the advanced economies. These risks are framed by growing tensions regarding trade policies that constitute yet another risk for the global economy.

At the start of 2024, the outlook for global economic development improved slightly, albeit with only modest and delayed expansion. Global growth stood at 2.7 % in 2023. In 2024, the leading German economic research institutes (joint economic forecast for spring 2024) anticipate growth of 2.5 % in 2024, while predicting growth of 2.6 % in 2025. The extremely heterogeneous developments of sectors and regions are especially conspicuous. Generally speaking, the services sector is performing better than industry. In terms of the various regions, economic development in the US continues to develop with surprising momentum given the country's pursuit of a restrictive monetary policy. In 2023, growth posted 2.5 %, is expected at 2.4 % in the current year and 1.7 % in 2025. By contrast, Europe's economy is limping along behind (2023: 0.9 %; 2024: 1.1 %). Europe's growth will only catch up with America's performance in 2025, achieving a level of 1.7 %. The German economy is responsible for constraining growth in Europe. Last year value added shed 0.3 %. Growth is expected to stagnate in 2024 as opposed to 2025 when growth of 1.4 % is anticipated. Accordingly, Salzgitter AG's key markets have therefore developed below average benchmarked against the global economy.

The picture regarding current expectations for interest rates remains unclear. Inflation-induced pressure in the US should only ease slowly in the months ahead, as suggested by the unexpectedly high inflation figures at the start of 2024. Private households have increasingly spent their savings accumulated during the pandemic, on the one hand, and additional stimulus from fiscal policies is unlikely, while being juxtaposed to a tight labor market and rising nominal wages, on the other. All in all, the financial markets anticipate the first move to lower interest rates in the summer at the earliest.

Signs for the euro area point to a soft landing for the economy and the first interest-rate cut in the summer. Nevertheless, the risk still emanates from intransigently high inflation due to second round effects that arise from sharp nominal wage increases. As regards Salzgitter AG's core markets, a delayed interest-rate cut for this reason would be considered negative since little stimulus would be anticipated for the construction economy and consumer spending on cars or household appliances, for instance, would be more difficult to finance. Moreover, an expected interest-rate cut could cause buying restraint in the run-up.

In Germany, high energy costs, a shortfall in skilled labor and low capital expenditure are condensing into structural deterioration in the competitive position. Following a 0.3 % decline in the gross domestic product in 2023, 2024 is also set to remain weak (0.1 %). Growth will only be stronger again at 1.4 % in 2025. On the other hand, the Federal Government slightly corrected its forecast from April by 0.1 % upwards to growth of 0.3 %, which implies a light turnaround. For 2025 however, the Federal Government remains pessimistic with growth at 1.0 %. The structural problems cannot be mitigated by impetus in foreign trade as isolation tendencies and fiercer, partly unfair competition counteract exports as the traditional growth engine. Exports could additionally be braked by fresh protectionist waves, after the presidential elections in the US, for instance. Against this backdrop, Salzgitter AG may face the risk of sustained weaker demand from its core market Germany.

In 2023, China's economy, having posted growth of 5.2 %, remained below the trend level prior to the pandemic. The dent in the economy is explained by the crisis in the real estate sector, with the downtrend still unabated. The high level of uncertainty and increasingly unreliable projects is firstly putting the brakes on the construction industry, and secondly causing consumer buying reticence. Along with consumer demand, lackluster global trade and increasing debt is burdening China's economy. Growth in 2024 and 2025 has been predicted at around 4.7 % and 4.6 %

respectively. Ailing demand is presenting European exporters with challenges, as China is a key sales market. At the same time, considerable export pressure is building up due to Chinese excess capacities caused by massive subsidization, which has negative consequences for the steel industry's important customer segments (conventional steel construction, vehicle manufacturing, wind turbines).

