

# Short Report

Financial Year 2023



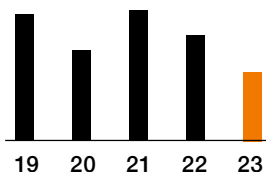
Swiss  
Steel  
Group

# Key Figures

Sales volume

**1,375**

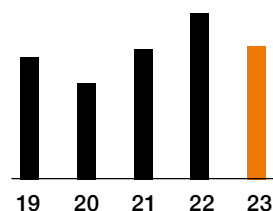
kilotons  
-17.3% vs. PY



Net revenue

**3,244.2**

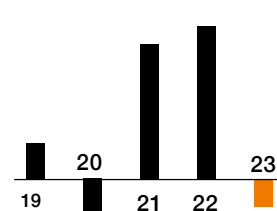
million EUR  
-19.9% vs. PY



Adj. EBITDA

**-40.9**

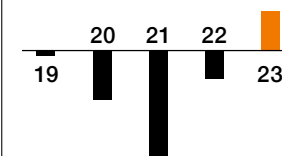
million EUR



Free cash flow

**85.4**

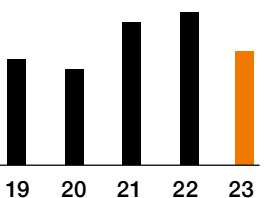
million EUR



Net working capital

**826.2**

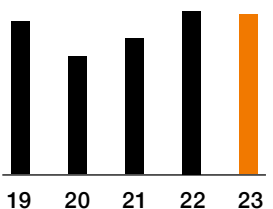
million EUR  
-25.7% vs. PY



Net debt

**828.6**

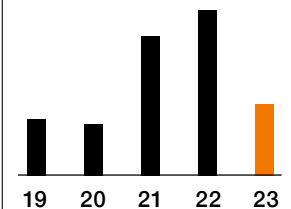
million EUR  
-2.3% vs. PY



Shareholders' equity

**234.4**

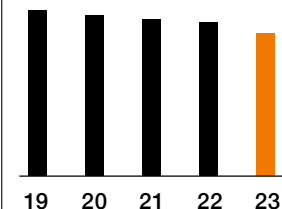
million EUR  
-55.8% vs. PY



Employees

**8,812**

headcount  
-10.6% vs. PY



# Management Report

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# Letter to the Stakeholders

## Dear stakeholders,

The past financial year was truly an “Annus Horribilis” for Swiss Steel Group – a year of unprecedented challenges. Our full-year performance was impacted by very weak market demand. Order activity from the mechanical and plant engineering sector remained weak throughout 2023 and the European automotive production remained below pre-pandemic levels. In addition, customers were destocking their inventories, and an increase of imports further exacerbated demand weakness. This led to a sales volume which was 17.3 % lower year-over-year.

2023 revenue of EUR 3,244.2 million was down by 19.9 %. In addition, the performance of the Group was impacted by many one-time effects: After unprecedented price peaks and volatilities in 2022, energy markets stabilized in 2023, albeit still above pre-crisis levels. However, significantly decreasing spot prices for electricity and gas in combination with declining raw material prices resulted in significant one-time inventory valuation losses. As a result, adjusted EBITDA decreased to EUR –40.9 million in 2023. Free cash flow, on the other hand, was positive at EUR 85.4 million on the back of strong net working capital reduction efforts, proceeds from the divestment of non-core distribution activities and cost control measures. At the end of December 2023, shareholders’ equity had decreased by EUR 296.5 million to EUR 234.4 million since December 31, 2022. This is attributable to the negative Group result of EUR –294.8 million. As a result, equity ratio decreased to 12.1 %.



**Jens Alder**  
Chairman of the Board



**Frank Koch**  
CEO

## Securing portfolio quality for future profitability

To build a competitive basis for a strong and resilient Swiss Steel Group, we focused on portfolio optimization for our core business. We divested entities that do not contribute to our strategic vision, and initiated restructuring programs at other entities, which have the potential to contribute to sustainable profitability. Swiss Steel Group successfully divested eight distribution entities, as well as its share in the joint venture in China. The Group is eliminating complexity from its worldwide distribution network and concentrating on activities that focus on our own products in relevant markets. The Group entered a binding agreement to sell the former headquarter in Düsseldorf. Further, the contemplated divestiture of parts of Ascometal France as announced in December 2023 has not yet materialized. Ascometal France Holding is examining all strategic options for the future of all its entities.

