2025
Annual Report

saarstahl

We are Pure Steel+

Contents

Disclaimer

This is a translation for convenience. We translated the report to the best of our knowledge and belief. In case of any discrepancy between the translation and the original German version, the German version shall prevail. This translation is intended to be read in conjunction with the original German version.

Key figures at a glance

		2024	2025	Change
Hot metal purchase	kt	1,886	**1,367**	– 27.5%
Crude steel production	kt	2,183	**1,567**	– 28.2%
Rolled steel production	kt	1,824	**1,516**	– 16.9%
Völklingen	kt	344	**333**	– 3.1%
Burbach	kt	825	**663**	– 19.7%
Neunkirchen	kt	655	**520**	– 20.6%
Shipped steel products	kt	1,942	**1,607**	–17.3%
Net sales	€ million	1,858	**1,481**	–20.3%
Germany	€ million	1,031	**818**	–20.7%
Other EU countries	€ million	531	**455**	– 14.4%
Countries outside EU	€ million	296	**209**	– 29.4%
Workforce (excluding trainees)	31/12/	3,347	**3,088**	
Personnel expenses	€ million	269	**260**	
Total assets	€ million	2,401	**2,316**	
Fixed assets	€ million	1,115	**1,209**	
Investments	€ million	55	**88**	
Shareholders’ equity	€ million	1,704	**1,578**	
EBITDA	€ million	–18	**–83**	
EBIT	€ million	–60	**–126**	
Net income	€ million	–47	**–126**	
Operating cash flow	€ million	29	**9**	

Members of the Supervisory Board

Heiko MAAS, Saarlouis **Chair** (as of 11/09/2025)	Chair of the Board of Directors and Board of Trustees of Montan-Stiftung-Saar President, Stahl-Verband-Saar e.V.
Reinhard STÖRMER, Völklingen **Chair** (until 11/09/2025)	Chair of the Board of Directors and Board of Trustees of Montan-Stiftung-Saar
Jörg KÖHLINGER, Frankfurt **1st Deputy Chair**	Trade Union Secretary and District Head of the IG Metall Central District
Joachim BRAUN, Le Ban St. Martin (FR) **2nd Deputy Chair**	Deputy Chair of the Board of Directors and Board of Trustees of Montan-Stiftung-Saar
Stephan AHR, Wadgassen	Chair of the Group Works Council of Saarstahl Aktiengesellschaft and Chair of the Works Council of the Völklingen plant of Saarstahl Aktiengesellschaft
Joachim DEMMER, Saarbrücken	Certified Public Accountant and Tax Advisor
Lars DESGRANGES, Beckingen	Primary Authorized Representative for IG Metall, Völklingen
Elke HANNACK, Berlin	Union Secretary and Deputy Chair of the German Trade Union Confederation
Kerstin HERRMANN, Sulzbach	Vice President of the Saarland Regional Labor Court
Nadine KLIEBHAN, Illingen	Senior Project Manager INFO-Institut Beratungs-GmbH
Karl-Ulrich KÖHLER, Dr., Mülheim (as of 11/09/2025)	Member of the Board of Trustees of Montan-Stiftung-Saar
Wolfgang LEESE, Prof. Dr., Lindberg (until 11/09/2025)	Managing Director and Managing Partner WGL Verwaltung und Beratung GmbH Member of the Board of Trustees of Montan-Stiftung-Saar
Markus MENGES, Waldbrunn	Board of Directors of Südweststahl AG
Jörg PIRO, St. Wendel	Chair of the Works Council at the Neunkirchen Plant Saarstahl Aktiengesellschaft
Peter SCHWEDA, Drensteinfurt	Former member of the Management Board of SHS - Stahl-Holding-Saar GmbH & Co. KGaA as well as of the Board of Directors/Chief Human Resources Officer of Aktien-Gesellschaft der Dillinger Hüttenwerke, DHS - Dillinger Hütte Saarstahl AG and Saarstahl Aktiengesellschaft
Angelo STAGNO, Saarbrücken	Deputy Chair of the Group Works Council and Chair of the Works Council of the Burbach Plant of Saarstahl Aktiengesellschaft
Hans-Joachim WELSCH, Saarlouis	Member of the Board of Directors and Board of Trustees of Montan-Stiftung-Saar

Members of the Board of Directors

Stefan Rauber
Chair

Joerg Disteldorf
Chief Human Resources Officer

Markus Lauer
(until 31/12/2025)
Chief Financial Officer and Chief Procurement Officer

Dr. Peter Maagh
Chief Technology Officer

Daniël Nicolaas van der Hout
Chief Commercial Officer

Jonathan Weber
Chief Transformation Officer
(as of 01/01/2026)
Chief Financial and Transformation Officer

Report of the Supervisory Board

The Supervisory Board of Saarstahl Aktiengesellschaft fulfilled the monitoring and advisory duties required by law and the articles of association with utmost care in 2025. The Supervisory Board was regularly informed regarding the situation and economic development of the company, including the risk situation, by means of written and verbal reports from the Board of Directors, in Supervisory Board meetings and in individual discussions. The Supervisory Board was informed about all projects and plans that are of particular importance to the company. In particular, the Board was informed at every meeting about the strategy and transformation process, the economic situation and current developments, and about compliance issues. All measures requiring the approval of the Supervisory Board, as well as significant transactions and fundamental questions of corporate policy, were discussed in detail with the Board of Directors.

Meetings held in the 2025 financial year comprised six ordinary meetings, three information meetings, one extraordinary meeting, and an Annual General Meeting on 3 July. The Presiding Committee convened prior to four ordinary meetings of the Supervisory Board. The Personnel Committee met twice.

On 11 September 2025, Mr. Reinhard STÖRMER retired from his position as Chair of the Supervisory Board after more than three decades of dedicated service to Saarland's steel industry. Prof. Wolfgang LEESE also resigned from the Supervisory Board. Mr. Heiko MAAS was elected the new Chair of the Supervisory Board. The election of the new shareholder representatives to the Supervisory Board took place at the Annual General Meeting. Dr. Karl-Ulrich KÖHLER and Mr. Heiko MAAS were elected to the Supervisory Board.

At the end of the year, there was a change to the Board of Directors of Saarstahl Aktiengesellschaft. Mr. Markus LAUER resigned from his position as a member of the Board of Directors with effect from 31 December 2025. Board of Directors member Mr. Jonathan WEBER was appointed as Chief Financial and Transformation Officer with effect from 1 January 2026. The Supervisory Board has approved the reduction in the number of positions on the Board of Directors.

On 29 September 2025, the SHS - Stahl-Holding-Saar Group (SHS Group) with its affiliated companies Dillinger (Aktien-Gesellschaft der Dillinger Hüttenwerke) and Saarstahl (Saarstahl Aktiengesellschaft) successfully completed the financing of its Power4Steel transformation project, one of the largest decarbonization projects in Europe. The total funding amounts to approximately € 1.7 billion. This means that financing is secured for the entire term of the investment project. The financing was provided by a consortium of leading national and international banks and combines corporate and investment financing. Investment financing is secured by the export credit agencies OeKB (Austria) and SACE (Italy). The financing is supplemented by substantial equity capital as well as direct grants from the German government and Saarland from the € 2.6 billion program for the transformation of Saarland's steel industry.

The annual financial statement, the management report, the consolidated financial statements, and the group management report of Saarstahl Aktiengesellschaft as of 31 December 2025, prepared by the Board of Directors, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Saarbrücken, appointed as the auditor at the Annual General Meeting. The auditor issued an unqualified audit opinion in each case.

The Supervisory Board has examined the annual financial statement and the management report of Saarstahl Aktiengesellschaft as well as the consolidated financial statements and the group management report as of 31 December 2025. The auditor took part in the discussion of the annual financial statement documents at the Supervisory Board meeting on 12 May 2026, in order to discuss the annual and consolidated financial statements and report the key findings of the audit. The Supervisory Board's own examination of the annual financial statement and consolidated documents did not give rise to any objections. The annual financial statement of Saarstahl Aktiengesellschaft prepared by the Board of Directors were adopted and the consolidated financial statement approved. The Supervisory Board concurred with the proposal of the Board of Directors for the appropriation of the retained earnings of Saarstahl Aktiengesellschaft.

The report regarding relationships with affiliated companies prepared by the Board of Directors in accordance with Section 312 AktG has been audited by the auditor. The Supervisory Board has examined the report in accordance with Section 312 AktG and found it to be in order.

The auditor has issued the following auditor's report in accordance with Section 313 (3) AktG as follows:

"Following our mandatory audit and assessment, we confirm that

1. the actual disclosures in the report are correct,

2. the consideration paid by the company for the legal transactions listed in the report was not unreasonably high or disadvantages were compensated, and

3. there are no circumstances that indicate a materially different assessment of the measures listed in the report than that of the Board of Directors."

The Supervisory Board acknowledged and approved the auditor's findings. Following the final result of its examination, the Supervisory Board has no objections to the declaration by the Board of Directors at the end of the report regarding relationships with affiliated companies.

The Supervisory Board would like to express its thanks and appreciation to the Board of Directors, the Works Council and all employees of Saarstahl Aktiengesellschaft as well as the employees of its affiliated companies for their work and commitment in the reporting year.

Völklingen, 12 May 2026

The Supervisory Board

Heiko MAAS
Chair of the Supervisory Board

Report of the Board of Directors

(Management Report)

The company's fundamentals

Saarstahl Aktiengesellschaft (Saarstahl) specializes in the production of wire rod, bar steel and semi-finished products in a variety of grades and for a wide range of technical applications. Its main business areas include the automotive sector, general mechanical engineering, and the construction industry, as well as other steel-processing industries.

In addition to the LD steelworks in Völklingen, a significant portion of production takes place at the rolling mills in Völklingen, Neunkirchen, and Burbach. Upstream coke and hot metal production is handled by Aktien-Gesellschaft der Dillinger Hüttenwerke (Dillinger) through the joint ventures ZKS Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisen- und Rohstoffgesellschaft Saar mbH (ROGESA).

In addition, the Saarstahl Group, through its numerous processing subsidiaries, plays a key role in meeting specific customer requirements. In the 2025 financial year, the processing and fabrication operations in Saarland were consolidated under the "Saarstahl Precision" brand. In addition, Saarstahl Aktiengesellschaft acquired the Dutch long steel processor FNsteel B.V. at the end of the year in order to strengthen its market position in the cold heading steel segment.

Legal framework

SHS - Stahl-Holding-Saar GmbH & Co. KGaA (SHS), a wholly owned subsidiary of Montan-Stiftung-Saar, is the majority shareholder of both Saarstahl and DHS - Dillinger Hütte Saarstahl AG with its main subsidiary Dillinger.

Financial report

Overall economic and industry-related conditions

The global economy demonstrated resilience in 2025. Inflation fell further in the direction of the central banks' targets, while growth weakened somewhat compared to 2024. The OECD expects global GDP growth of 3.2% in 2025 (2024: + 3.3%).

Economic weakness in the eurozone persisted in 2025 with growth rates of around 1.4%, which can be attributed to political uncertainty, trade barriers, a lack of consumer confidence, high energy prices and, ultimately, structural problems in the EU economy. According to the OECD, GDP growth in the EU is also expected to be +1.3% in 2026. The German economy stagnated in 2025 as well.[1]

Steel market

Demand for steel suffered considerably from global overcapacity, unfair trade and high energy costs in particular. The outlook for the European steel market progressively deteriorated in 2025, as weak demand, a decline in the steel processing industries and a continued high proportion of imports weighed on the situation. Germany – where demand fell sharply – was particularly hard hit.

According to the current Q4 forecast from Eurofer, growth in steel consuming sectors will shrink across all sectors by 3.6% in 2025. The outlook for 2026 is slightly positive at +1.8%, mainly due to an expected increase of 2.3% in the construction industry. Apparent steel consumption is forecast to grow by 3% in 2026.

Development of key customer industries

The German and European automotive industry – Saarstahl's most important customer sector – has operated in challenging conditions for a number of years now. After several years of structural adjustments and weak demand, the situation has stabilized slightly but remains strained. The main drivers of this development are structural problems caused by overcapacity and cost pressure in European plants, the transformation to electromobility and its associated investments, increasing international competition – particularly from Chinese manufacturers – and burdens from trade tariffs, as well as geopolitical uncertainties. This is also reflected in the production figures: For Europe (EU 27 + UK), light vehicle production (passenger cars and light commercial vehicles) is expected to fall by around 2.7% in 2025 compared to the previous year – following a decline of more than 6% in 2024. In Germany, the production volume is expected to stagnate at around 4.2 million units, which furthermore is around 14% below the 2019 level. In contrast, global light vehicle production will grow by around 2.5% in 2025, driven primarily by the Asian markets.

The German mechanical engineering sector, another important customer industry, continued the downward trend in 2025 that began in fall 2022. Real production output in the first 8 months of the year was 3.6% below the previous year's level. In the construction industry, the third key customer industry, the dearth of orders in residential construction worsened over the course of 2025. The German Construction Industry Federation (Hauptverband der Deutschen Bauindustrie (HDB)) expects a real decline in sales of 1.0% in 2025.

Business performance

Demand for steel in Germany remained at an exceptionally low level in 2025 and even fell below the average of the already weak previous years. At the same time, the trend of increasing steel imports from third countries into the European Union continued, which further increased their share in meeting European steel demand. In addition to global overcapacity, increasing protectionist measures – particularly aggressive US tariffs – placed an additional burden on the international steel trade. At the same time, energy costs in Germany remained at a level that was not competitive on the international market.

These difficult economic conditions had a noticeable impact on customer orders at Saarstahl. There was already a decline in orders in the second quarter, which intensified significantly from the third quarter on. In addition to lower demand, the continued trend in revenue and margin quality across individual product groups led to selective order management and, as a result, a significant decline in incoming orders from the previous year. In

[1] OECD figures as of: January 2026

the first half of the year, key facilities were underutilized, including the steel mill due to the planned reduction in inventories of semi-finished products, which resulted in an increase in block operations in the rolling mills and the number of employees working short-time. The company addressed this situation during the year by lowering its operating level and making corresponding adjustments to its internal resources.

The forecasts for the 2025 financial year, which anticipated significantly lower production and sales figures compared to the previous year, proved accurate despite the uncertainties that existed at the time of planning. Both purchases of hot metal (1,367 kt, 2024: 1,886 kt) and crude steel production (1,567 kt, 2024: 2,183 kt) fell by around 28% over the year as a whole. Shipped quantities decreased by 17% from 1,942 kt to 1,607 kt.

In every quarter of 2025, Saarstahl achieved slightly higher average revenues than in the fourth quarter of 2024; however, for wire and bar steel, revenues were overall below the previous year's average and below the levels forecast in the budget. Persistent pressure on revenues in the steel market, driven by very weak demand, spare capacity among German and European producers, and, at times, lower market prices for raw materials and procurement costs, continued to intensify the pressure on revenues, leading to consistent adjustments in revenues for steel products during the first three quarters and, to an even greater extent, in the fourth quarter. Saarstahl was only able to partially offset the decline in average revenues through equivalent cost reductions, a fact that was clearly reflected in the results for the first quarter and in individual months of the second half of the year.

Lower average revenues, higher production costs – due in part to underutilization of capacity and the resulting margin trends – led to net sales revenues and earnings that fell short of expectations for the 2025 financial year. Average net revenue was approximately 5% lower than the prior-year figure. Taking into account an expected decline in income from participating interests, the operating results fell by approximately € 65 million compared to the previous year; overall, Saarstahl ended the 2025 financial year with a net loss. However, this result would not have been achieved without the efforts Saarstahl has been making since 2024 as part of the "Turnaround SAG" cost-cutting program. The company took significant steps to counter external developments in 2025 as well and announced an ambitious cost-cutting target of € 210 million. Since the beginning of the year, through close management of sales and costs, specific structural and one-time measures have been implemented, which, taken together, were able to stabilize at the target level by year-end.

Earnings position

With pressure on prices continuing into 2025, changes in the product mix for quality and special steel led to an approximately 5% year-over-year decline in average revenues for steel products. As a result, average revenues for wire and bar steel in the current financial year fell short of the projected trend. The 335 kt decline in shipped quantities (-17.3%) to 1,607 kt had a significantly greater impact on sales performance. Given the generally sluggish market conditions, persistently high steel imports into the EU, and the announced punitive tariffs, Saarstahl anticipated significantly lower shipped quantities compared with the previous year. Accordingly, the forecast's cautious sales expectations were also confirmed for 2025.