SECTORAL RISKS

In 2022, the EU member states resolved to introduce import restrictions on Russian steel products. Accordingly, importing steel products of Russian origin that were processed in third countries into non-EU countries is prohibited as from October 2023. The sanctions that took effect from October 2023 have been softened insofar as obligations to produce supporting documents are concerned, which will increase the probability of circumvention. Furthermore, contrary to the decision from September 2023 with the twelfth package of sanctions, the transition period for the import of Russian slab was extended from 2024 to 2028. As a result, Russian slab can be imported into the EU at low-cost conditions for another four years. These circumstances not only undermine the sanctions' effectiveness but also harbor the risk of inflicting significant damage on the heavy plate market as this is where the proportion of Russian slab is the highest and around 30 % of the players in the market either partly or fully take recourse to Russian slab.

The EU Commission is currently investigating extending the safeguard measures through to 2026, which is the maximum in terms of duration. Achieving a further extension requires the EU Commission and the EU Member States to put forward a proposal and for this proposal to be adopted by a qualified majority. If this is not achieved, the safeguards will expire on June 30, 2024, without a successor solution. Accordingly, there is still a high risk that the safeguard measures will come to an end in the summer.

Moreover, following the elections in the US, the reintroduction of Section 232 duties (minus tariff quotas) in the coming months is a threat looming for European exporters into the US. Following unsuccessful negotiations to draw up a Global Sustainable Steel Agreement (GSSA) in the fall of 2023, the EU and the US have agreed to suspend duties and counter-duties through to March 2025. A reelection of Trump would however exacerbate the risk of another escalation, including the reintroduction of the US Section 232 duties. The consequences would be further redirections of tonnage into the EU market and the loss of exports to the US that stabilized since the introduction of tariff quotas.

In December 2022, the EU member states agreed on the introduction of a Carbon Border Adjustment Mechanism (CBAM) as a future Carbon Leakage Safeguard Instrument and as a replacement for free allowances in EU emissions trading. A transition phase commenced as from October 1, 2023, and, as from January 1, 2026, importers will need to factor in the cost of carbon similar to EU producers. Risks arise from the form that the new instrument will take given that many detailed regulations will only be determined in the coming two and a half years and these regulations will decide on how effective the instrument will be. This would include, for instance, rules against circumventing CBAM, along with the solution to ease the burden of carbon costs on exports. Numerous further detailed regulations, such as on default values, the sectors covered, and control mechanisms have not yet been defined or tested.

China's weak economy is also exerting a very negative influence on the global steel markets. Rising steel exports from China (almost 100 million tons in 2023), prompted by weak domestic demand, are indirectly translating into an increase in steel products imported into the EU market and consequently in declining price levels in Europe. While Chinese steel products in the EU are largely subject to anti-dumping measures, China exports its excess capacities to the Asian region. This in turn creates huge export pressure on countries with their own surplus capacities, such as Japan, Vietnam, South Korea, Taiwan and India, that export their surpluses into the EU market. In addition, Chinese producers have made considerable, often subsidized, direct investments in steel capacities in regions of the ASEAN countries with the aim of sidestepping trade defense measures.

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In € million	Q1 2024	Q1 2023
Sales	2,677.9	2,982.5
Increase / decrease in finished goods and work in process / other own work capitalized	25.2	−40.2
Total operating performance	**2,703.1**	**2,942.3**
Other operating income	130.1	186.1
Cost of materials	1,864.1	1,959.5
Personnel expenses	501.0	465.2
Amortization and depreciation of intangible assets and property, plant and equipment	81.2	75.8
Other operating expenses	365.7	446.9
Result from impairment losses and reversal of impairment losses of financial assets	−0.2	−2.9
Result from investments accounted for using the equity method[1]	24.1	36.0
Finance income	8.7	8.0
Finance expenses	36.6	38.5
Earnings before taxes (EBT)	**17.2**	**183.7**
Income tax	2.2	43.2
Consolidated result	**15.0**	**140.5**
Amount due to Salzgitter AG shareholders	12.9	139.1
Minority interest	2.1	1.3
Appropriation of profit		
Consolidated result	15.0	140.5
Profit carried forward from the previous year	27.1	60.1
Minority interest in consolidated result	2.1	1.3
Transfer from (+)/ to (−) other retained earnings	−12.9	−139.1
Unappropriated retained earnings of Salzgitter AG	**27.1**	**60.1**
Earnings per share (in €) – basic	**0.24**	**2.57**
Earnings per share (in €) – diluted	–	–

[1] For further information regarding the adjustment of the previous year's figures of Aurubis, we make reference to the section "Principles of Accounting".