Finkl Steel will not be integrated into the Group and a divestiture is under study. Until further notice, Finkl will continue to operate as a standalone investment.

## Restoring a competitive cost structure and ensuring operational excellence

SSG 2025 includes measures to restore a competitive cost structure and ensuring operational excellence throughout the remaining Group. In 2023, our focus lay on the initiation of an extensive restructuring program for our largest entity, Deutsche Edelstahlwerke (DEW) in Germany. The program includes a comprehensive performance improvement program which is designed to reduce structural costs by over EUR 130 million from 2023 until 2025. In collaboration with employee representatives, we have reached comprehensive agreements for the reduction of over 350 jobs. The majority of this reduction has been already successfully implemented by the end of 2023. Further, it includes the organizational separation of DEW into two legal production entities. The organizational separation has been successfully completed and will allow a better focus on the relevant businesses. The legal separation is planned to be implemented retroactively to January 1, 2024.

Across Swiss Steel Group, headcount decreased by 1,045 employees or 10.6 % to 8,812. Additionally, we implemented measures to enhance flexibility in personnel costs, such as the introduction of short-time work and flexible working time accounts. Going forward, we see further potential to streamline and right-size our workforce, particularly in administrative functions, as part of our ongoing commitment to operational efficiency and to address demographic trends and the shortage of skilled workers.

### **Intended capital increase as an indispensable basis for further strengthening and future growth**

As a result of the implemented measures, we have made good progress in the stabilization phase of our strategy, even if it has been delayed due to unforeseen internal and external factors. In line with our SSG 2025 program, we intend to strengthen our capital to shift our focus to fully re-entering the market, especially against the backdrop of an improving economy. The recapitalization and refinancing of the company will include two measures: A capital increase for an equivalent of approximately EUR 300 million fully backstopped by BigPoint Holding AG to strengthen liquidity, and the balance sheet, to fully participate in the market again and to restore the Group's competitiveness in the medium to long term. An extension of the Group's material financing arrangements with our financial lenders including the shareholder loans by BigPoint Holding AG until September 2028 conditional on the equity capital increase.

### **Refocusing the go-to-market strategy and capitalizing on our leading position in green steel**

As Europe's largest electric arc furnace steel producer, our expertise in recycling, circular economy, and electric arc furnace technology, paired with the use of low-emission electricity forms the foundation for a carbon footprint of our products up to 83 % below the industry average. Swiss Steel Group supplies sustainable steel to essential future markets – e.g. mobility, energy generation, medical, aerospace – and thus makes a significant contribution to the decarbonization of our society. In consequence, we are strategically positioned to not only recover but surpass the European market share held before the COVID-19 pandemic. To advance on this ambitious goal, SSG 2025 includes a comprehensive set of measures to increase sales volume.

### **Swiss Steel Group remains dedicated to reaching its ultimate goal of net-zero by 2038**

To achieve decarbonization of end products, it is necessary to interweave efforts throughout the entire value chain. Steel, playing the distinctive role in this chain, becomes a crucial element in the essential process of decarbonization. Against the backdrop of climate change and the requirements for decarbonization in the value chains of our customers across various industries, the green steel segment is expected to grow beyond the overall market growth in 2024. Present discussions and a notable uptick in orders for greener products with our customers confirm the ongoing global transformation. Through intensified R&D efforts for innovative products and especially for the increasing requirements towards green steel, we aim to recapture market potential and ensure sustained growth. To capitalize fully on the potential of green steel, additional investments in processes, equipment, mindset and knowledge are essential. Swiss Steel Group remains dedicated to reaching its ultimate goal of net-zero by 2038.

### **Initiating the next stage of our strategy execution**

After a disappointingly weak 2023, heavily influenced by economic conditions, we initiate the next stage of our strategy execution to build the necessary competitiveness for growth in a rapidly changing market. As the leading European producer of green steel we have very attractive opportunities for growth. As part of our strategy we are implementing far-reaching measures to stabilize and future proof our business. Following the capital increase, we shall be able to progress the restructuring and to refocus on profitable growth. Considering the magnitude of changes in our industry and the work required at Swiss Steel Group, this transformation is fundamental. It requires time, capital and a great commitment from our teams across Swiss Steel Group. The planned capital increase is imperative for our success.

We would like to thank our employees for their great commitment under the most adverse conditions, our customers for their trust in an extremely challenging market environment and our shareholders for their loyalty and patience.