Due to lower quantity and revenue, net sales (€ 1,481 million) declined by € 377 million. This was significantly below the previous year's net sales (€ 1,858 million), with the decline in net sales of wire and bar steel in the quality steel product group (-28.5%) being almost entirely due to lower sales volumes, which were more pronounced than in the special steel product group (-14.6%), where the quantity and revenue effects nearly offset each other. Net sales declined in all regions; in Germany, the market with the highest sales volume, by -20.7% and in the rest of the European Union by -14.4%.
In third countries, the decline was 29.4%, primarily due to the massive increase in tariffs on steel imports into the United States.

The decrease in the value of finished products and work in process during the current financial year was primarily due to the planned reduction in semi-finished products resulting from the interim relining of a blast furnace at ROGESA. Consequently, total operating revenue declined by € 500 million compared with the previous year, amounting to € 1,393 million in the 2025 financial year (2024: € 1,893 million).

Average prices developed as expected for a considerable proportion of material costs and were below the respective previous year's figures. This also applied to the input material hot metal, which the company obtains exclusively from ROGESA. The annual average cost of hot metal fell again by more than 10%, driven by trends in procurement prices for key raw materials such as fuel, iron ore, and pellets. Average processing costs remained virtually unchanged from the previous year, despite the temporary shutdown of Blast Furnace 4 and lower hot metal production.

Price trends for scrap, alloys, and other metallic raw materials varied widely; the decline in costs was largely due to lower consumption. Energy costs, particularly for electricity, gas and oxygen, led as expected to considerable expenses for the company. As a result of the decline in consumption, Saarstahl's energy costs fell by approximately € 32 million, or 21%. Despite a slight increase in repair and maintenance expenses (+€ 6 million), the company succeeded in 2025 in reducing other expenses for purchased services – such as external contract labor, waste disposal, and internal transportation – resulting in a decrease of nearly 12% (or € 14 million) in total expenses for purchased services. Accordingly, the material intensity – measured in terms of total operating revenue – fell from 80.1% in the previous year to 74.9% in the current year.

Compared with the previous year, personnel expenses decreased by approximately € 9 million in 2025, and as total operating revenue changed, personnel intensity rose from 14.2% to 18.7%. Higher wages resulting from the ongoing 2025 collective pay-scale adjustment and the collectively agreed bonus payment to compensate for rising consumer prices were offset by various cost-cutting aspects. In addition to a decline in the average number of employees (-5.9%), wages and salaries fell as a result of reduced production capacity utilization and the associated increase in short-time work; the proportion of short-time work shifts rose by 29% compared with the previous year. In addition, Saarstahl signed a transfer collective pay-scale agreement last spring. The main objective was to increase flexibility and reduce personnel costs. Among other things, it provides for the transfer of working hours and remuneration components to a transformation account.

Other operating income, which totaled € 21 million, was € 26 million lower than in the previous year. In the current year, proceeds from the disposal of assets totaling € 20 million accounted for nearly the entire amount, as did the € 9 million in proceeds realized in the prior year from the merger of a subsidiary, while out-of-period income increased by a total of € 5 million in the current year.

Amortization and depreciation of intangible and tangible fixed assets remained at the previous year's level, in line with the scheduled depreciation schedule. At the same time, other operating expenses decreased in the current financial year, primarily due to lower freight costs (down -€ 14 million), while expenses related to the financing of Power4Steel and currency translation adjustments each increased by € 4 million.

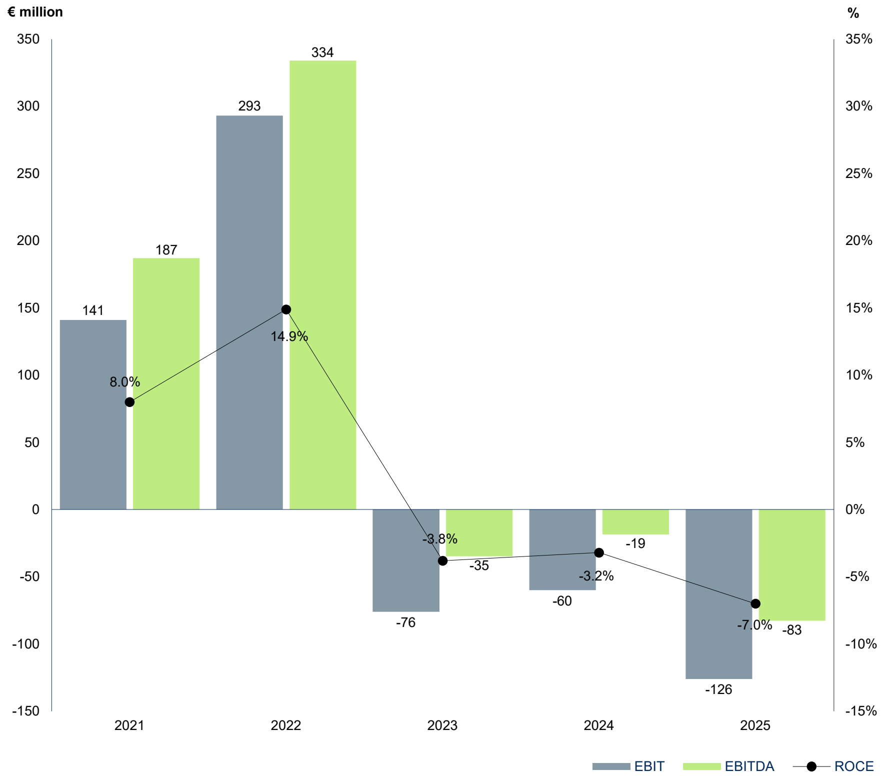
The financial result for the 2025 financial year decreased by € 34 million from € 60 million in the previous year to € 26 million. A € 14 million decrease in income from profit and loss transfer agreements with affiliated companies and a € 15 million decrease in dividend payments contributed almost equally to the expected decline in income from participating interests. At the same time, net interest income decreased by a total of € 6 million in the 2025 financial year. As a result, both income from securities and interest also declined by € 3 million, while interest expenditures increased by € 3 million. In addition to higher average bank loans and overdrafts, there was also the new loan issued by DHS this year. Taking into account margins, interest rates, and interest-like financing costs, the terms of the loans taken out in 2025 are, on the whole, less favorable than those of the existing loans.

As a consequence of the very weak economy, increasing distortion of competition due to cheap steel imports into the EU and punitive tariffs on steel imports into the USA, among other things, earnings performance fell short of expectations for the 2025 financial year. Although a difficult revenue trend slightly below the previous year's average had already been assumed in the planning, the planned cost savings could not be fully realized.

In addition to net sales and operating results (EBIT and EBITDA), the key performance indicators also include net income. With a net loss or EBIT of -€ 126 million and an EBITDA of -€ 83 million, Saarstahl posted significantly weaker financial results compared to both the previous year and the forecasts for the financial year.

Business performance in 2025 is also reflected in the key financial figures for the asset and capital structure and for the development of returns. The return on capital employed (ROCE) amounted to -7.0% in the financial year (2024: -3.2%), while the return on sales (adjusted EBIT margin) was -9.7% (2024: -3.4%).

Development of EBIT, EBITDA, ROCE



Financial and asset position

Financial position

Saarstahl generated an operating cash flow of € 9 million in the 2025 financial year. This resulted from changes in working capital (€ 86 million) and cash inflows from income tax refunds (€ 13 million), offset by EBITDA (-€ 90 million), which was adjusted for non-cash income statement items and dividend income. The change in working capital was primarily driven by a reduction in both the quantity and value of inventories, as well as lower trade receivables as of the reporting date, which was partially offset by the payment of trade accounts payable owed to companies in which the company holds an equity interest.

Public grants (€ 121 million) reported as other liabilities in the previous year, and further public grants received in 2025 (€ 138 million) for the Power4Steel transformation program, covered large parts of the investment payments in tangible fixed assets (€ 347 million). This resulted in a net cash outflow of € 88 million. In addition, payments made in connection with the financing activities of subsidiaries and joint ventures (€ 115 million) were offset by proceeds from the disposal of fixed and financial assets (€ 51 million), as well as from dividends, interest, and payments from affiliated companies and associated companies (€ 157 million). Cash flow from investment activities amounted to € 5 million, and free cash flow totaled € 14 million.

Saarstahl's cash flow from financing activities amounted to € 78 million. The company made its scheduled loan principal and interest payments during the 2025 financial year. Following successful completion and restructuring of Power4Steel's external financing, existing long-term bank loans and overdrafts were repaid ahead of schedule. This resulted in a total cash outflow of € 129 million. This was offset by cash inflows from borrowings totaling € 239 million.

Restructuring of the SHS Group's corporate structure, aimed at more closely integrating the French companies Saarstahl Ascoval and Saarstahl Rail as subsidiaries of Saarstahl, resulted in scheduled payments of approximately € 32 million during the current year. No dividends were paid to the shareholders.

Overall, cash funds increased by € 92 million compared with the previous year. This includes € 121 million in public grants reported as other liabilities as of the prior year's reporting date, for which the conditions for offsetting against fixed assets were not met at that time. Consequently, cash and bank balances decreased by € 29 million compared with the previous year, totaling € 216 million as of 31/12/2025.

Net asset position

Most of the increase in the long-term assets of Saarstahl Aktiengesellschaft is related to the Power4Steel transformation program. This also includes the financial strengthening of the joint ventures ROGESA, into which Saarstahl Aktiengesellschaft made a contribution to the capital reserve.

In the current financial year, construction activities in tangible fixed assets were primarily in connection with the construction of the future electric arc furnace and the expansion of secondary metallurgy. In addition, contracts were awarded for the construction of the technical equipment and advance payments were made for this purpose. This led to additions to assets, advance payments and assets under construction totaling € 347 million, of which investment grants amounting to € 259 million were recognized as a reduction in acquisition costs. Taking into account scheduled depreciation, tangible fixed assets increased by € 43 million.

In addition to the full acquisition of the shares in FNsteel B.V. and the contribution to the capital reserve of the joint venture ROGESA, changes in financial assets were driven, among other things, by repayments of loans and capital withdrawals from affiliated companies, which together resulted in a total increase in financial assets of € 51 million. Overall, the long-term assets employed of Saarstahl Aktiengesellschaft increased by € 94 million compared to the reporting date of the previous year and amounted to € 1,209 million. The fixed asset coverage ratio fell from 152.9% in the previous year to 130.5% on 31/12/2025.

Current assets fell by a total of € 196 million. The lower net book value of inventories (-€ 91 million) contributed significantly to this. In addition to higher impairment losses, this was primarily attributable to the planned reduction of semi-finished product inventories at Saarstahl Aktiengesellschaft as a result of reduced hot metal availability during the interim relining of ROGESA's blast furnace 4. The change in trade accounts receivable from third parties (-€ 45 million) is primarily due to the change in sales volumes compared with the fourth quarter of the previous year. Similarly, receivables from affiliated companies decreased by € 7 million, with trade receivables increasing by € 8 million, while other receivables, including intra-group financing, decreased by a total of € 15 million. In particular, lower tax refund claims as of the reporting date resulted in a decrease in the value of other assets (-€ 24 million).

Financing costs related to the restructuring of Power4Steel's debt financing, which are recognized on an accrual basis, were the primary reason for the € 18 million change in prepaid expenses.

Total assets decreased by € 85 million from € 2,401 million in the previous year, ending at € 2,316 million. This decline in assets was offset by a decrease in equity resulting from the net loss for the year at (-€ 126 million), which led to a lower equity intensity of 68.1% as of 31/12/2025, as well as subsequent changes in debt items.

Other provisions increased primarily as a result of operating activities and changes in employee-related obligations.

Following the successful completion and restructuring of debt financing, the € 139 million increase in bank loans and overdrafts is primarily attributable to new borrowings in the second half of the year (€ 240 million), offset by scheduled and early loan repayments totaling € 103 million. With lower total assets, the debt-equity ratio developed accordingly as of the reporting date, rising from 6.0% in 2024 to 15.2% in 2025.

In addition to the new loans taken out in the current financial year, there are contractual assurances amounting to around € 147 million for further future payments from bank loans and overdrafts in connection with the financing of investments from Power4Steel and the conversion of steel production to the EAF process. Moreover, the company may – in consultation with other companies of the SHS Group – draw upon an amount of up to € 300 million under a loan agreement. With the restructuring of debt financing in several companies of the SHS Group, contractually defined loan conditions (covenants) must be fulfilled. However, the loan conditions are not based solely on Saarstahl Aktiengesellschaft, but on the entire SHS Group. As of the reporting date, the covenants were fully met, and there are no indications that the covenants will not be met in the near future.

Trade accounts payable decreased by a total of € 56 million compared with 31/12/2024; this decrease in liabilities to joint ventures (-€ 65 million) was offset by a year-end increase in liabilities to third parties and subsidiaries totaling € 9 million.

During the current financial year, other liabilities and liabilities related to Group financing with respect to subsidiaries and associated companies increased by a total of € 62 million. This is primarily due to a € 100 million loan paid by DHS – Dillinger-Hütte Saarstahl AG to Saarstahl Aktiengesellschaft, which is to be used to finance the Power4Steel project.

The decrease in other liabilities (-€ 122 million) is almost entirely attributable to public grants recognized as liabilities in the previous year, for which the conditions for offsetting them against the acquisition and production costs of fixed assets had not yet been met as of the previous year's reporting date.

Investments and new construction

After deducting grants, Saarstahl's investment volume for the 2025 financial year amounted to € 88 million (2024: € 55 million). During the year under review – as in the previous year – the planning and construction measures progressed steadily for the upcoming transformation of steel production in particular. The other financial obligations outstanding as of the reporting date relate almost entirely to purchase commitments for the various subprojects and construction activities associated with the construction of the new electric arc furnace. The associated payments in the following year are secured by public grants and loan commitments, among other things.

LD Steelworks in Völklingen and transformation

Site preparation for the construction of the new electric arc furnace has been successfully completed, and parts of the operational infrastructure have been modified and, in some cases, rebuilt. Major construction work on the civil engineering and building projects has begun, and the construction sites for the main buildings have been opened. The engineering of the main units is well underway; production of the first key components has already begun.

Nauweiler rolling mill

The installation of a new cutting unit is planned at the Nauweiler rolling mill. Planning for this is already well underway; the order is expected to be placed shortly. The total investment budget for this project is approximately € 4.3 million.

Key figures

Key figures in %	2021	2022	2023	2024	**2025**
Fixed asset coverage ratio	133.5	162.4	161.0	152.9	**130.5**
Internal financing capability	–4.5	395.7	78.6	52.1	**10.4**
Equity intensity	68.0	76.1	77.8	71.0	**68.1**
Return on capital employed (ROCE)	8.0	14.9	–3.8	– 3.2	**–7.0**
Debt-equity ratio	17.9	11.9	8.7	6.0	**15.2**
EBIT margin	6.7	11.3	– 4.7	– 3.4	**–9.7**
EBITDA margin	9.0	12.9	–2.2	–1.0	**–6.4**
Material intensity	69.5	69.4	78.4	80.1	**74.9**
Personnel intensity	12.5	10.1	15.1	14.2	**18.7**

Notes

Fixed asset coverage ratio	Equity in relation to fixed assets
Internal financing capability	Operating cash flow in relation to net investments in fixed assets
Equity intensity	Equity in relation to total assets
ROCE	EBIT in relation to capital employed (average long-term capital employed). EBIT is eliminated by the earnings effect from the associated companies.
Debt-equity ratio	Bank loans and overdrafts in relation to shareholders’ equity
EBIT/EBITDA margin	EBIT/EBITDA in relation to total operating revenue. The EBIT/EBITDA is eliminated by the earnings effect from the associated companies. In addition to sales revenue, the change in inventories of work in process and finished products is also taken into account when calculating total operating revenue. Moreover, revenue is reduced by the amount passed on to Group companies at cost, in accordance with the terms of the agreement.
Material and personnel intensity	Material and personnel expenses in relation to total operating revenue

Changes in key non-financial performance factors

Power4Steel transformation project

The SHS Group with its affiliated companies Dillinger, Saarstahl and ROGESA, has set an ambitious goal to achieve carbon-neutral production by 2045. As part of the Power4Steel transformation project, the Group is focusing on the use of hydrogen, on electric steel production and on recycling steel scrap. To this end, a direct reduction plant (DRI) and two electric arc furnaces (EAF) are being built at the Dillingen and Völklingen production sites.