STATEMENT OF COMPREHENSIVE INCOME

In € million	Q1 2024	Q1 2023
Consolidated result	15.0	140.5
Recycling		
Changes in value from currency translation	6.0	−3.8
Changes in value from cash flow hedges	−29.5	7.4
Fair value change	−30.7	6.4
Recognition with effect on income	1.2	1.0
Changes in the value of investments in companies accounted for using the equity method	−0.8	2.8
Fair value change	–	4.7
Recognition with effect on income	−0.8	–
Currency translation	–	−1.8
Deferred taxes	–	−0.2
Subtotal	−24.3	6.4
Non-recycling		
Remeasurements	15.6	−15.7
Remeasurement of pensions	20.7	−20.4
Deferred taxes	−5.1	4.7
Changes in the value of investments in companies accounted for using the equity method	–	2.1
Fair value change	–	2.1
Remeasurement of pensions	–	−0.0
Subtotal	15.6	−13.6
Other comprehensive income	−8.7	−7.2
Total comprehensive income	6.3	133.3
Total comprehensive income due to Salzgitter AG shareholders	4.2	132.0
Total comprehensive income due to minority interest	2.1	1.3
	6.3	133.3

CONSOLIDATED BALANCE SHEET

Assets in € million	2024/03/31	2023/12/31
Non-current assets		
Intangible assets	201.5	207.3
Property, plant and equipment	2,419.5	2,388.5
Investment property	76.3	76.6
Financial assets	28.8	29.0
Investments in companies accounted for using the equity method[1]	1,509.9	1,505.5
Trade receivables	2.4	2.6
Other receivables and other assets	23.1	28.9
Income tax assets	5.7	6.6
Deferred income tax assets	327.1	325.3
	4,594.2	4,570.4
Current assets		
Inventories	2,854.8	2,867.2
Trade receivables	1,479.7	1,221.5
Contract assets	409.4	372.0
Other receivables and other assets	210.2	231.4
Income tax assets	40.9	34.6
Securities	2.8	0.0
Cash and cash equivalents	737.7	939.7
	5,735.5	5,666.5
Assets held for sale	277.6	265.2
	6,013.1	5,931.7
	10,607.4	10,502.0

[1] For further information regarding the adjustment of the previous year's figures of Aurubis, we make reference to the section "Principles of Accounting".

Equity and liabilities in € million	2024/03/31	2023/12/31
Equity		
Subscribed capital	161.6	161.6
Capital reserve	257.0	257.0
Retained earnings[1]	4,689.0	4,660.4
Other reserves	60.7	90.5
Unappropriated retained earnings	27.1	27.1
	5,195.4	5,196.6
Treasury shares	−369.7	−369.7
	4,825.7	4,826.9
Minority interest	9.7	7.6
	4,835.3	4,834.5
Non-current liabilities		
Provisions for pensions and similar obligations	1,640.3	1,667.8
Deferred tax liabilities	99.2	98.4
Income tax liabilities	19.1	19.1
Other provisions	203.2	203.7
Financial liabilities	367.3	360.2
Other liabilities	4.7	4.1
	2,333.7	2,353.3
Current liabilities		
Other provisions	225.0	239.3
Financial liabilities	995.3	940.6
Trade payables	1,283.9	1,247.6
Contract liabilities	430.9	447.2
Income tax liabilities	24.8	26.0
Other liabilities	356.1	289.9
Liabilities associated with assets held for sale	122.4	123.7
	3,438.3	3,314.3
	10,607.4	10,502.0

[1] For further information regarding the adjustment of the previous year's figures of Aurubis, we make reference to the section "Principles of Accounting".