**Jens Alder**  
Chairman of the Board



**Frank Koch**  
CEO

# Strategy

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**With our strategic program SSG 2025, we will strengthen our resilience, enhance performance and lay the groundwork for organic growth by prioritizing cost improvement and customer-centricity. Swiss Steel Group is a driver of green transformation and has all means to shape the future because our products are essential in nearly all areas of transformation.**

## Building on a strong foundation

More than ever, we are faced with change – whether economic, geopolitical, environmental or driven by the relentless force of innovation. The world around us is evolving at an accelerating pace, compelling societies, industries and companies to think beyond traditional boundaries, adapt existing business models, and have the courage to break new ground. In a fast-changing environment, it is crucial to build on a strong foundation, embrace change and evolve with vision.

## Leading player for the production of Green Steel

Thanks to our expertise in recycling, proven electric arc furnace technology and highest operating standards, we are well positioned to become the leading player for the production of Green Steel. Our product portfolio addresses a wide range of customer needs. We foster a high level of innovation driven by our talented, motivated and dedicated employees. In short, Swiss Steel Group holds enormous potential for the future – a potential we are now leveraging for the benefit of our stakeholders.

## Shaping the transformation of our Group

Our journey has not been without challenges and setbacks, but we remain steadfast in our commitment to our strategic vision for Swiss Steel Group. The past year has underscored the importance of adhering to our strategic program SSG 2025. Through this program, we actively shape the transformation of our Group and react to the transformation of the world around us. We fortify our resilience, enhance performance, continue to lead the green transformation and lay the groundwork for organic growth by prioritizing cost improvement and customer-centricity.

## Together. For a future that matters.

In a constantly changing world, businesses, institutions and individuals must be able to adapt and seize opportunities. This process can involve transforming business models, introducing new technologies or adjusting to changing market conditions. Shaping this transition requires innovative ideas, sustainable practices and collaboration among various stakeholders. Only in this way can we create a better, sustainable future.

## Resilience and Profitability



Ensuring resilience, profitability and growth in a challenging environment requires courage to change. With our strategy program SSG 2025, we have initiated a fundamental transformation that will set the course for a successful future.

### Maintain a stable performance

The implementation of our strategy will make us stronger and more resilient. Resilience is the answer to current and future challenges as it encompasses the ability to successfully adapt to a changing environment, no matter what comes our way. For us, in fact, this explicitly reflects the capability and strength to maintain a stable performance within the profitability target corridor in any conceivable market phase. With that in mind, it is crucial to build a strong core founded on stable pillars, by minimizing risks and focusing on the core business.

### Spot leverage potential

Knowing the sources of our profitability and their levers allows targeted steering toward businesses offering attractive margins. This makes it crucial to continuously reassess the current and future viability of each of our entities to spot obvious leverage potential, uncover hidden leverage potential and especially to channel efforts into forward-thinking new ideas. We have realigned our focus on our core business, systematically divesting entities that do not contribute to our strategic vision.

### Stabilize

The first phase of SSG 2025 prioritizes the stabilization of our Group. Through strategic portfolio optimization, we have focused on our core business to become more resilient and reduce our financial leverage. This necessitated a thorough assessment of all our assets with regard to their future viability. Further, the comprehensive turnaround program for our German entity allows us to drive process efficiencies. As we transition into the strengthening phase, a capital increase and debt refinancing becomes crucial for the further development of the Group, to allow participation in markets and to strengthen the balance sheet.

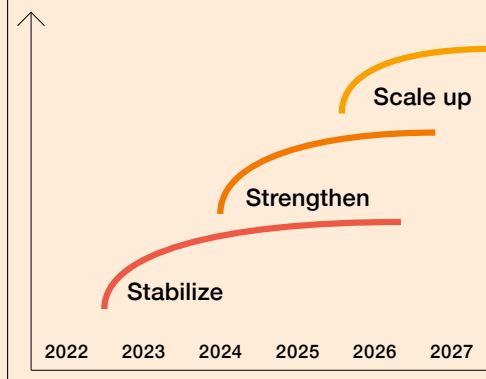
### Strengthen

To secure long-term success, we must ensure that our core business areas have a clear focus and mission, ultimately elevating their performance. Further, we are reshaping our organizational setup to respond quickly and flexibly in our changing business environment. This allows us to focus on key activities and drives us to achieve greater efficiency and performance. The rollout of our new target operating model enables to develop into an integrated Group with one strong brand. Leveraging our position among the leading producers for Green Steel, we are preparing to further expand our position and our Green Steel portfolio.