Hydrogen and electricity-based steel production enables a significant reduction in CO_2 emissions: These are expected to be reduced by around 55% by the beginning of the 2030s. The roadmap for implementing all the measures is a challenge for the companies as construction of the new facilities and the conversion of numerous production steps is being implemented during ongoing operations. The SHS Group aims to start supplying “green” steel in 2028/2029. The new plants are expected to enable an annual capacity of up to 3.5 million metric tons of crude steel made from direct reduced iron (DRI) and scrap.

Following the EU Commission’s approval of the € 2.6 billion federal and state funding for the Power4Steel decarbonization project in December 2023 and the order for the central gensets in October 2024, further milestones followed in 2025: In May, the permits for the construction and operation of the DRI plant and the two EAFs in Völklingen and Dillingen were issued in accordance with the Federal Emission Control Act (BImSchG). In September, a long-term contract was concluded with Verso Energy for the annual supply of at least 6,000 metric tons of “green” hydrogen. With successful completion of the overall financing of the project, the next decisive step forward followed in October. The total financing volume amounts to around € 1.7 billion. This means that financing is secured for the entire term of the investment project.

Construction work as part of Power4Steel progressed according to plan in the reporting year. The main construction activities on the sites in Dillingen and Völklingen included:

At the Dillingen site (direct reduction plant and electric arc furnace with secondary metallurgy)

- Civil engineering and reinforced concrete work was largely completed for the new 400 kV power supply facility, and work began on the station’s interior
- For the slag hall, foundation work and steel construction work were completed, and work began on the roof and wall cladding
- The foundations for the scrap hall were laid, and the steel construction work began
- In the area of Hall 5 (secondary metallurgy facility and ladle transfer), the foundation work for the “above-ground section" was completed, and work started on the “below-ground section”
- Site profiling measures and construction roads were carried out on the site and the electrical supply for the construction project was installed
- Concrete construction for the central switchgear house "S901" began
- The first excavation, foundation and concrete construction work started for the EAF hall
- A new rail yard was built and the road and track construction measures "in the curve" were largely completed
- Work began on the new water supply from the Saar

At the Völklingen site (electric arc furnace with expansion of secondary metallurgy)

- Construction of the northern slag tipping ramp began
- Concrete construction was completed and the steel construction work was started
- The raising of the hall for the future vessel repair hall was largely completed
- Construction of the EAF hall began
- Concrete construction in the central electrical and media duct area was completed and work began on the internal installations
- Earthworks including bored pile foundations and the concrete construction work in the area of the scrap hall began
- Construction of the extension to the secondary metallurgy hall began
- Concrete construction of the ladle furnace building and the functional building was largely completed
- The "S0" switchgear house was completed on site and then the interior work started
- Construction of the "S5" switch house began
- Construction of the EAF water management building started at the end of the year

In addition to the visible construction progress, operational implementation of the project progressed steadily. Among other things, metallurgical concepts were further developed in the reporting year and important progress was made toward “green” production. Key insights were gained with trial batches at the Saarstahl Ascoval site, at Saarschmiede and in the existing converter process, in order to ensure the usual high product quality is maintained using the climate-friendly process in the future.

For the period after the shutdown of the first blast furnace, the energy supply concept was further expanded and finalized, a Group-wide concept for future inbound logistics was developed for the growing logistical requirements – particularly with regard to the increased delivery of scrap by truck – and the existing areas and hall structures for the storage of spare and reserve parts at both sites were comprehensively analyzed.

Sustainability

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

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

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

Steel fulfills the principle of sustainability more explicitly than virtually any other material: As the most frequently used industrial base material, it contributes significantly through a wide range of applications to protecting the environment and climate. At the end of their service life, steel products can be recycled completely and as often as required, with virtually no loss of quality, and completely returned to the industrial cycle. In addition, crude steel produced in Germany sets high standards in terms of environmental and climate protection, not least in a global comparison.

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

By transforming the existing blast furnace/converter process to direct reduction plants and electric arc furnaces, and by using hydrogen and carbon-free electricity in production, the goal of carbon-neutral steelmaking by no later than 2045 can be achieved (see the section on "Power4Steel transformation project").

In addition to the planned measures at the German sites, the French subsidiary Saarstahl Ascoval is already able to provide the first quantities of "green" crude steel through its existing EAF production capacities.

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

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

EcoVadis, an international provider of sustainability ratings, awarded its Platinum rating in 2025 to Saarstahl's activities in the area of Corporate Social Responsibility (CSR). The EcoVadis rating confirms the high quality of sustainability management at Saarstahl.

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

In 2025, the SHS Group was again awarded the top A rating by the independent organization Carbon Disclosure Project for its commitment to climate protection and transparency, thus securing a place on the annual CDP A List. Among other things, this report serves as a status report on the commitment within the Science Based Target Initiative (SBTi). The Group has committed to meeting the targets of the Paris Climate Agreement and has defined Group-wide decarbonization targets.

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

Saarstahl and Dillinger are founding members of LESS AISBL and are involved in the development of the so-called Low Emission Steel Standard (LESS for short). LESS is an open-technology standard for the labeling and classification of CO_2-reduced steel. The aim is to make the decarbonization of the steel industry measurable, comparable and transparent. The potential for improvement here is not the increase in the proportion of scrap in steel products, but progress in transformative measures such as technology change, the use of green energies and the decarbonization of purchased input materials. All steel production processes, whether blast furnace process, DRI-based electric arc furnaces or secondary electric steel production, are evaluated along the percentage scrap utilization. All processes are rated in a corresponding class, despite varying CO_2 intensities.
Saarstahl and Saarstahl Rail were able to classify their products with input material from Saarstahl Ascoval as "Low Emission C" for the first time in 2025.

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

Employees

A qualified and committed workforce is the foundation of Saarstahl. Their commitment and flexibility are crucial for achieving our production targets and actively shaping the transformation process in Saarland's steel industry. Decarbonization and digitalization represent the key challenges that we are tackling together with our employees.

Social responsibility and forward-looking human resource management are indispensable components of our corporate strategy. We continuously invest in occupational safety and health, promote the development of professional skills, and ensure a steady supply of new talent – particularly for new technologies and processes as part of our transformation.

Capacity utilization at the production facilities was below average in 2025, particularly due to high semi-finished product inventories from 2024 and lower rolled volumes in all rolling mills. Consistent use of our instruments for flexibility (including short-time working) and the adjustment of basic operating procedures in the rolling mills with the corresponding release of personnel enabled us to respond in a socially responsible manner. This flexibility will continue to play a key role in successfully implementing the transformation and securing the long-term competitiveness of Saarstahl.

Saarstahl had 3,088 employees (2024: 3,347) at the end of the reporting year.

The decline is primarily due to the reduced production described above; in addition, initial measures to restructure Saarland's steel industry were implemented as part of the Overhead Program 2025, and this will be further intensified in 2026.

Safety and health

A safe and healthy work environment is given top priority at Saarstahl. This was also reflected in numerous offers and measures in 2025, including Steel Safety Days with a focus on skin protection, continuation of the Group-wide "Occupational Safety Hour", implementation of inspections by the Board of Directors, and annual workshops for safety officers. Among other things, a management seminar was held in 2025 in collaboration with the German Employers' Liability Insurance Association for Wood and Metal (Berufsgenossenschaft Holz und Metall, BGHM), and company-specific occupational safety action plans with targets and measures were drawn up.

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

Saarstahl concluded 2025 with 10 accidents requiring at least one day of leave due to injury (2024: 8) and a lost time injury frequency rate (LTIFR) of 2.2 (2024: 1.6; number of accidents requiring at least one day of leave due to injury per 1 million hours worked).

Workplace Health Management

Our commitment to our employees is also reflected in our Workplace Health Management (WHM) program, which offers a wide range of services and activities designed to maintain and promote employee health, well-being, and motivation, and goes far beyond what is required by law. These include sports and fitness programs, workplace social counseling, and initiatives for addiction prevention and mental health. Workshop modules on topics such as nutrition, exercise, and skin protection were held in 2025 during the trainee days, and awareness of workplace health management was raised through various monthly campaigns on the intranet.

Fostering young talent

Saarstahl continues to invest in training and fostering young talent and provides training at a consistently high level in order to counter a possible shortage of skilled workers resulting from demographic change. In 2025, 61 young people started their careers in the company (2024: 69). As a result, the company trained a total of 244 young workers (2024: 257), when all training class years are included. In addition, there was 1 student intern (2024: 42), 5 commercial technical college (FOS) interns, 1 technical FOS intern and 1 working student (2024: 3). The instrument of employing university student trainees in particular ensures the strategic fostering of young talent in the academic area.

Percentage of women

Diversity and equal opportunity are key success factors for the transformation of Saarstahl. At the end of 2025, women made up 5.8% of the workforce. Although industry-specific conditions make it difficult, we are pursuing the strategic goal of significantly increasing this share – as a contribution to our innovative strength and competitiveness in an increasingly digital and climate-neutral steel production sector.

The primary strategic objectives are to

- use diversity as a driver for innovation and digital transformation
- secure skilled workers for decarbonization and new technologies
- create attractive working conditions for a diverse workforce

Our measures are designed to promote the compatibility of work and family life and to attract new talent for future fields – by increasing the percentage of female trainees and introducing flexible working time models, mobile working, and company-supported childcare. Our renewed certification as a family-friendly company underscores this commitment.

Women are increasingly taking on management responsibility – both in administration and in technology. In the context of assuming operating tasks through the majority holding company SHS - Stahl-Holding-Saar, such as in the area of corporate staff functions, a higher percentage of female employees and managers are represented in the holding company. Consequently, the percentage of female employees in the total workforce, at 31.3%, is significantly higher than at Saarstahl.

In accordance with Section 111 (5) AktG, a target quota of 30% for supervisory boards has been set for Saarland's steel industry. Saarstahl also defines a target of 15% for management functions in accordance with Section 76 (4) AktG. The analysis relates to senior management and includes the first and second levels of the hierarchy as well as the positions equivalent to the two top levels of management in terms of their importance for the company.

Production

As the core facilities, the production division of Saarstahl includes the LD steel plant in Völklingen as well as four rolling mills located at the Völklingen (Nauweiler), Burbach and Neunkirchen locations. The preliminary stages of production, i.e. the production of coke and hot metal, take place at the Dillingen plant with the two companies Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisengesellschaft Saar mbH (ROGESA) (Saarstahl share 50% each).

LD steel plant

In 2025, around 1,354 tons of hot metal were delivered to the LD steel plant and 1,567 tons of crude steel (solid) were produced.

Rolling mill

The four rolling mills produced a total of approx. 1,560 kt of rolled products in 2025.

Innovation and quality

Research and development

The strategic focus of research and development at Saarstahl is consistently geared to the continuous improvement of internal processes and customer-specific optimization of products. With this in mind, internal development projects are defined in close coordination with the steel plant, the rolling mills and the processing companies with the aim of improving performance and realizing cost potential. In addition, Saarstahl supports bilateral development projects with customers to optimize downstream manufacturing processes as well as external research projects with strong customer involvement or clear reference to the defined growth fields of Saarstahl. In addition, R&D provides targeted support for necessary improvement measures in response to customer complaints.

The transformation to the EAF process is leading to realignment of the key areas of focus for R&D. Due to the need to be prepared for different commissioning time scenarios, development work in the 2025 financial year focused on corresponding activities.

A particular focus was on systematic data collection as the basis for the developing digital twins. For example,older data recording systems on the rolling mills have been replaced with iba [2]functions, which make use of standardization to enable use of virtual machines and thus allow simulation of parameter changes in advance. During simulation of the rolling process, the relevant simulation of several rolling passes has been implemented in cooperation with the software manufacturer, so that correlations in the rolling process can now be better understood.

As part of the EU-funded DiGreeS project, the digital twin of the electric furnace process is being developed using the EAF at Saarstahl Ascoval in Saint Saulve as an example. At the same time, further projects with significant performance improvements have been implemented, including the conversion of the Burbach rolling mill to the 180 mm square billet format using Mechanical Soft Reduction (MSR).

To further prepare for the transformation, an FMEA[3] was developed for the new process steps together with the quality departments and steel mill technology. The aim was to systematically record all potential influencing factors in addition to the development issues already identified. On this basis, a detailed work plan has been drawn up with a particular focus on steel cord, spring steel and cold heading steels, as these present special challenges for the new process due to their specific metallurgical requirements. In accordance with the development plans, tests were carried out both at the Völklingen steelworks and at the electric furnace in Saint Saulve.

The EU-funded InsGeP project is studying how the expected differences in the melting behavior of various HBI[4] grades affect the composition of the EAF slag and its further usability. For this purpose, the necessary tests with various HBI proportions were carried out at Saarstahl Ascoval and the slags were made available to the project partners for both internal and external tests.

Laboratories

Saarstahl's chemical and technical laboratories are accredited in accordance with DIN EN ISO/IEC 17025. The professional competence of the laboratories is regularly checked and ensured by successfully completed proficiency tests and laboratory comparisons as well as by DAkkS monitoring.

Due to Saarschmiede's particularly strong order book, the volume of orders at the Chemical and Technical Laboratory increased. Thanks to close collaboration and many years of experience, we were able to make a significant contribution to quality control as the portfolio continued to evolve.

Raw material procurement and transport

During the course of 2025, global market prices for premium coal fell from over USD 200/t to as low as USD 165/t due to the weaker global economy, only returning to USD 200/t by the end of the year. Average prices for the year were USD 185/t, which is significantly lower than the annual average for 2024 (USD 240/t). It is not currently foreseeable that the historical highs will be exceeded again, but further downside potential is limited due to the deterioration in the cost structures of the mines (including royalties in Queensland Australia).

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[2] The iba system is a time-synchronized data acquisition system that records, stores and evaluates signals from automation and drive systems.
[3] Failure mode and effects analysis
[4] Hot briquetted iron = high-density iron ore product made from direct reduced iron (DRI)

Supply and demand in the iron ore market are increasingly balanced. The leading index for iron ore prices (IODEX) fluctuated in a narrow range between USD 90/t and USD 110/t and, at an annual average of USD 102/t, was below the previous year's level.

The sea freight market recovered again in 2025 compared to the previous year, which was partly due to increased freight rates as a result of geopolitical uncertainties. To counteract this unpredictable dynamic, the combination of freight rates agreed for the medium to longer term, together with taking advantage of opportunities on the spot market, has proven to be a dependably successful method for ROGESA and ZKS.

The conversion of almost the entire process chain to "green" steel also has a massive impact on the raw material mix to be procured. In addition to volume shifts, new raw material qualities also have to be procured: for the DRI plant, for example, significantly higher quality DR pellets are required, and for the electric furnaces, other forms of carbon carriers and aggregates as well as electrodes and scrap are needed. In this regard, the conclusion of long-term contracts was sought and has already been successfully implemented for DR pellets.

The companies of the SHS Group transport at least 80% of their inbound and outbound products with environmentally friendly means of transport such as rail and ship. Transport costs rose sharply over the course of the year, due on the one hand to the pricing policy for rail transport and on the other to the obstructions on the waterways. The water levels on the Rhine and its tributaries fluctuated greatly over the course of the year, with high water in January and repeated periods of low water from March onward. Overall, however, there were no extreme events. Appropriate measures were taken to counteract the cost increases in the transportation market in some areas.

External risks will continue to have a major impact on logistics over the course of 2025: damage to the lock gate at the Müden lock on 8 December 2024 caused inland navigation on the Moselle to be suspended until the end of January 2025. In the summer, a passenger ship hit another gate at the lock in St. Aldegund on the Moselle.

Shipping on the Moselle was therefore suspended for over 2 months during the course of the year. Both events required a very intensive rerouting of goods flows to rail and truck transport. In addition, rail traffic was repeatedly restricted due to the very heavy construction activity on the transport corridors that are important for the SHS Group.

Environment and energy

Saarstahl gives high priority to environmental and climate protection, in line with its corporate guidelines. Continuous improvement processes for sustainable, environmentally friendly and resource-saving production are part of this. Extensive investment in state-of-the-art technologies helps reduce environmental impacts and continuously improves energy efficiency – not least because innovative product solutions made from steel contribute in important ways to environmental protection (see the section on "Sustainability"). In addition to the day-to-day tasks of the specialist area, the transformation construction site and regulatory requirements arising from European climate policy are among the key tasks of the financial year.