CASHFLOW STATEMENT

In € million	Q1 2024	Q1 2023
Earnings before taxes (EBT)	17.2	183.7
Depreciation write-downs (+) / write-ups (–) of non-current assets	81.2	75.7
Income tax paid (–) / refunded (+)	–9.4	–27.0
Other non-cash expenses (+)/ income (–)	23.0	52.5
Interest expenses	36.5	38.5
Gain (–) / loss (+) from the disposal of non-current assets	5.4	2.7
Increase (–) / decrease (+) in inventories	17.7	292.2
Increase (–) / decrease (+) in trade receivables and other assets not attributable to investment or financing activities	–300.8	–335.8
Use of provisions affecting payments, excluding income tax provisions	–75.3	–54.3
Increase (+) / decrease (–) in trade payables and other liabilities not attributable to investment or financing activities	62.0	–61.3
Cash outflow / inflow from operating activities	–142.6	167.0
Cash inflow from the disposal of intangible assets, property, plant and equipment and investment property	0.8	0.7
Cash outflow for investments in intangible assets, property, plant and equipment and investment property	–94.6	–117.9
Cash inflow of subsidies for investments in intangible assets, property, plant and equipment	13.3	–
Payments for financial investments	–2.8	–0.6
Cash inflow from the disposal of non-current assets	0.5	27.2
Cash outflow for investments in non-current assets	–0.1	–9.5
Cash outflow from investment activities	–83.0	–100.2
Deposits from taking out loans and other financial debts	53.0	2.0
Repayment of loans and other financial liabilities	–18.3	–17.5
Interest paid	–13.3	–9.6
Cash outflow / inflow from financing activities	21.5	–25.2
Cash and cash equivalents at the start of the period	939.7	988.4
Gains and losses from changes in foreign exchange rates	2.1	–4.0
Payment-related changes in cash and cash equivalents	–204.1	41.6
Cash and cash equivalents at the end of the period	737.7	1,026.0

NOTES

SEGMENT REPORTING

In € million	Steel Production		Steel Processing		Trading	
	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
External sales	932.0	1,038.8	436.0	561.9	836.3	918.2
Sales to other segments	338.6	372.7	174.4	238.5	9.3	5.6
Sales to group companies that are not allocated to an operating segment	0.9	2.1	76.3	66.8	0.0	0.0
Segment sales	1,271.5	1,413.6	686.8	867.3	845.7	923.9
Interest income (consolidated)	0.1	0.1	0.7	0.9	0.4	0.7
Interest income from other segments	–	–	–	–	–	–
Interest income from group companies that are not allocated to an operating segment	0.4	3.9	0.8	1.4	4.8	3.1
Segment interest income	0.4	4.0	1.5	2.4	5.2	3.8
Interest expenses (consolidated)	12.9	16.3	3.5	3.5	8.9	8.0
Interest expenses to other segments	–	–	–	–	–	–
Interest expenses to group companies that are not allocated to an operating segment	2.0	1.9	2.4	3.6	0.1	0.1
Segment interest expenses	14.9	18.2	5.8	7.1	9.0	8.1
of which interest portion of allocations to pension provisions	5.6	5.8	2.2	2.1	0.7	0.8
Depreciation of property, plant and equipment and amortization of intangible assets	46.4	41.5	12.9	13.7	4.6	4.3
of which scheduled depreciation of property, plant and equipment and amortization of intangible assets	46.4	41.5	12.9	13.7	4.6	4.3
Reversal of impairments of tangible and intangible assets (according to IAS 36)	–	–	–	–	–	–
EBIT before depreciation and amortization (EBITDA)	43.1	135.6	−0.8	100.1	12.1	3.4
Earnings before interest and taxes (EBIT)	−3.4	94.0	−13.8	86.4	7.5	−0.9
Segment earnings before taxes	−17.8	79.8	−18.1	81.7	3.8	−5.2
of which resulting from investments in companies accounted for using the equity method	–	–	0.2	6.7	–	–
Investments in property, plant and equipment and intangible assets	49.8	85.6	16.9	14.5	5.6	5.0