Transformation

After the operating licenses for the new plants were issued in the reporting year as part of the transformation, the detailed planning had to be implemented together with the new construction department and the plant constructors. This issue will continue to be decisive in 2026.

Environmental management (EMS)

During the year under review, the conformity of Saarstahl Aktiengesellschaft with its three locations and the subsidiaries Kalksteingrube Auersmacher GmbH, Saarschmiede Freiformschmiede GmbH, Schweißdraht Luisenthal GmbH, Saar-Blankstahl GmbH and Saar-Bandstahl GmbH with ISO 14001:2015 was successfully confirmed in a surveillance audit. in 2025, the regular IED (Industrial Emissions Directive) inspections by the authorities also took place in the area of the walking beam furnace in the Nauweiler rolling mill, the vacuum steel plant in the Saarschmiede area and the Hostenbach slag heap. Furthermore, the official incident inspections were carried out at the Völklingen and Burbach sites.

Determination of product carbon footprints (PCF)

As part of its sustainability strategy, product carbon footprints as defined in DIN ISO 14067/IPCC AR6 GWP100 are made available to Saarstahl's customers for their main product groups. Both the products from the blast furnace process and the 70% CO_2-reduced products from Saarstahl Ascoval, rolled in the Saarland plants, are presented here. Our highly CO_2-reduced products via the electric furnace process are already helping our customers achieve their decarbonization targets.

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

In addition to product-specific emissions, the balance sheet for the entire Group is an important basis for strategic projects as well as for communication with stakeholders and sustainability indices such as SBTi, CDP or EcoVadis. As part of the climate protection objectives, the upstream chain, represented by Scope 3 emissions, was examined in greater detail and a screening of upstream chain emissions was carried out. In the CCF report, all 15 categories of the upstream and downstream value chain are considered and all relevant categories are reported accordingly.

Carbon emissions trading (EU ETS)

As part of the mandatory annual emissions reporting to the German Emissions Trading Authority (DEHSt), the monitoring plans for all installations subject to emissions trading were updated in 2025. The emissions reports were prepared on this basis and submitted to the DEHSt after external verification. In addition, the annual allocation data reports (ZDB) were prepared for all plants concerned in accordance with the revised method plans and also submitted with verification. The data from the allocation data reports forms the basis for the dynamic adjustment of the free allocation of allowances within the current trading period (2021-2030).

Carbon Border Adjustment Mechanism (CBAM)

The Carbon Border Adjustment Mechanism (CBAM) is a supplementary European climate protection instrument that was introduced in October 2023. It serves to prevent carbon leakage and create a level playing field for European industry by ensuring that emissions-intensive imports pay the same CO_2 price as products manufactured within the EU. As part of this, the Environmental Protection department processes emissions trading data for customer communication of CBAM supplier values in accordance with the CN Code.

REACH & RoHS

In the context of the mandatory information requirements of Article 33 of the Registration, Evaluation, Authorization and Restriction of Chemicals Regulations (REACH), all products containing substances on the REACH Candidate List in concentrations of > 0.1% must be reported both to customers and to the European Chemicals Agency (ECHA). In addition to informing the customer, which has been mandatory since 2018, since 2021 the ECHA must also be informed. This notification of the free-cutting steels from Saarstahl was accomplished using the electronic SCIP database. ECHA initiated the inclusion of lead in Annex XIV of the Regulation in December 2021; lead was included in the "11th recommendation for REACH Authorization" in 2022 and thus became part of the candidate list for Annex XIV. The European Chemicals Agency continued on its path toward authorizing the use of lead in 2025. Saarstahl continues to follow this process very closely.

As part of the Restriction of Hazardous Substances Directive (RoHS), which restricts the use of hazardous substances in electrical and electronic equipment to protect the environment and human health), a further extension for the use of lead until 11/12/2026 was achieved.

Most significant shareholdings

ZKS Zentralkokerei Saar GmbH, Dillingen

Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl Aktiengesellschaft each hold an indirect 50% interest in ZKS Zentralkokerei Saar GmbH (ZKS). ZKS produces coke that is intended exclusively for use in the blast furnaces of ROGESA Roheisen- und Rohstoffgesellschaft Saar mbH. At 1,257 kt, total coke production in 2025 was slightly below the level of the previous year's production (2024: 1,290 kt) ZKS is a company without employees. Personnel required for operation of the coke plant are provided by Dillinger. Investments at ZKS in 2025 amounted to € 2.7 million (2024: € 2.5 million).

ROGESA Roheisen- und Rohstoffgesellschaft Saar mbH, Dillingen

ROGESA Roheisen- und Rohstoffgesellschaft Saar mbH (ROGESA), in which Dillinger holds a 50% stake (directly and indirectly), produces hot metal exclusively for its shareholders Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl Aktiengesellschaft. Operational management of ROGESA, as a company without employees, lies in the hands of Dillinger.

Hot metal production from blast furnaces 4 and 5 amounted to 3,040 kt in 2025 (2024: 3,903 kt). In the reporting year, 1,673 kt (2024: 2,017 kt) were delivered to Dillinger and 1,367 kt (2024: 1,886 kt) to Saarstahl. Investments at ROGESA in 2025 amounted to € 25.1 million (2024: € 31.4 million).

ROGESA is the sole shareholder in Gichtgaskraftwerk Dillingen GmbH & Co. KG, which leases a 90 MW power plant at the Dillingen site to the operators of the GKW – Dillinger, ROGESA and ZKS – to generate electricity.

Saarschmiede GmbH Freiformschmiede

The core business of Saarschmiede GmbH Freiformschmiede is the production of high-quality open-die forgings with a focus on power generation machinery construction, general mechanical engineering, tool steel, special materials made from nickel-based alloys, and the production of ingots and input material. The most important sales markets include energy production, where the forged products are used in both conventional power plants and in the renewable energies sector. Saarschmiede produces customized products in a wide variety of machining conditions and material specifications to meet the respective application requirements.

Business performance

For Saarschmiede, the 2025 financial year was characterized by very positive development overall With net sales of € 175.4 million, the previous year's level (€ 153.7 million) was once again significantly exceeded. This continued the trend of sustained sales growth and underscores the company's successful strategic alignment. The positive development is also reflected in the development of earnings and the workforce. Saarschmiede achieved an operating result (EBIT) of € 10.5 million in the 2025 financial year (2024: € 3.3 million). Net income amounted to € 8.6 million (2024: € 1.5 million). The number of employees rose from 461 in the previous year to 484 in 2025.

The power engineering business segment remains the foundation of Saarschmiede and it recorded dynamic growth in 2025 as well. Demand for gas and steam turbines as well as generators remains high, driven by the global energy transition and rising energy requirements. Demand for high-alloy steels and nickel-based materials has also further intensified. Among other things, the largest single order in the company's history in this area was successfully completed in the reporting year with Rolls Royce. The market situation in the general mechanical engineering sector remains challenging. Nevertheless, special projects were won through targeted acquisition, particularly in the offshore wind sector, but also in plant construction. Successful implementation of continuous improvement measures for costs and efficiency, as well as realization of an electricity procurement strategy tailored specifically to Saarschmiede, continued to have a significant influence on the positive company result in 2025.

Saarstahl Ascoval S.A.S.

Saarstahl Ascoval S.A.S is a wholly owned subsidiary of Saarstahl Aktiengesellschaft located in Saint-Saulve near Valenciennes in France. An electric arc furnace (EAF) is used in Saint Saulve to produce carbon-reduced billets, which are mainly used for Saarstahl Rail's "green" rails in Hayange. Saarstahl Ascoval recycles scrap from its customers' rail networks and from the rolling mill in Hayange for its steel production in the electric arc furnace using an industrial cycle system.

The year 2025 was marked by a serious accident in which three employees were injured, in part seriously. As a result, production had to be suspended for about nine weeks due to the official investigation and the necessary repair work. As a result, the sales target was missed – despite very strong customer demand – by a significant margin. Saarstahl Ascoval produced 294 kt in 2025 and generated net revenue of € 193 million. Despite the exceptional circumstances caused by the accident, we were able to establish and expand key customer relationships over the course of the year, particularly in direct third-party business. Additional certifications were also obtained to expand the product portfolio. To stabilize and increase productivity, a major capital investment project was completed during the course of the year. The new crane system, including the expansion of the warehouse, was completed on time and within budget. Based on this, sales and production volumes are expected to grow in the coming years. Production and sales are expected to reach 400 kt in 2026. This figure will continue to rise in the coming years. To support this profitable growth in volume, a fifth production shift will be introduced in the course of 2026, thereby enabling the resumption of continuous production operations.
Saarstahl Ascoval received various certifications in 2025 for its products and processes. Among other things, Environmental Product Declarations (EPDs) were published and certification under the Low Emission Steel Standard (LESS) was completed. IATF certification has also been successfully completed.

Saarstahl Rail S.A.S

Through its wholly owned subsidiary Saarstahl Rail S.A.S., the Saarstahl Group offers production of railway rails, thereby expanding its existing product portfolio. This year, shipments totaled 278 kt, representing a decline of approximately 10.8% compared to 2024. Net sales declined by 9.7% to € 296 million, primarily due to the trend in sales volume. Despite an overall decline in raw material costs, the company achieved increases in productivity and margins, resulting in positive EBITDA of € 12 million in 2025.

Aktien-Gesellschaft der Dillinger Hüttenwerke

Aktien-Gesellschaft der Dillinger Hüttenwerke (Dillinger), in which Saarstahl Aktiengesellschaft holds a 33.75% stake, is the main subsidiary of DHS - Dillinger Hütte Saarstahl AG. Dillinger specializes in the production of high-quality heavy plate and, together with its subsidiary Dillinger France S.A. in Dunkirk, France, is the world leader in this market segment.

The market situation in the heavy plate market has deteriorated further compared to the previous year. As the economic recovery failed to materialize in 2025, demand for steel in Germany remained low for another year. Imports of steel products into the EU, which were already high, increased further over the course of the year and led to an increasing share of European steel demand being met. In addition, increased import duties for steel products in the United States and the simultaneous weakening of the market situation in the German and European heavy plate market exacerbated the general conditions. Despite the economic environment and the challenges in the European steel market, Dillinger managed to close the financial year with a consistently successful business performance, particularly in the second half of the year.

Utilization of the technical production facilities was in line with the order situation and was characterized by planned shutdowns in the rolling mill. Thanks to increased flexibility, Dillinger was able to adjust the operating modes of the systems to the adapted operating point. As expected, both hot metal purchases – which totaled 1,673 kt (2024: 2,017 kt) – and crude steel production – which totaled 1,895 kt (2024: 2,302 kt) – decreased compared with the previous year's figures. In addition to supplying slabs for the rolling mill in Dillingen, steel production also mostly covered the slab requirements of Dillinger France in Dunkirk. Production of heavy plate in the two rolling mills (1,657 kt) changed slightly by 1.8% compared to the previous year (1,628 kt), with 1,107 kt of heavy plate (2024: 1,139 kt) being produced in Dillingen and 550 kt (2024: 489 kt) in Dunkirk.

Dillinger's net sales amounted to € 2,183 million (2024: € 2,287 million). The company once again closed the 2025 financial year with very positive earnings figures: EBIT: € 218 million (2024: € 273 million) and EBITDA: € 271 million (2024: € 326 million).

The investment volume for Dillinger amounted to € 111 million in the 2025 financial year (2024: € 49 million). As in the previous year, the planning and construction measures for the upcoming transformation of steel production in particular progressed steadily.

At the end of the reporting year, 3,580 people were employed at the Dillingen site (2025: 3,600). These employees worked at Dillinger itself as well as – in the context of plant management – at ZKS and ROGESA.

Risks and opportunities report

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

Organization of risk management

The risk management system at Saarstahl consists in part of the risk coordinators and officers in the departments and subsidiaries. In addition, the corporate risk management of SHS handles coordination, support and consolidation duties for Saarstahl.

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

- Risk transparency: The aim of corporate risk management is to identify and highlight the key risks associated with business activities at the earliest possible stage. A systematic and consistent method of analysis and evaluation is used for this purpose.
- Risk manageability: We define this as avoiding, minimizing or transferring identified risks through new or existing risk control instruments. Transfer of risk is handled through the corporate service provider SHS Versicherungskontor GmbH, which is responsible for arranging adequate insurance coverage.

- Risk communication: The Board of Directors is informed about the current risk situation at regular intervals and with regard to specific events. Moreover, key risk management issues are discussed with the Supervisory Board.

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

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

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

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

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

For external reporting, the information from internal reporting is supplemented and updated. The aim is to transparently reflect the current risk situation. The risk assessment includes quantitative and non-financial, qualitative criteria. Based on this information, the risk is classified as low, medium, high or very high. These categories then reflect the current assessment of the relative extent of risk and are to be understood as a guide to the current significance of the risks for the company.

Organization of opportunity management

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

Strategic opportunities

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

Saarstahl and Dillinger are progressing according to plan in their transformation to climate-friendly steel production. One of its aims is to be able to offer its customers a high-quality portfolio of CO_2-reduced steel products in the future. By 2028/29, in addition to the established blast furnace process, the new production line with an electric arc furnace (EAF) will be built at the Völklingen site, and an EAF and a direct reduced iron plant for the production of sponge iron will be built at the Dillinger plant site.

Following the funding commitments from the federal and state governments at the end of 2023, the ordering of the central gensets and securing of the first green hydrogen volumes (2024/25), successful completion of the overall financing in fall 2025 marks another decisive step for the success of this project. We are confident that climate protection, innovation, and competitiveness can and must go hand in hand, and through the implementation of Power4Steel, we are making a clear commitment to Germany as a production location.

The availability of renewable hydrogen is also a key factor in the success of our Power4Steel decarbonization project. Connecting Saarland's economy to Germany's core hydrogen network is essential to the project's success. The core network is to be developed in phases by 2032. The connection is a precondition for the "green" transformation of the steel industry, which is dependent on large quantities of hydrogen. In addition, the first initiatives to establish a cross-border local hydrogen infrastructure have already been implemented together with various partners from the energy/hydrogen production and infrastructure segments. Contracts were concluded for the construction of the cross-border hydrogen network mosaHYc, which is to go into operation at the start of DRI production in Dillingen. mosaHYc is intended to ensure the transport of hydrogen to the Dillingen steel plant site so that the production of CO_2-reduced steel can start there.

With a connection to a higher-level German or European hydrogen network, the hydrogen volume is to be gradually increased from 6,000 tons at the outset to up to 120 kt once the project is fully operational.

The shift to the DRI/EAF process will lead to growing demand for scrap metal in general, and for high-quality scrap metal in particular. Scrap materials such as shear scrap offer great potential for increasing the use of scrap due to their availability. However, their usefulness depends heavily on the presence of contaminants and trace elements such as copper. As a result, ROGESA, a subsidiary of Saarstahl and Dillinger, is planning an innovative processing plant for shear scrap that combines new material preparation techniques with specialized AI-assisted object recognition methods and X-ray-based analytics. In addition to removing impurities, the process is intended to reduce the free copper content by approximately 30% while simultaneously reducing the standard deviation. The aim is to maximize the use of scrap within the production process and to optimize the use of DRI as a primary resource in the EAF to the extent necessary for the production of high-quality steel. The innovative facility enables significant energy and emissions savings and is 20% funded by the Federal Ministry for the Environment. The plant is scheduled to begin operating in 2029.

With these plans, Saarstahl aims to be a pioneer in "green" steel production in Germany and Europe. We need legislation to protect the steel industry, which is of systemic importance for Germany, and to maintain its international competitiveness by creating reliable framework conditions. Gas, electricity and hydrogen must be available in sufficient quantities and at competitive prices. In addition, it is imperative that policymakers enact measures to protect against cheap steel imports from third countries—particularly from East Asia – as well as reduce bureaucratic burdens and establish green lead markets.

The joint transformation program for Saarstahl and Dillinger also aims to systematically tap into new growth opportunities through both existing and new products, thereby positioning the companies in promising new business areas. The transformation of Saarland's steel industry is therefore much more than "just" the conversion and expansion of facilities; rather, it will involve a complete overhaul of business models and value chains. The acquisition of the two plants Saarstahl Ascoval in Saint-Saulve, France, and Saarstahl Rail in Hayange, France, has made it possible to develop new markets. Saarstahl Ascoval already produces reduced-carbon steel in an electric arc furnace – Saarstahl Rail quality rails – with reduced-carbon steel from Saarstahl Ascoval. As a manufacturer of "green" rails, Saarstahl therefore has a unique selling point in Europe. There is also the option of supplying CO_2-reduced steel to automotive customers at short notice. Potential in this area will be capitalized on even further in the future; key topics here are the circular economy and supplying rail companies in other parts of Europe.

Opportunities also arise in this context from Saarstahl's sustainability strategy. The company's activities in the area of Corporate Social Responsibility (CSR) have been recognized repeatedly. The rating confirms the high quality of sustainability management at Saarstahl, which is becoming increasingly important, especially for Saarstahl's business partners.

Saarstahl's focus on the future is underscored by the new brand design approved jointly with Dillinger in 2024, in which the central elements of the joint transformation brand Pure Steel+ were adopted. The new brand identities symbolize the strategic realignment of Saarstahl and mark an important milestone in the development of both companies. This increases both the attractiveness of Saarstahl (and Dillinger) to customers and its attractiveness as an employer to young (management) employees.

Operational opportunities

To remain competitive in the medium and long term, we are positioning ourselves accordingly, entering into long-term energy supply contracts, and launching an intensive sales campaign. Based on the very strained market situation in the long steel industry in Germany and Europe, an intensive program to safeguard earnings was launched in autumn 2023. This included a sales campaign to secure business with existing customers and the targeted acquisition of new customers in additional market segments (e.g. wind, defense). In addition, extensive measures were taken to increase efficiency and drastically reduce costs. This is intended to secure earnings in the short term, while at the same time achieving a sustainable reduction in the cost base required in view of the switch to the EAF process from 2028.

In March 2024, ROGESA launched a closed bidding process for the procurement of regionally produced "green" hydrogen. As a result of this regular tender, Verso Energy and ROGESA agreed in 2025 to an annual supply of at least 6,000 metric tons of hydrogen starting in 2029 for a period of ten years.

Verso Energy will supply hydrogen certified as Renewable Fuels of Non-Biological Origin (RFNBO) to Saarland's steel industry. The certification guarantees that the hydrogen was produced using green electricity. Using these initial quantities of hydrogen, steel scrap, and new plant technology – consisting of a direct reduction plant and an electric arc furnace at the Dillingen site, as well as an electric arc furnace at the Völklingen site – the SHS Group (as the only integrated steel producer in Germany) has the opportunity to achieve its target of reducing CO_2 emissions by up to 55% by the early 2030s in line with funding requirements.

Verso Energy will produce the hydrogen through the Carling Hydrogen Next Generation (CarlHYng) project in Carling, France. As a first step, Verso Energy plans to invest more than € 100 million in the construction of an electrolyzer there, which will be powered by electricity from renewable energy sources. The hydrogen produced is fed into the Moselle-Saar hydrogen conversion (mosaHYc) pipeline network, transported to the Dillingen steel plant, and used there to produce CO_2-reduced steel.

A new energy management system was launched in 2025. The department established for this purpose will minimize regulatory risks while also seeking to capitalize on opportunities by making production more flexible, engaging in physical hedging in the market, and adopting grid-friendly behavior.

A long-term electricity supply agreement was concluded with EnBW Energie Baden-Württemberg AG in 2024. EnBW is supplying green electricity from the "He Dreiht" offshore wind farm (scheduled to be fully operational by summer 2026) to support the transformation of Saarland's steel industry. The supply of green electricity will enable Saarstahl to transform its business activities sustainably and reduce its own future CO_2 emissions during steel production.

Saarstahl Ascoval has received certification according to IATF 16949:2016. IATF 16949 is a binding international quality management standard for the entire automotive industry supply chain. As a consequence, customers from the automotive industry who stipulate IATF certification as a requirement for their suppliers' quality management systems can also be served.

After Saarstahl Rail received approval from the Federal Railway Authority in 2024 for its revised production process for rails, a pilot project for "green" steel was launched with Deutsche Bahn in 2025. Rails made of "green steel" are being purchased for this project from Saarstahl Rail for the first time. DB InfraGO has signed a supply contract with Saarstahl Rail for approximately 1,000 metric tons of climate-friendly rails. Through this partnership, both companies are sending a strong signal in support of sustainable supply chains and the circular economy in the rail industry. Saarstahl Rail's "green" steel is produced at the Saarstahl Ascoval plant in France. The plant uses electric arc furnace technology to produce new steel from scrap rails and scrap metal. Compared to steel produced in traditional blast furnaces, electric arc furnaces generate up to 70% fewer CO_2-

emissions. For every 1,000 metric tons of “green” steel, CO_2 emissions are reduced by approximately 1,800 metric tons.

During the reporting year, Saarstahl successfully certified its first CO_2-reduced products in accordance with the Low Emission Steel Standard (LESS). The standard enables classification of CO_2-reduced steel and makes it easier to compare the carbon footprint of different steel products. Saarstahl has received “Low Emission C” certification from LESS AISBL for its bar stock, wire rod, and rail product groups. As a result, Saarstahl’s rail has a significantly higher rating than products manufactured via the blast furnace process (Level E). The CO_2-reduced products were verified by TÜV Nord, an independent testing institute. The crude steel for these products is produced using the electric arc furnace process and scrap at the Saarstahl Ascoval plant (Saint-Saulve, France).
Saarstahl Ascoval is highlighting its commitment to climate protection and sustainability with three additional environmental product declarations (EPDs) for CO_2-reduced products. Following the 2023 publication of the first EPD for rail products from Saarstahl Rail – the only low-carbon rails in Europe – environmental product declarations are now being issued for Saarstahl’s bar, wire, and billet products. The input material is produced by Saarstahl Ascoval in Saint-Saulve, France. With this certification, the Saarstahl Group continues to consistently implement its group-wide sustainability strategy.

Saarstahl has acquired the Dutch long steel manufacturer FNsteel B.V. in order to strengthen its market position in the cold heading steel segment. FNsteel operates one of Europe’s most advanced processing facilities and specializes primarily in the production of high-quality cold heading steels for customers in the automotive and construction industries. In the short and medium term, the acquisition will significantly improve capacity utilization at the production facilities in Saarland, thereby boosting their profitability. The planned ramp-up began in 2025. This strengthens our already strong market position in the cold heading wire segment and significantly expands it in the cold heading wire drawing grades – also long term.

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

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

In March 2025, the German parliament passed an amendment to the Basic Law that exempts spending on defense and security above a certain level from Germany’s “debt brake” (Schuldenbremse). A special fund worth € 500 billion was also agreed for infrastructure spending and climate protection. We see the goal of generating significant economic growth through economic stimulus and investment programs as an opportunity for the steel industry in Germany, among other things.

Risk report

Industry-related, external and market risks

After two years without economic growth, the federal government and economic research institutes are forecasting, at best, minimal growth for the current year. Things are expected to pick up slightly next year. However, the so-called “Wirtschaftsweisen” (German Council of Economic Experts) has recently revised its forecasts for 2026 slightly downward. Members of the Council expect GDP growth of just 0.9% next year as well – far too little for an economy like Germany’s.

Demand for steel continues to suffer significantly from global overcapacity, grossly unfair trade practices, and energy costs that are far too high in this country. This is compounded by low demand, which the World Steel Association (worldsteel) forecasts will remain at a low level in the coming year.

Alongside these highly problematic developments, the transition of energy-intensive steel production to green energy is very costly. This is particularly true for Germany, where economic conditions have been very poor for years and, as a result, demand has fallen sharply. The unfavorable business conditions – in terms of trade policy, electricity prices, bureaucracy, and regulations – has only made matters worse.

The pressure resulting from international trade frictions has led to devastating diversion effects for products and has intensified significantly once again in 2025. However, we expect the situation to improve in 2026 as a result of the so-called CBAM and the safeguard measures planned for the summer

Despite the escalation of the global trade conflict, forecasts are cautiously optimistic that global steel demand will bottom out in 2025 and that moderate growth will be recorded in 2026. A slight increase of 1.3% is forecast for 2026, which would bring global demand to 1.772 billion metric tons.[5]

Due to a slight improvement in the economic conditions facing European industry, the European Steel Association (Eurofer) now forecasts that apparent steel consumption will decline by only 0.2% in 2025. A potential recovery is not expected until 2026 (an increase of 0.8%). The outlook for the weighted steel industry production index (SWIP) is -0.3% for 2025, with growth of 1.9% and 2.2% projected for 2026 and 2027, respectively.

According to Eurofer, steel consumption volumes are expected to remain well below pre-COVID-19 pandemic levels. Steel imports in the third quarter of 2025 reached a record high of 29%

[5] World Steel Association (worldsteel) in its latest short-term outlook

and averaged 27% for the year, remaining at a historically high level, while exports for 2025 plummeted by 12%, according to the association. The negative economic conditions Eurofer listed include US tariffs, persistently weak demand, and continued high energy prices.

As expected, economic uncertainties and trade conflicts have intensified following the presidential election in the United States.

In early June, the United States raised tariffs on steel and aluminum imports to 50%. The previous rate was 25%. Recently, the US president hinted at even higher tariffs on steel imports in an effort to encourage companies to manufacture in the United States. The renewed flare-up of the trade conflict between the US and China shows that: a residual risk remains, even though the US government has concluded agreements with some trading partners. Europe must prepare for a 15% tariff.

One ray of hope for the steel industry was the “Steel and Metals Action Plan” announced by the European Union at the end of March, which aims to not only tighten existing safeguard measures but also promises a trade policy successor instrument for the period after the safeguards end in 2026. In addition, the plan calls for a revision of the Carbon Border Adjustment Mechanism (CBAM) and the creation of lead markets for "green" steel. One urgently needed measure to support the European steel industry is the European Commission’s plan to expand tariffs on steel imports. Since the current mechanism expires on 1 July 2026, it has decided to halve the existing duty-free quota for steel imports starting in July 2026 and to double the tariff from 25% to 50%. The European Commission aims to protect the steel industry from heavily subsidized – and therefore cheaper – competition, particularly from various third countries (Vietnam, South Korea, Indonesia, Turkey, etc.).

The European automotive industry continues to face a challenging situation. After several years of structural adjustments and weak demand, the situation has stabilized slightly but remains strained. The main drivers of this trend are overcapacity and cost pressures at European plants, the transition to electric mobility and the associated investments, increasing international competition – particularly from Chinese manufacturers – as well as the burdens posed by trade tariffs and geopolitical uncertainties.
This is also reflected in the production figures: In Europe (EU27 + UK), light vehicle production is expected to decline by about 2.7% year-over-year in 2025 – following a drop of more than 6% in 2024. In Germany, the production volume is to stagnate at around 4.2 million units, which is still around 14% below the 2019 level. Globally, the picture is different: Worldwide light vehicle production is expected to rise by 2.5% in 2025, driven primarily by Asia. The global outlook for 2026 is expected to remain largely stable. This does not apply to the EU region, however, where a further slight decline of around 1.4% is forecast (Germany: -5%). The industry in Europe is not expected to recover before 2027. All of this has a significant negative impact on suppliers to the automotive industry – across various value chains.
The expected impact of US trade tariffs is less severe than initially anticipated: a 15% tariff rate for EU vehicles and vehicle parts has been agreed upon, effective retroactively from August 2025. European manufacturers are responding with slight price adjustments and selective production relocations. However, there are currently no plans for large-scale relocations to the United States.
Demand for light vehicles remains subdued but is showing signs of a slight recovery: New vehicle registrations in the EU are expected to increase by approximately 1.4% in 2026, while Germany is projected to see growth of about 2.7%. (Source: S&P Global Mobility, as of 04/12/2025).

From January through August 2025, the German mechanical engineering industry recorded a 3.6% decline in real terms in machinery production. The outlook for 2026 offers little hope for the situation improving any time soon. (Source: German engineering association VDMA, Economic Bulletin March 2025). After a weak year in 2024, the situation in the German construction industry remained strained in 2025. The German Construction Industry Federation (HDB) expects a real decline in net sales of 1% in 2025. However, the rise in incoming orders offers hope for an improvement in construction output in 2026 (Source: German Construction Industry Association (HDB), “Construction Market Situation” dated 24/11/2025). Saarstahl has been addressing all of these very challenging developments since mid-2023 with strict cost-cutting measures. This is how we managed to reduce costs. At the same time, structural and organizational measures are being gradually implemented to optimize performance in the medium and long term. We have thus been able to effectively counteract the sometimes significant economic challenges facing Germany and Europe.

Based on current forecasts, however, the situation in Europe will continue to be characterized in the coming year by economic weakness and persistently low capacity utilization in key customer industries, political uncertainties, intensified trade protectionist measures whose full impact cannot yet be assessed, and international tensions and conflicts.

For this reason, the risks presented for Saarstahl are considered to be **high**.

Regulatory risks
The European Union remains a driving force in global climate protection. Under the European Green Deal, the 27 EU member states aim to become climate-neutral by 2050. The federal government also remains committed to the goals enshrined in German and European climate legislation and, in accordance with the coalition agreement, supports the existing commitments to achieve greenhouse gas neutrality in Germany by 2045 and in the EU by 2050. It also supports the European interim climate target for 2040 of a 90% reduction compared to 1990 levels, with the ability to achieve up to 3 percentage points of that reduction through credible reductions outside the EU.

The federal government aims to ensure compliance with national climate targets by 2030 and 2045 through a “comprehensive climate protection program.” It is currently developing a comprehensive climate protection program in accordance with Section 9 of the Climate Change Bill (Klimaschutzgesetz, KSG), which includes sector-specific and cross-sectoral measures designed to achieve the climate protection goals defined in Section 3 (1) KSG. In addition, the federal government specifies the measures it will take to achieve the objectives set forth in Sections 3a and 3b.

The reform of the European Emissions Trading System (EU ETS), which took effect in 2023, provides, among other things, an incremental reduction in the quantity of carbon certificates – the emission allowances – in the EU Emissions Trading System (ETS 1) by 62% by 2030 compared to 2005 (previously 43%). This will cause the price of carbon emissions to rise. At the same time, the introduction of the Carbon Border Adjustment Mechanism (CBAM) will result in a growing need for companies to purchase carbon certificates starting in 2026, as the existing carbon leakage protection measure – “free allocations” – will be phased out and completely eliminated by 2034.

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

However, Saarstahl and Dillinger are pursuing a forward-looking strategy – particularly for Europe – to produce CO_2-reduced steel (see the section on “Strategic Opportunities”). The transformation currently underway aims to decarbonize Saarland’s steel industry. Starting in 2029, after the ramp-up phase is complete, up to 3.5 million metric tons of CO_2-reduced steel is expected to be produced annually in Saarland, and by gradually increasing the use of hydrogen, up to 4.9 million metric tons of CO_2 are projected to be reduced compared to 1990 levels. This is one of the largest decarbonization projects on the continent.

The availability of renewable hydrogen will be a key factor in the success of the Power4Steel decarbonization project, particularly in the 2030s. Saarstahl and Dillinger are making steady progress in their transformation and will offer their customers a high-quality portfolio of CO_2-reduced steel products. However, policymakers must ensure that the necessary infrastructure is in place.

Starting in 2026, companies with especially high energy needs are slated to receive relief through a government-subsidized industrial electricity rate. The EU gave its general approval for an industrial electricity price in June 2025. However, our companies should not expect any further reduction in electricity costs, as they may choose between the so-called electricity price compensation or the new industrial electricity regulation; the latter applies only to 50% of electricity consumption and would be in effect for a limited time, specifically from 2026 to 2028.

Implementation of a “green steel premium” is also a precondition for the economic success of the green transformation. We are already conducting intensive market and customer outreach with this in mind – and will be further increasing our efforts in the future.

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

Risks from operating activities

Production risks

The operational production facilities of Saarstahl may experience operational disruptions, property damage, and/or quality risks. These may be due to the complexity of the manufactured products, to the complexity of the manufacturing processes and technical operating facilities, to human error, or to force majeure. In addition, the simultaneous transformation to low-carbon steel production is increasingly tying up internal resources, which inevitably increases the risks associated with existing plant operations. Risks are mitigated through ongoing investment in state-of-the-art equipment, systematic methods, and innovative diagnostic systems for preventive and, increasingly, condition-based maintenance. In addition, the quality assurance system, which is certified in accordance with international standards, is being consistently improved.