Technology		Total segments		Industrial Participations / Consolidation		Group	
Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
425.4	420.4	2,629.8	2,939.4	48.1	43.1	2,677.9	2,982.5
0.2	0.1	522.6	617.0	257.6	285.6	780.2	902.6
–	–	77.2	68.9	–	–	77.2	68.9
425.7	420.5	3,229.7	3,625.3	305.7	328.7	3,535.3	3,954.1
1.6	0.9	2.8	2.6	5.9	5.4	8.7	8.0
–	–	–	–	5.1	5.8	5.1	5.8
0.0	0.2	6.1	8.6	–	–	6.1	8.6
1.6	1.1	8.8	11.2	11.0	11.2	19.8	22.5
1.4	1.0	26.6	28.8	10.0	9.7	36.6	38.5
–	–	–	–	6.1	8.6	6.1	8.6
0.6	0.2	5.1	5.8	–	–	5.1	5.8
2.0	1.2	31.7	34.6	16.1	18.4	47.8	53.0
0.8	0.8	9.2	9.5	5.2	6.1	14.4	15.6
8.2	7.5	72.2	67.1	9.0	8.8	81.2	75.8
8.2	7.5	72.2	67.1	9.0	8.8	81.2	75.8
0.0	–	0.0	–	–	–	0.0	–
38.2	27.2	92.5	266.3	33.9	23.7	126.4	290.0
30.0	19.7	20.3	199.3	24.9	14.9	45.2	214.2
29.5	19.6	–2.6	175.9	19.8	7.7	17.2	183.7
–	–	0.2	6.7	23.9	29.3	24.1	36.0
25.1	6.3	97.3	111.4	11.0	8.0	108.3	119.3

PRINCIPLES OF ACCOUNTING AND CONSOLIDATION, BALANCE SHEET REPORTING AND VALUATION METHODS

1. The consolidated financial report of Salzgitter AG, Salzgitter (SZAG), for the reporting period from January 1 to March 31, 2024, has been prepared as a condensed report with selected notes. The report has been drawn up, as before, in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) in consideration of the requirements set out under IAS 34 for condensed interim reports.
2. In comparison with the annual financial statements as at December 31, 2023, no changes have been made in the accounting, valuation, calculation and consolidation methods applied to the quarterly financial statements for the period ended March 31, 2024, notwithstanding the following exceptions.
3. In calculating the fair value of defined benefit obligations as of March 31, 2024, an actuarial rate of 3.6 % was applied (December 31, 2023: 3.5 %). The resulting reduction in provisions for pensions and similar obligations is reported in other comprehensive income (pension remeasurement) and incurs a corresponding increase in equity.
4. The recognition of the lease liabilities assigned to financial liabilities is calculated as the present value of the lease payments to be made. In subsequent measurement, the carrying amounts of the lease liability are compounded and reduced by the lease payments remitted with no effect on income. The usage rights reported in property, plant and equipment are recognized at the cost of acquisition less accumulated depreciation and amortization and, if appropriate, any necessary impairment.