Procurement risks

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

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

The transport situation did not improve in 2025 due to infrastructure projects undertaken by Deutsche Bahn and the lock accident on the Moselle at the end of 2024. The effects of the infrastructure measures relating to climate-neutral transport are coordinated bilaterally and at association level in order to minimize the impact on our industry. The transition to new transport systems (e.g., new railcars from Innofreight) and the resulting requirements for a new unloading station (modifications to operational infrastructure) remain an integral part of operational risk management.

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

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

As part of the implementation of the obligations arising from the Supply Chain Duty of Care Act, SHS identified key business processes in 2023 and subjected its suppliers to a risk analysis. In 2025, the risk analysis was conducted for the first time using an analytical software tool. Preventive measures have been implemented. No corrective measures have been necessary so far.

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

In 2025, cyber incidents will continue to be the biggest business risk worldwide (source: Allianz Risk Barometer, 2025). Saarstahl counters these risks by continuously monitoring and updating the software used and the information technology protection systems by Group IT. At the same time, the Information Security department is being strengthened by increasing staffing levels in order to promote development of an information security management system and respond quickly and appropriately to cyber security events, including threats and incidents.

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

Development of the information security management system, which is based on the internationally recognized ISO 27001 standard, was stepped up in 2025. The aim is to protect Saarstahl with the security measures provided for this purpose. Certification of parts of the IT infrastructure is planned for 2026. In addition, a Security Operations Center (SOC) was put into operation and further developed in technical terms.

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

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

In view of this, Saarstahl places great importance on being an attractive employer. There is a general risk of losing skilled employees, and with them, expertise. The company counteracts this by providing training in various professions and retaining students through various models (working and cooperative students, other collaborations, etc.). To come into contact with suitable people, Saarstahl engages in a wide range of recruiting efforts. The company also promotes collaboration across multiple generations of employees to ensure systematic knowledge transfer to those who will succeed retiring experts and managers. These efforts are supported by specially trained coaches who help to systematically record the knowledge critical to success and transfer it by means of a transfer plan to the successors of employees leaving the company. The topic of knowledge transfer is also of essential importance when it comes to job and personnel reductions resulting from synergy and optimization measures.

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

As an employer, we attach great importance to offering our committed employees an attractive environment in which they feel comfortable, can combine work and family life and fully develop their talents. Accordingly, Saarstahl was once again awarded the "Family-Friendly Company" seal of approval in 2025 by the "Working and Living in Saarland" service center (saar.is) and the Saar Chamber of Commerce and Industry.

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

For information on the environmental risks associated with the transformation project, please see the "Power4Steel" section.

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

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

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

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

The transformation towards the production and marketing of "green" steel requires considerable financing. This is covered by a consortium of 14 banks and 2 export credit agencies.

- **Financing structure:**
    - Part of the financing is secured for a period of 12 years.
    - Other tranches must be repaid after just 5 years (or after 6 or 7 years if extended).

- **Risk factors:**
    - **Internal risks:**
        - Ensuring that the business plan is fully funded
        - Compliance with loan conditions and covenants
    - **Internal risks:**
        - Sector performance trends
        - Risk assessment and credit rating by banks
- **Other risks:**
    - Interest rate and currency risks, which are at least partially mitigated through appropriate hedging instruments.

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

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

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

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

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

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

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

The financial risks as a whole are considered to be **moderate**.

Legal risks and compliance risks

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

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

The compliance program of the SHS Group and thus of Saarstahl was continued by the Compliance Committee in the past financial year. Compliance events and publications on specific topics continue to be used preventively to encourage conduct in accordance with the rules and with integrity. The continued use of an e-learning tool means that the training content can be accessed worldwide. An independent, structured procedure for reporting and processing tips has been implemented.

The Human Rights and Environmental Risk Management Unit (BSMU) is responsible for monitoring the SHS Group's specific risk management in accordance with the Supply Chain Due Diligence Act (LkSG), which has been in force since 1 January

2023. In 2025, the focus was on the use of the software tool introduced at the end of 2024 (implementation phase), which is used to support internal and external LkSG risk analyses. Effectiveness analyses and awareness-raising measures were also carried out as standard practice and topic-specific training courses were held.

A Group Data Protection Officer (iDSB) has been appointed for the practical implementation of the General Data Protection Regulation, which came into force in May 2018. Due to an absence in the reporting year, this officer was temporarily replaced by an external data protection officer. Local data protection officers are also appointed where necessary. Online data protection training (e-learning) was carried out during 2025. Further training courses are planned for 2026. The data protection coordinators appointed by the divisions were also successfully trained in classroom instruction.

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

The risks are classified as **moderate**.

Transformation process

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

Due to the enormous importance of the transformation to production of "green" steel for Saarstahl, project-related risk management is embedded in the P4S project as a decentralized risk management system, which corresponds to that in the other areas of Saarstahl.

Decentralized risk management monitors the P4S-specific risk inventory. The key developments and risks relating to the project are consolidated and reported in this section. The opportunities arising from the transformation are described in detail in the "Strategic opportunities" section. In the course of the risk assessment, the following risk areas should be mentioned at an aggregated level.

The construction project officially began in 2024. To manage the challenging technical and timeline aspects of implementing the project, the company is cooperating with experienced external business partners.

The permits under the Federal Emission Control Act (BImSchG) for the construction and operation of the direct reduction plant (DRI) and the two electric arc furnaces (EAF) in Dillingen and Völklingen have been granted. These approvals represent significant progress for the project. To date, implementation is on schedule.

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

During implementation, costs may rise to the point where they exceed the budget and jeopardize profitability. In the medium term, the risks associated with potential damage have been upgraded. Efforts are aimed at mitigating this risk through, among other things, detailed technical planning, strict change management, and a supplier and materials strategy.

Delays in the construction and commissioning of large-scale units lead to schedule delays and can result in significant additional costs for subsequent projects. Risks are mitigated through realistic scheduling, contract clauses that ensure adherence to deadlines through penalties, close coordination on the construction site, transparency regarding schedule risks, and participation in the plant manufacturer's procurement planning.

Countermeasures have been implemented to mitigate the risk associated with budget definition and adherence for consulting services. This includes, for example, systematic monitoring and regular meetings with the project managers.

To increase transparency during the physical construction phase, the organization has recently been restructured once again to adequately address the growing challenges on the management side. This applies to both the organization's structure and its staffing.

To ensure the availability of renewable hydrogen at affordable prices, extensive infrastructure measures must be implemented at the national and European levels; however, we have very little control over or influence on these measures. Our focus here is on the German government's national hydrogen strategy.

The use of electric arc furnaces as core components in green steel production will multiply the demand for electricity. Here too, the availability of sufficient electricity at competitive prices determines the risk situation.

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

Possible plans by the EU Commission to extend the period for the free allocation of EU ETS carbon certificates pose an incalculable risk to the successful implementation of the transformation of the steel industry. The plans to decarbonize production are based on the existing climate protection regulations and thus on the assumption of rising CO_2 costs (shortage of (free) allowances, increase in prices). Changes to long-standing policy guidelines could therefore have serious consequences for the project as a whole.

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

Overall assessment of the opportunity and risk situation

The technical implementation of the Power4Steel project is an enormous challenge for the operating units involved. We likewise rate the strategic challenges arising from the continuing difficult conditions for steel production in Germany, with the economic and geopolitical environment still showing no signs of improvement, to be of great significance. In addition, there are unforeseeable regulatory changes that could adversely affect our current plans and, consequently, our business activities. Nevertheless, we see the transformation program as an opportunity to secure the future viability of Saarland's steel industry. With the approved funding of approximately € 2.6 billion, combined with the external financing secured during the reporting year, the necessary support for what is currently the most ambitious transformation project aimed at decarbonizing steel production in Europe is essentially in place.

Since 28 February 2026, an armed conflict has been underway between the United States of America (USA) and the State of Israel on one side, and the Islamic Republic of Iran on the other. This conflict has a direct impact on the global economy. An internal task force has been formed to analyze developments and their implications and to develop potential countermeasures. Direct impacts are particularly evident in energy prices and in the restricted flow of goods and services. Prices have risen for gas, electricity, and oil, as well as for transportation, and further price increases are expected depending on how the conflict unfolds and how long it lasts. Saarstahl faces the risk that it will not be able to pass on these price increases in full to its customers. Potential risks to the security of supply are considered to be low.

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

Forecast report

General economic conditions

According to the OECD forecast, economic indicators point to a slowdown in global growth; the global economy is projected to grow at a below-average rate of 2.9% in 2026 (2025: +3.2%). The central banks will cut key interest rates more slowly than originally expected, which means that monetary policy will continue to have a dampening effect. Geopolitical uncertainties continue to pose a risk and could lead to a renewed rise in energy and raw material prices. Global trade is under pressure due to trade conflicts, tariffs and political instability in key regions. Growth in the US (+1.6%), the eurozone (+1.3%) and Germany (+1.1%) will be rather subdued compared to the major Asian economies such as India (+6.2%) and China (+4.8%).

Steel market

In its latest Short-Range Outlook for 2026, the World Steel Association (worldsteel) forecasts a slight recovery in global steel demand of about 1.3%. China, in particular, is weighing heavily on global steel markets. According to worldsteel, the Chinese market will continue to decline in 2026. The association expects steel demand in the eurozone to rise by about 3% in 2026, driven in particular by positive infrastructure initiatives.

Key customer industries

Global production in the automotive industry is forecast to reach just under 91.2 million light vehicles[1] in 2026, representing a 0.7% decline from the previous year. A decline is also expected for the EU-27 (including the U.K.) and the NAFTA region: from 14.0 million to 13.8 million units and from 15.2 million to 14.8 million units, respectively. According to current forecasts, China is also expected to see a slight decline in production in 2026, from 32.4 million to 31.9 million units. In Germany, production is expected to remain stable at around 4.2 million units in 2024 and 2025, before declining to approximately 4.0 million units.

EUROFER expects a slight recovery in the European mechanical engineering sector in 2026 following two years of decline + 1.4% The German engineering association VDMA also expects moderate growth again in 2026.

Development of Saarstahl

Due to the weak macroeconomic outlook, the expected downturn in the automotive industry – Saarstahl's key sector – and existing risks, the business environment for Saarstahl will remain challenging in 2026. Through targeted customer acquisition and the acquisition of additional processing capacity in attractive product segments, Saarstahl is bucking the overall economic trend and expects incoming orders and sales volumes to exceed last year's levels. Higher revenues are expected in 2026 as a result of a further optimized, more profitable portfolio mix.

Positive effects are expected from economic policy measures such as the introduction of the CBAM and stricter safeguard regulations, which should support the challenging business performance in terms of both volume and revenue and lead to higher net sales revenue.

The order backlog at the end of 2025 ensures full capacity utilization in the first quarter of 2026. Incoming orders at the start of the year are slightly positive and confirm market expectations of rising steel prices. It is expected that sales volumes and rolling mill production will exceed last year's levels.

Following the blast furnace shutdown for interim repairs in 2025, semi-finished product inventories were significantly lower than in the previous year. A targeted buildup of semi-finished products is expected in 2026. This leads to higher steel mill utilization and lower processing costs.

The increase in production leads in turn to a greater need for emission allowances. At the same time, starting in 2026, the amount of free allowances in the EU Emissions Trading System will decrease as the second half of the current trading period begins, which will result in higher overall CO_2 costs. Additional risks exist in relation to alloying agents due to further EU safeguard measures. While the costs of electricity, natural gas, and scrap metal are expected to remain largely stable, overall raw material costs are expected to rise.

Saarstahl's strict cost-cutting program will continue in 2026 as a corrective measure in response to the earnings situation and will be supplemented by one-time effects. Adjustments to operating parameters, greater flexibility in staffing, contributions from the continuous improvement process, and strict management of cost budgets are some of the measures being taken. Combined with the benefits of improved capacity utilization, the rising costs of raw materials can be more than offset, so that overall costs are expected to decline.

Saarstahl is able to counter recent uncertainties in the energy markets resulting from the Middle East conflict through extensive price hedging for natural gas and electricity. Any additional costs incurred are expected to be covered by the customer. The expected rise in electricity prices is creating opportunities for Saarstahl by strengthening its competitive position relative to the scrap-based EAF route. No shortages are expected in the supply of raw materials or in the supply chain.

The subsidiary Saarstahl Ascoval expects a significant improvement in earnings in 2026 compared with the previous year, as the losses in 2025 were due to an extensive, unplanned shutdown. As a result, Saarstahl Rail's supply is also expected to return to normal in 2026, leading to an anticipated improvement in earnings. A slight improvement in sales and revenue is expected for the processing companies and Saarschmiede.

Overall, Saarstahl expects sales volumes to increase in 2026 as a result of targeted sales initiatives, stable revenues – which may be higher due to economic policy effects – and reduced product costs. Including subsidiaries, a slightly positive EBIT and positive EBITDA are expected in 2026. Although the overall result will be negative, it will be significantly higher than last year's, as will EBIT and EBITDA.

Saarstahl is committed to the Paris climate targets and continues to work together with Dillinger toward the goal of CO_2-reduced steel production. This gigantic project requires a comprehensive change in production and presents the companies with immense challenges. At the same time, the "Power4Steel" project to decarbonize steel production through the use of hydrogen, which is being funded with € 2.6 billion from the German federal government and the Saarland state government, offers opportunities to tap into new growth potential. Until the conversion to low-carbon steel production is complete, the companies are consistently pursuing a reduction strategy.

Concluding statement of the Board of Directors regarding the Dependent Company Report in accordance with Section 312 of the German Stock Corporation Act (AktG)

With regard to the legal transactions and measures listed in the report on relationships with affiliated companies, our company received appropriate consideration for each legal transaction according to the circumstances known to us at the time the legal transactions were carried out or omitted and was not disadvantaged by the fact that measures were taken or omitted.

Völklingen, 31 March 2026

STEFAN RAUBER	**JOERG DISTELDORF**	**DANIËL NICOLAAS VAN DER HOUT**
DR. PETER MAAGH	**JONATHAN WEBER**	

Annual financial statement

Saarstahl Aktiengesellschaft, Völklingen

Balance sheet

Assets

in € thousand	Notes	31/12/2025	31/12/2024
A. Fixed Assets	**(1)**		
I. Intangible assets		278	526
II. Tangible assets		489,203	445,862
III. Financial assets		719,301	668,420
		1,208,782	**1,114,808**
B. Current assets	**(2)**		
I. Inventories			
1. Raw materials and supplies		77,371	80,343
2. Work in process		32,095	35,395
3. Finished products and merchandise		316,167	401,783
4. Advance payments received on account of orders		– 632	– 1,504
		425,001	**516,017**
II. Receivables and other assets			
1. Trade accounts receivable		80,495	125,514
2. Receivables from affiliated companies		327,800	334,580
3. Receivables from companies in which the company has a participating interest		6,568	7,063
4. Other assets		33,626	57,143
		448,489	**524,300**
III. Securities		0	100
IV. Cash and bank balances		215,886	245,000
		1,089,376	**1,285,417**
C. Accruals and deferrals		17,510	0
D. Positive difference from asset allocation	**(3)**	464	858
		2,316,132	**2,401,083**

Shareholders' Equity and Liabilities

in € thousand	Notes	31/12/2025	31/12/2024
A. Shareholders' equity	**(4)**		
I. Subscribed capital		200,000	200,000
II. Capital reserve		41,313	41,313
III. Other earnings reserves		917,730	917,730
IV. Retained earnings		418,836	545,169
		1,577,879	**1,704,212**
B. Accruals and provisions	**(5)**		
1. Accruals for pensions		476	513
2. Other accruals and provisions		176,952	160,613
		177,428	**161,126**
C. Liabilities	**(6)**		
1. Bank loans and overdrafts		241,586	102,844
2. Trade accounts payable		73,112	67,998
3. Payables to affiliated companies		71,628	108,441
4. Payables to companies in which the company has a participating interest		157,503	117,932
5. Other liabilities		16,773	138,293
		560,602	**535,508**
D. Accruals and deferrals		223	237
		2,316,132	**2,401,083**

Saarstahl Aktiengesellschaft, Völklingen

Profit and loss statement

in € thousand	Notes	FY 2025	FY 2024
1. Net sales	**(7)**	1,481,475	1,857,886
2. Change in inventories and other work, capitalized	**(8)**	– 88,674	34,874
3. Other operating income	**(9)**	20,907	46,758
		1,413,708	**1,939,518**
4. Material costs	**(10)**	1,043,386	1,515,417
5. Personnel expenses	**(11)**	260,113	268,648
6. Amortization and depreciation of intangible and tangible fixed assets		43,580	41,313
7. Other operating expenses	**(12)**	217,718	225,695
		– 151,089	**– 111,555**
8. Income from participating interests	**(13)**	25,792	54,259
9. Net interest income	**(14)**	–7	6,114
10. Taxes on income	**(15)**	26	–6,253
11. Result after tax		**–125,330**	**–44,929**
12. Other taxes		1,003	2,501
13. Net loss for the year		**–126,333**	**– 47,430**
14. Profit brought forward from the previous year		545,169	592,599
15. Retained earnings		**418,836**	**545,169**

Saarstahl Aktiengesellschaft, Völklingen

Notes

General information

The annual financial statement of Saarstahl Aktiengesellschaft for the 2025 financial year were prepared in accordance with the provisions of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG). The company is a large corporation as defined in Section 267 (3) HGB.

In line with Section 265 (7)(2) HGB, some items from the balance sheet and the profit and loss statement are summarized and presented separately in the notes to the financial statement.

Saarstahl Aktiengesellschaft, headquartered at Bismarckstraße 57-59, 66333 Völklingen, is registered in Commercial Register B of the Saarbrücken Local Court under HRB number 74820.

Accounting and valuation principles

Purchased **intangible assets and tangible fixed assets** are measured at the cost of acquisition or conversion and, where depreciable, are depreciated or amortized on a straight-line basis and, where applicable, on a non-scheduled basis. All cost items that must be capitalized as defined by Section 255 (2)(2) HGB are included in the production costs. Depreciation is generally recognized on a straight-line basis over the useful life of the assets. If necessary in the event of an expected permanent impairment, the lower fair value is recognized through unscheduled depreciation.

Government investment grants are recognized as a reduction in the acquisition or production costs of the relevant assets and result in a corresponding reduction in depreciation expense in subsequent periods.

The following useful lives were applied uniformly in the individual asset classes to determine depreciation and amortization:

	In years
Intangible assets	3 – 5
Buildings and structures	5 – 50
Technical equipment and machinery	5 – 15
Other property, plant and equipment	3 – 15

Low-value assets with a value of between € 250 and € 1,000 are capitalized and depreciated as a collective item over 5 years in accordance with tax regulations.

For spare parts, standard values amounting to 40% of the acquisition or production costs apply.

Shares in affiliated companies, investments and loans are carried at cost or at the lower of cost or fair value. Low-interest loans are discounted to present value. Investment securities are carried at cost. If the impairment is expected to be permanent, the asset is written down to the lower of cost or fair value. Write-ups are carried out if the reasons for write-downs no longer apply.

Raw materials and supplies are recognized at weighted-average cost, including incidental acquisition costs, as of the reporting date, and are measured at the lower of the most recent purchase price or the lower market price derived from the procurement market. A lump-sum value adjustment of 20% is applied to account for various types of depreciation in inventory.

Purchased emission rights are measured at cost, taking into account any necessary write-downs to the lower market price. Emission rights acquired free of charge are recognized at their pro memoria value. The provisions for the tax liability are valued in accordance with the principles for the valuation of obligations for payment in kind. Because of the requirement to return all emission allowances acquired free of charge for the current financial year, the fair value is not disclosed.

Work in process and finished products are recognized at the lower of production cost or fair value derived from the sales market. Production costs include all direct and overhead costs that must be capitalized in accordance with Section 255 (2)(2) HGB.

The cost-of-sales calculation was determined based on individual customer orders. The risks associated with inventories due to long storage periods and physical defects are accounted for through appropriate write-downs.

Advance payments received are deducted from inventory on an accrual basis to the extent that they are economically related to sales-related inventory.

Receivables and other assets are generally measured at nominal value. Identifiable individual risks are accounted for through specific allowances, while general credit risk is accounted for through a lump-sum value adjustment. The reduction is applied to each line item. The sale of receivables through factoring reduces the receivables portfolio to the extent that the purchaser has acquired the receivables offered for sale.

Cash and cash equivalents at financial institutions are recorded at face value.

Payments made before the reporting date are recognized as prepaid expenses if they represent expenses for a specific period after this date.

Accruals and provisions

Assets measured at fair value that are not accessible to all other creditors and serve exclusively to meet liabilities from pension obligations or comparable long-term obligations are offset against these liabilities; the associated expenses and income from the discounting of the assets to be offset are netted and reported in interest income.

In accordance with Section 246 (2)(2), insolvency-protected time deposit accounts for partial retirement were offset against the provisions for partial retirement.

Pension obligations are measured using the internationally recognized projected unit credit method based on biometric probabilities (Prof. Dr. Heubeck 2018 G mortality tables). According to this method, the amount of the pension obligations is calculated from the entitlement earned as of the reporting date, taking into account future pension and salary increases. Annual adjustments in the following ranges are currently assumed: 2.1% to 3.0% for salaries and pensions. The market interest rate for the past 10 years published by the Deutsche Bundesbank for December 2025 is 2.06%. The obligations were discounted at an estimated interest rate of 2.05% for a flat-rate term of 15 years (Section 253 (2)(2) HGB). Pension obligations of our foreign companies are calculated according to principles similar to those in Germany, taking into account the respective national regulations. As of 31/12/2025, the difference in accordance with Section 253 (6) HGB amounted to -€ 12 thousand, calculated using the average market interest rate of the past seven years.

Other provisions include all contingent liabilities and anticipated losses. These are recognized at the settlement amount required according to sound business judgment. This takes future price and cost increases into account. Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven years corresponding to their remaining term, which is published by the Deutsche Bundesbank.

Partial retirement obligations are calculated in accordance with Section 253 (1) HGB using the internationally recognized projected unit credit method on the basis of biometric probabilities (Prof. Dr. Heubeck 2018 G mortality tables). According to this method, the amount of the partial retirement obligations is calculated from the credit balance earned as of the reporting date, the individual benefit increases and any severance payments due, taking into account future salary increases. Annual adjustments of 3.0% are currently assumed for the payments. The underlying interest rate for discounting partial retirement obligations is 1.75% (previous year: 1.50%). This is an interest rate projected as of 30/09/2025, that is appropriate for the term, with a remaining maturity of between 3 and 4 years.

Liabilities are recognized at the settlement amount. Contingent liabilities from guarantees and warranty agreements are measured according to the status of the respective principal debt.

Payments received before the reporting date are recognized as deferred income if they represent income for a specific period after this date.

Deferred taxes are recognized for differences between the carrying amounts in the financial statements and the tax balance sheet, provided that these differences are expected to reverse in future financial years. Deferred tax assets and liabilities are presented on a net basis. If there is a deferred tax asset surplus as of the reporting date, these assets are not capitalized in accordance with the capitalization option provided for in Section 274 (1)(2) HGB.

The calculation of deferred taxes is based on a tax rate of 32.0%, which is expected to apply at the time the differences are resolved.

Currency translation
Assets and liabilities denominated in foreign currencies are generally recognized at the historical exchange rate at the time of initial recognition and measured at the mid-market spot exchange rate on the reporting date in accordance with Section 256a HGB. Terms to maturity of more than one year are recognized at the transaction price; any adjustments required due to exchange rate movements are made on the reporting date in accordance with the lowest value principle (liabilities side: highest value principle). Balance sheet items in foreign currency that are part of a valuation unit to hedge the foreign currency risk are recognized at the mid-market spot exchange rate at the time of the transaction. Fixed assets or inventories acquired in foreign currencies are generally translated at the mid-market spot exchange rate at the time of the transaction.

Valuation unit
If assets, liabilities and pending transactions are combined with financial instruments to offset opposing changes in value, the effects are not taken into account to the extent that they offset each other within the valuation unit.

The **profit and loss statement** is prepared using the total cost method.

Notes to the balance sheet

1. Fixed assets

The development of fixed assets is presented in an appendix to these notes.

The balance sheet includes fixed assets for spare parts and operating supplies totaling € 68,309 thousand (previous year: € 66,036 thousand) under the categories of technical equipment and machinery, as well as other property, plant, and equipment.

In the 2025 financial year, government investment grants totaling € 258,909 thousand were received to offset the acquisition and construction costs of tangible assets (previous year: (€ 98,988 thousand).

The information regarding shareholdings in accordance with Section 285 (11) HGB are presented in an appendix to the notes.

Pursuant to a purchase agreement dated 19/12/2016, Saarschmiede GmbH Freiformschmiede, Völklingen, acquired its limited partnership interest in FORGE Saar Besitzgesellschaft mbH & Co. KG, Dillingen, (FSB). Pursuant to a resolution dated 02/06/2025, € 18,100 thousand was withdrawn from FSB's capital reserve of € 71,543 thousand and offset against Saarstahl Aktiengesellschaft's liabilities arising from FSB's rent receivables. The stake in FSB was reduced by the same amount.

2. Current assets

Receivables and other assets

Information regarding allocation and affiliation

in € thousand	31/12/2025	31/12/2024
Receivables from affiliated companies	327,800	334,580
of which from trade accounts payable	(212,993)	(204,824)
Accounts receivable from companies in which the company has a participating interest	6,568	7,063
of which from trade accounts payable	(2,903)	(2,996)

With the exception of other assets amounting to € 6,439 thousand (previous year: € 7,614 thousand), all receivables and other assets are due within one year.

In order to improve liquidity, trade receivables are regularly sold as part of operating activities. The carrying amount of the receivables sold was € 94,400 thousand as of the reporting date. After taking into account the factor's 5% security retention, this resulted in cash inflows of € 89,623 thousand. The transaction does not give rise to any risks for the company.

3. Positive difference from asset allocation

The settlement amount (value credit) from the provision for partial retirement obligations in the amount of € 4,055 thousand (prior year: (€ 2,035 thousand) is offset by assets to be offset with a fair value of € 4,519 thousand (prior year: (€ 2,893 thousand). The acquisition cost of the assets to be offset amounted to € 4,519 thousand (prior year: (€ 2,893 thousand). The assets are mainly pledged fixed-term deposits.

4. Shareholders' equity

Subscribed capital
The share capital of Saarstahl Aktiengesellschaft, reported as subscribed capital, amounts to € 200,000 thousand and is divided into 20,000 shares with a nominal value of € 10 thousand per share.

Capital reserve
The capital reserve remains unchanged at € 41,313 thousand.

Earnings reserves
Earnings reserves consist exclusively of other earnings reserves. The figure remains unchanged at € 917,730 thousand.

Retained earnings
At the Annual General Meeting held on 03/07/2025, it was resolved to carry forward the 2024 retained earnings of € 545,169 thousand to new account.

5. Accruals and provisions

Other accruals and provisions mainly relate to personnel obligations, provisions for anticipated losses from pending transactions and other risks in connection with ongoing business.

6. Liabilities

in € thousand	31/12/2025	of which with a remaining term: up to one year	more than one year	more than five years	31/12/2024
Bank loans and overdrafts	241,586	2,080	239,506	77,518	102,844
Trade accounts payable	73,112	73,112	0	0	67,998
Payables to affiliated companies	71,628	71,628	0	0	108,441
of which from trade accounts payable	(19,338)	(19,338)	(0)	(0)	(15,237)
of which other liabilities	(52,290)	(52,290)	(0)	(0)	(93,204)
Payables to companies in which the company has a participating interest	157,503	57,503	100,000	100,000	117,932
of which from trade accounts payable	(49,862)	(49,862)	(0)	(0)	(114,589)
of which other liabilities	(107,641)	(107,641)	(0)	(0)	(3,343)
Other liabilities	16,773	16,773	0	0	138,293
of which are taxes	(3,615)	(3,615)	(0)	(0)	(3,820)
of which are part of social security	(2,091)	(2,091)	(0)	(0)	(1,107)
	560,602	**221,096**	**339,506**	**177,518**	**535,508**

In the previous year, all liabilities – with the exception of bank loans and overdrafts (€ 68,717 thousand) and payables to affiliated companies (€ 31,371 thousand) – had a remaining term of up to one year; the total amount of liabilities with a remaining term of more than one year was € 100,088 thousand, and that of more than five years was € 0 thousand.

The following collateral has been provided for the reported liabilities:

in € thousand	31/12/2025	31/12/2024
Mortgages	239,506	102,786

Other financial obligations

As of 31/12/2025, the total amount of other financial obligations is € 476,314. These consist of long-term obligations arising in subsequent years from lease, rental, service, and leasing agreements (€ 8,170 thousand) and short-term obligations arising from purchase commitments as of the reporting date of 31/12/2025 (€ 468,144 thousand).

Contingent liabilities

in € thousand	31/12/2025	31/12/2024
Guarantees	5,054	6,607
of which to affiliated companies	(5,054)	(6,607)

The obligations assumed on behalf of affiliated companies toward suppliers and customers, or on behalf of third parties, were not recognized as liabilities, as the underlying obligations are expected to be fulfilled by the affiliated companies or third parties, and therefore it is not anticipated that these obligations will be called upon.

Derivative financial instruments

To hedge against cash flow risks associated with long-term loans bearing variable interest rates, interest rate swaps and interest rate collars of equal value were entered into. These relate to bank loans and overdrafts. Since the terms of the underlying transaction and the hedging transaction are the same, the interest rate is hedged for the entire term of the loans. Loans, interest rate swaps, and interest rate collars constitute a single valuation unit (micro-hedge) as defined in Section 254 of the German Commercial Code (HGB). The freezing method is used for accounting purposes.

Interest rate swaps in € thousand	31/12/2025	31/12/2024
Volume	80,000	38,411
Maturity < 1 year	0	14,070
Maturity > 1 year	80,000	24,341
Maturity > 5 years	0	0

Interest rate collar in € thousand	31/12/2025	31/12/2024
Volume	80,000	0
Maturity < 1 year	0	0
Maturity > 1 year	80,000	0
Maturity > 5 years	0	0

Notes to the profit and loss statement

7. Net sales

Breakdown of net sales by region and product group:

in € thousand	FY 2025	FY 2024
Germany	817,746	1,031,107
Other EU countries	454,744	531,287
Countries outside EU	208,985	295,492
	1,481,475	**1,857,886**

in € thousand	FY 2025	FY 2024
Quality steel	579,095	810,239
Special steel	778,763	911,536
By-products, supplies, and services for subsidiaries and other items	123,617	136,111
	1,481,475	**1,857,886**

8. Change in inventories and other work, capitalized

in € thousand	FY 2025	FY 2024
Decrease/increase in inventories of finished products and work in process	– 88,900	34,706
Other own work, capitalized	226	168
	– 88,674	**34,874**

9. Other operating income

The following **out-of-period** income is recognized:

in € thousand	FY 2025	FY 2024
Income from the reversal of provisions	15,739	12,519
Other out-of-period income	2,554	1,175
	18,293	**13,694**

Other operating income includes income from currency translation of € 409 thousand (previous year: (€ 2,247 thousand).

10. Material costs

in € thousand	FY 2025	FY 2024
Cost of raw materials, consumables and supplies	937,259	1,395,353
Expenses for purchased services	106,127	120,064
	1,043,386	**1,515,417**

11. Personnel expenses

in € thousand	FY 2025	FY 2024
Wages and salaries	209,222	218,838
Social security contributions and expenses for pensions and other benefits	50,891	49,810
of which for pensions	(5,659)	(5,794)
	260,113	**268,648**

12. Other operating expenses

Other operating expenses include prior-period expenses of € 749 thousand (previous year: € 773 thousand) and expenses for currency translation of € 4,206 thousand (previous year: € 387 thousand).

13. Income from participating interests

in € thousand	FY 2025	FY 2024
Income from profit and loss transfer agreements	1,890	15,931
of which from affiliated companies	(1,890)	(15,931)
Expenses from transferred losses	– 249	– 681
of which from affiliated companies	(-249)	(-681)
Income from participations	24,151	39,009
of which from affiliated companies	(2,406)	(12,729)
	25,792	**54,259**

14. Net interest income

in € thousand	FY 2025	FY 2024
Income from other securities and loans classified as financial assets	3,161	4,597
of which from affiliated companies	(1,518)	(1,958)
Other interest and similar income	9,367	10,609
of which from affiliated companies	(4,110)	(5,596)
of which from the discounting of provisions	(113)	(183)
Interest and similar expenses	– 12,535	– 9,092
of which from affiliated companies	(-1,879)	(-3,225)
of which from the discounting of provisions	(-199)	(-84)
	– 7	**6,114**

Net interest income includes interest expenditures of € 53 thousand (previous year: € 49 thousand) resulting from the discounting of provisions in accordance with Section 246 (2)(2) HGB. Interest income of € 108 thousand (previous year: € 171 thousand) was generated from the corresponding cover assets.