In accordance with the accounting rules for leases (IFRS 16), the historical cost of acquisition of the usage rights and leasing liabilities is shown in the following:

In € million	2024/03/31	2023/12/31
Right of use of land, similar rights and buildings, including buildings on land owned by others	157.3	142.1
Right of use of plant equipment and machinery	62.3	54.7
Right of use of other equipment, plant and office equipment	35.5	27.1
Non-current assets	**255.2**	**223.9**
Right of use of land, similar rights and buildings, including buildings on land owned by others	46.0	42.8
Right of use of plant equipment and machinery	35.1	32.8
Right of use of other equipment, plant and office equipment	14.7	13.5
Depreciation / amortization	**95.9**	**89.2**
Lease liabilities	**165.5**	**140.7**

An amount of € 140.3 million is attributable to non-current lease liabilities. Moreover, depreciation and amortization stood at € 7.6 million, interest expenses at € 1.4 million, and cash outflow totaled € 8.1 million in the first three months of 2024.

5. Following the signing of a contract for the sale of the MST Group in February 2024, the actual takeover by the new owner hinges on approval by various authorities. This approval and the subsequent deconsolidation of the MST Group are expected in the second half of 2024. The assets and liabilities of the MST companies continue to be disclosed under the "assets held for sale" item.
6. Two long-term ECA-covered green loan financings in an overall volume of € 500 million were signed to support the decarbonization of its steel production operations. The disbursement of the earmarked loans depends on progress made in the construction of the DRI plant (direct reduction of iron ore), on the one hand, and of an electric arc furnace, on the other. The first loan disbursements are expected in early summer 2024. The repayment of these loans commences with the financial year 2027 after the production facilities have been commissioned.

7. On the occasion of Aurubis' last publication of its report as of March 31, 2024, we were advised that the criminal activity reported by Aurubis in the second half of the calendar year 2023 had already begun at the start of 2023. Against this backdrop, Aurubis reduced the consolidated result it had published for the first three calendar months of 2023 by € 41 million. Of this amount, a figure of € 12.7 million was attributable to Salzgitter AG's equity interest. Factoring in this reduction in the result that has only just been communicated, Salzgitter AG's consolidated EBT should have been €171.1 million in the quarterly financial statements as of the end of March 2023. The at-equity share of profit from the participating investment in Aurubis would have therefore amounted to € 16.6 million in the 2023 comparative quarter.
8. With regard to the impact of the Russia-Ukraine war and the war in the Middle East on the Salzgitter Group, we refer to our explanations in the forecast, opportunities and risk report.

SELECTED EXPLANATORY NOTES TO THE INCOME STATEMENT

1. Sales by business segment are shown in the segment report.
2. Earnings per share are calculated in accordance with IAS 33. Basic earnings per share, calculated from the weighted number of shares of SZAG, stood at € 0.24 in the period under review. Dilution would occur if earnings per share were reduced through the issuance of potential shares from option and conversion rights. Such rights did not exist as of the balance sheet date.

RELATED PARTY DISCLOSURES

In addition to business relationships with companies that are consolidated fully, relationships also exist with companies that must be designated as related companies in accordance with IAS 24. The category of other associated companies essentially comprises the majority interests and joint ventures of the Federal State of Lower Saxony as well as of Hanover-based GP Papenburg AG.

The sale of goods and services essentially comprise deliveries of input material for the manufacture of large-diameter pipes. Their volumes are shown in the table below:

In € million	Sale of goods and services	Purchase of goods and services	Receivables	Liabilities
	2024/01/01-03/31	2024/01/01-03/31	2024/03/31	2024/03/31
Non-consolidated Group companies	9.3	3.5	17.8	2.6
Joint ventures	7.2	2.2	1.6	0.8
Associated companies	0.1	2.6	0.0	0.4
Other related parties	0.4	13.9	3.5	92.1

INFORMATION PURSUANT TO SECTION 37W PARAGRAPH 5 OF THE GERMAN SECURITIES TRADING ACT (WPHG)

This set of interim financial statements and the interim report have not been the subject of an auditor's review.

Salzgitter AG
Eisenhüttenstraße 99
38239 Salzgitter
Germany

T +49 (0)5341 21-01
F +49 (0)5341 21-2727

Postal address
38223 Salzgitter
Germany

salzgitter-ag.com

SALZGITTER AG
People, Steel and Technology