15. Taxes on income

Income taxes include expenses for prior years amounting to € 26 thousand (previous year: -€ 6,253 thousand).

Other disclosures

Members of the Supervisory Board

Heiko MAAS, Saarlouis **Chair** (as of 11/09/2025)	Chair of the Board of Directors and Board of Trustees of Montan-Stiftung-Saar President, Stahl-Verband-Saar e.V.
Reinhard STÖRMER, Völklingen **Chair** (until 11/09/2025)	Chair of the Board of Directors and Board of Trustees of Montan-Stiftung-Saar
Jörg KÖHLINGER, Frankfurt **1st Deputy Chair**	Trade Union Secretary and District Head of the IG Metall Central District
Joachim BRAUN, Le Ban St. Martin (FR) **2nd Deputy Chair**	Deputy Chair of the Board of Directors and Board of Trustees of Montan-Stiftung-Saar
Stephan AHR, Wadgassen	Chair of the Group Works Council of Saarstahl Aktiengesellschaft and Chair of the Works Council of the Völklingen plant of Saarstahl Aktien- gesellschaft
Joachim DEMMER, Saarbrücken	Certified Public Accountant and Tax Advisor
Lars DESGRANGES, Beckingen	Primary Authorized Representative for IG Metall, Völklingen
Elke HANNACK, Berlin	Union Secretary and Deputy Chair of the German Trade Union Confederation
Kerstin HERRMANN, Sulzbach	Vice President of the Saarland Regional Labor Court
Nadine KLIEBHAN, Illingen	Senior Project Manager INFO-Institut Beratungs-GmbH
Karl-Ulrich KÖHLER, Dr., Mülheim (as of 11/09/2025)	Member of the Board of Trustees of Montan-Stiftung-Saar
Wolfgang LEESE, Prof. Dr., Lindberg (until 11/09/2025)	Managing Director and Managing Partner WGL Verwaltung und Beratung GmbH Member of the Board of Trustees of Montan-Stiftung-Saar
Markus MENGES, Waldbrunn	Board of Directors of Südweststahl AG
Jörg PIRO, St. Wendel	Chair of the Works Council at the Neunkirchen Plant Saarstahl Aktiengesellschaft
Peter SCHWEDA, Drensteinfurt	Former member of the Management Board of SHS - Stahl-Holding-Saar GmbH & Co. KGaA as well as the Board of Directors/Chief Human Resources Officer of Aktien-Gesellschaft der Dillinger Hüttenwerke, DHS - Dillinger Hütte Saarstahl AG and Saarstahl Aktiengesellschaft
Angelo STAGNO, Saarbrücken	Deputy Chair of the Group Works Council and Chair of the Works Council of the Burbach Plant of Saarstahl Aktiengesellschaft
Hans-Joachim WELSCH, Saarlouis	Member of the Board of Directors and Board of Trustees of Montan-Stiftung-Saar

Members of the Board of Directors

Stefan Rauber
Chair

Joerg Disteldorf
Chief Human Resources Officer

Markus Lauer
(until 31/12/2025)
Chief Financial Officer

Dr. Peter Maagh
Chief Technology Officer

Daniël Nicolaas van der Hout
Chief Commercial Officer

Jonathan Weber
Chief Transformation Officer
(as of 01/01/2026)
Chief Financial and Transformation Officer

Total remuneration amounts to € 471 thousand for the current members of the Supervisory Board, € 2,645 thousand for the current members of the Board of Directors, and € 264 thousand for former members of the Board of Directors. Provisions totaling € 164 thousand have been set aside for former members of the Board of Directors and their dependents.

The average number of employees amounted to:

	FY 2025	FY 2024
Wage-earning employees	2,504	2,667
Salaried employees	692	731
Average total employees in accordance with Section 267 (5) HGB	**3,196**	**3,398**
Trainees and interns	251	260
Total	**3,447**	**3,658**

The total fee for the auditor is not disclosed here, as it is disclosed in the consolidated financial statements of Saarstahl Aktiengesellschaft, Völklingen.

In line with Section 20 (4) of the German Stock Corporation Act (AktG), SHS - Stahl-Holding-Saar GmbH & Co. KGaA, Dillingen, (SHS) has notified us that it holds a majority stake in our company.

In line with Section 20 (1) of the German Stock Corporation Act (AktG), Aktien-Gesellschaft der Dillinger Hüttenwerke, Dillingen, has notified us that it holds more than 25% of the shares in our company.

Saarstahl Aktiengesellschaft is the general partner of Dillinger Hütte und Saarstahl Vermögensverwaltungs- und Beteiligungs-OHG, Dillingen.

Saarstahl Aktiengesellschaft will prepare the consolidated financial statements and a group management report for 2025 for the narrowest scope of consolidation, which will include Saarstahl Aktiengesellschaft as part of full consolidation. The consolidated financial statements and the group management report are published in the electronic business registry. Both are also available at the headquarters of Saarstahl Aktiengesellschaft.

The majority shareholder of Saarstahl Aktiengesellschaft is SHS - Stahl-Holding-Saar GmbH & Co. KGaA &, Dillingen. In 2025, the company will prepare the consolidated financial statements and a group management report for the broadest scope of consolidation, which will include Saarstahl Aktiengesellschaft as part of full consolidation. The consolidated financial statements and the group management report are published in the electronic business registry. Both are also available at the headquarters of SHS - Stahl-Holding-Saar GmbH & Co. KGaA.

Supplementary statement

As of the end of the financial year, there are no discernible effects on the asset, financial and earnings positions of the 2025 annual financial statement resulting from the war in Iran that began in February 2026.

However, the company assumes that business performance in 2026 will most likely be influenced primarily by the broader regional impacts in the Middle East and the resulting restrictions on the flow of goods and services as well as on energy supply. At the time of preparing the 2025 financial statements, the extent of the impact for the 2026 financial year cannot yet be sufficiently quantified, so that no reliable statements can be made regarding the significance for the future asset, financial and earnings positions. Please also refer to the comments in the management report.

Proposed appropriation of profits

The retained earnings consist of a net loss for the year of € 126,333 thousand and profit carried forward from the previous year of € 545,169 thousand. The Board of Directors proposes to the Annual General Meeting that the retained earnings of € 418,836 thousand be carried forward to new account.

Völklingen, 31 March 2026

STEFAN RAUBER

JOERG DISTELDORF

DR. PETER MAAGH

DANIËL NICOLAAS VAN DER HOUT

JONATHAN WEBER

Development of fixed assets

	Acquisition and production costs				
in € thousand	01/01/2025	Additions	Disposals	Transfers	31/12/2025
I. Intangible assets					
1. Purchased licenses, computer software	934	6	32	-	908
2. Advance payments made	24	22	46	-	-
	958	**28**	**78**	**-**	**908**
II. Tangible assets					
1. Land, rights equivalent to land and buildings, including buildings on third-party land	423,235	97	3,204	1,913	422,041
2. Technical equipment and machinery	1,327,131	10,694	8,181	8,133	1,337,777
3. Other property, plant and equipment	124,344	3,487	6,716	694	121,809
4. Prepayments on tangible assets and assets under construction	41,504	73,926	-	– 10,740	104,690
	1,916,214	**88,204**	**18,101**	**-**	**1,986,317**
III. Financial assets					
1. Shares in affiliated companies	371,449	18,103	18,203	– 8,600	362,749
2. Loans to affiliated companies	63,958	-	10,564	8,600	61,994
3. Participating interests	260,307	100,545	-	-	360,852
4. Loans to companies in which the company has a participating interest	12,500	-	-	-	12,500
5. Other loans	39,000	-	39,000	-	-
	747,214	**118,648**	**67,767**	**-**	**798,095**
	2,664,386	**206,880**	**85,946**	**-**	**2,785,320**

in € thousand	Amortization and depreciation 01/01/2025	Additions	Disposals	31/12/2025	Net book value 31/12/2025	31/12/2024
I. Intangible assets						
1. Purchased licenses, computer software	432	230	32	630	278	502
2. Advance payments made	-	-	-	-	-	24
	432	**230**	**32**	**630**	**278**	**526**
II. Tangible assets	**-**	**-**	**-**	**-**	**-**	**-**
1. Land, rights equivalent to land and buildings, including buildings on third-party land	320,694	6,025	2,440	324,279	97,762	102,541
2. Technical equipment and machinery	1,060,445	32,854	7,448	1,085,851	251,926	266,686
3. Other property, plant and equipment	89,213	4,471	6,700	86,984	34,825	35,131
4. Prepayments on tangible assets and assets under construction	-	-	-	-	104,690	41,504
	1,470,352	**43,350**	**16,588**	**1,497,114**	**489,203**	**445,862**
III. Financial assets						
1. Shares in affiliated companies	78,794	-	-	78,794	283,955	292,655
2. Loans to affiliated companies	-	-	-	-	61,994	63,958
3. Participating interests	-	-	-	-	360,852	260,307
4. Loans to companies in which the company has a participating interest	-	-	-	-	12,500	12,500
5. Other loans	-	-	-	-	-	39,000
	78,794	**-**	**-**	**78,794**	**719,301**	**668,420**
	1,549,578	**43,580**	**16,620**	**1,576,538**	**1,208,782**	**1,114,808**

List of shareholdings

in € thousand	Share of equity in % direct	Indirect	total	Shareholders' equity	Results 2025	
1. Affiliated companies						
Saarstahl Precision Bright Steel GmbH, Homburg	100.0		100.0	42,022	-	1)
Saarstahl Precision Strip GmbH, Völklingen	100.0		100.0	10,897	-	1)
Saarstahl-Export GmbH, Völklingen	100.0		100.0	1,585	-	1)
Metallurgische Gesellschaft Saar GmbH, Völklingen	100.0		100.0	5,123	-	1)
GreenSteel EAF Völklingen GmbH, Völklingen	100.0		100.0	92	-	1)
Saarschmiede GmbH Freiformschmiede, Völklingen	99.95	0.05	100.0	37,519	8,594	
Saarstahl Precision Wire GmbH, St. Ingbert	100.0		100.0	14,726	– 2,066	
Saarstahl Precision Welding GmbH, Völklingen		100.0	100.0	4,315	-	1)
DWK Drahtwerk Köln GmbH, Cologne	3.6	96.4	100.0	2,904	– 2,649	
Saarstahl Rail Holding GmbH i.L., Völklingen	100.0		100.0	90	– 2	
Saarstahl Beteiligungsgesellschaft mbH, Völklingen	100.0		100.0	6,466	– 7	
FORGE Saar GmbH, Dillingen	100.0		100.0	218	12	
FORGE Saar Besitzgesellschaft mbH & Co KG, Dillingen	48.0	52.0	100.0	53,703	209	
SIB-Immobiliengesellschaft mbH, Völklingen		100.0	100.0	62	5	
45. Saarstahl Beteiligungsgesellschaft mbH i.L., Völklingen	100.0		100.0	28	– 1	
Secosar S.A.S., Bussy-Saint-Georges/France	99.99	0.01	100.0	13,614	1,320	
Conflandey Industries S.A.S., Port-sur-Saône/France	80.0	20.0	100.0	9,360	– 2,303	
Saarstahl Rail S.A.S., Hayange/France	100.0		100.0	47,893	409	
Saarstahl Ascoval S.A.S., Saint-Saulve/France	100.0		100.0	51,139	– 8,395	
Saarstahl Shanghai Limited, Shanghai/China		100.0	100.0	554	58	2) 3)
Saarstahl Export India Pvt Ltd, Mumbai/India	1.0	99.0	100.0	152	6	3) 4)
Saarstahl s.r.o. Ostrava/Czechia		100.0	100.0	27	19	2) 3)
Saarstahl AG, Zürich/Switzerland	100.0		100.0	3,961	– 686	2) 3)
Acciai della Saar S.r.l., Milan/Italy	100.0		100.0	777	45	2)
FILMETAL S.A., Bussy-Saint-Georges/France		99.96		2,558	78	
FNSTEEL B.V./Netherlands	100.0		100.0	29,526	0	5)

1) A profit and loss transfer agreement exists.

2) No final result was available when the annual financial statement was compiled. The figures are for the previous year.

3) Currency of the country converted into € thousand using the mid-market spot exchange rate on 31/12/2025.

4) Last annual financial statement on 31/03/2025

5) The financial statement prepared in accordance with state law was not yet available at the time the annual financial statement was prepared. The information in the annual financial statement refers to the net assets of the Saarstahl Group as of the date of initial consolidation (31/12/2025).

in € thousand	Share of equity in % direct	Indirect	total	Shareholders' equity	Results 2025	
2. Participating interests						
DHS - Dillinger Hütte Saarstahl AG, Dillingen	33.8		33.8	2,870,638	127,530	1)
Dillinger Hütte und Saarstahl Vermögens-verwaltungs- und Beteiligungs-OHG, Dillingen	50.0		50.0	270,140	5,181	
ROGESA Roheisen- und Rohstoffgesellschaft Saar mbH, Dillingen	24.5	25.5	50.0	501,637	-	2)
Kraftwerk Wehrden GmbH, Völklingen	33.3		33.3	53	17	3)
Dillinger Saarstahl America LLC., Wilmington/USA	50.0		50.0	110	42	3) 4)
Dillinger Saarstahl UK Ltd., Scunthorpe/UK	50.0		50.0	344	204	3) 4)
Dillinger Saarstahl BeLux SA, Liège/Belgium	50.0		50.0	8,328	140	3)
Dillinger Saarstahl Nordic AB, Alingsås/Sweden	50.0		50.0	44	18	3) 4)
Dillinger Saarstahl Turkey Demir Celik San. ve Tic. Ltd. Ști., Istanbul/Turkey	50.0		50.0	114	22	3) 4)
Dillinger Saarstahl Malaysia Sdn. Bhd, Petaling Jaya/Malaysia	50.0		50.0	68	2	3) 4)
Dillinger Iron & Steel Trade (Shanghai) Co. Ltd./China	50.0		50.0	302	42	3) 4)
Dillinger Saarstahl Spain S.A., Sant Just Desvern Barcelona/Spain	50.0		50.0	887	64	3)
Aceros Saar Mexico SA de CV, San Pedro Garza García/Mexico	50.0		50.0	134	1	4)

1) Consolidated financial statement – DHS holds 10% of its own shares.

2) A profit and loss transfer agreement exists.

3) No final result was available when the annual financial statement was compiled. The figures are for the previous year.

4) Currency of the country converted into € thousand using the average mid-market spot exchange rate on 31/12/2025.

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent auditor's report

To Saarstahl Aktiengesellschaft, Völklingen

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of Saarstahl Aktiengesellschaft, Völklingen, which comprise the balance sheet as at December 31, 2025, the statement of profit and loss for the financial 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 Saarstahl Aktiengesellschaft 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 the corporate governance statement pursuant to Section 289f (4) HGB *[Handelsgesetzbuch: German Commercial Code]* (disclosures on the quota for women on executive boards).

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 December 31, 2025 and of its financial performance for the financial year from January 1 to December 31, 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 opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Section 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 Section 317 HGB and the 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other Information

Management and/or the Supervisory Board are responsible for the other information. The other information comprises the Corporate Governance Statement pursuant to Section 289 f (4) HGB (disclosures regarding the women's quota) as a component of the Management Report not subject to substantive audit.

The other information also comprises all remaining parts of the annual report - excluding further cross-references to external information - with the exception of the audited annual financial statements, the audited management report, and our auditor's report.

Our opinions on the annual financial statements and on the management, report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is 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, management is 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, management is 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, management is 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, management is 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 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 Section 317 HGB 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures 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 opinion on the effectiveness of the Company's internal control or of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of the management's 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 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 management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information

from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saarbrücken, 28 April 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Palm Wirtschaftsprüfer [German Public Auditor]	Szabo Wirtschaftsprüfer [German Public Auditor]

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