### Scale up

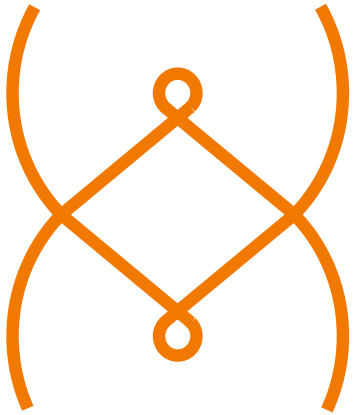
Backed by the same resolve and building on our strong foundation, we will intensify our efforts to seize further growth opportunities in our core markets and execute our Green Steel strategy within the context of the Group's decarbonization targets. With a robust and resilient basis in place, we aim to excel in performance, reliability and customer satisfaction.

#### The triad for sustainable value



Significant challenges - including the closure of our Ugitech Production Asset for the major part of 2022 due to a serious industrial accident, the shutdown in Hagen following the flood of the century in Germany, and the energy crisis - have resulted in setbacks of approximately one year in the initial phase of our strategic plan. However, in the face of these adversities, our commitment to the strategic vision of Swiss Steel Group remains resolute.

## Customer Centricity and Reliability



We have embarked on a journey to create one united Swiss Steel Group with integrated operations – to stabilize and strengthen our business for growth, to increase efficiency and effectiveness, and above all to better serve our customers.

### Reshaping our sales organization

On our transformation path, we are reshaping and strengthening our organization, evolving from a group of loosely connected companies into one integrated and actively managed Swiss Steel Group. We are refocusing our sales organization around the three Divisions Engineering Steel, Stainless Steel and Tool Steel, which will allow a more holistic market approach and more effective and tailored customer service.

### Backbone of best-in-class production

Each Division leverages its sales and distribution networks and has access to the full production network of our Group. Nonetheless, best-in-class production remains the backbone of our Group. While the Divisions know our markets and their needs, our Production Assets ensure that quality, service levels and cost efficiency are spot on.

### One central point of contact

Our customers will benefit from more clarity about our portfolio, access to the entire Group offering via one central point of contact, combined innovative strength and even stronger reliability when it comes to production, quality and delivery.

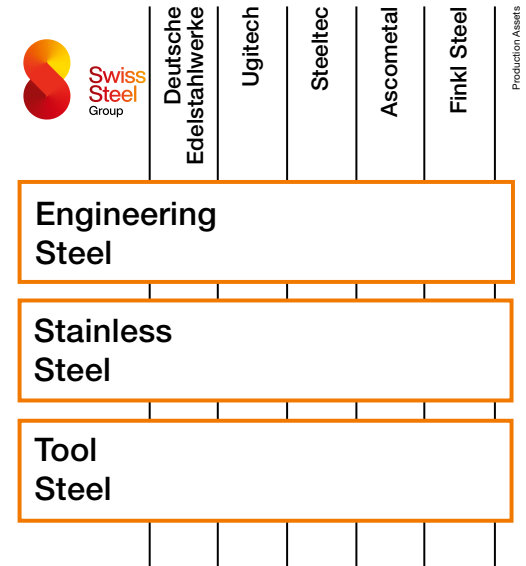
### One strong brand

As a consequence of the reorganization of the Group, the former entity brands have been merged into one strong brand: Swiss Steel Group. We now stand united under one flag that encompasses all our entities. Our logo continues to combine the colors of glowing steel with the shape of infinity – symbolizing our commitment to a sustainable value chain and circular economy.

### Fortifying our market presence

This strategic move symbolizes a significant realignment, strengthening our market presence and paving the way for the future – a future marked by enhanced collaboration among the former Business Units, tailored to meet individual customer requirements more effectively. Commencing in January 2023, the Swiss Steel Group companies underwent a systematic alignment of branding, which was completed by the end of the same year. The newly established organizational structure and shared brand identity, while transformative, do not alter the existing legal framework.

### Transforming into an efficient and effective organization



As per end 2023

Swiss Steel Group has, based on customer requirements, created a corporate structure consisting of three Divisions: Engineering Steel, Stainless Steel, and Tool Steel. This organization pursues a holistic market approach and enables more individualized care for our customers.



## Innovation and Sustainability



Our Green Steel approach positions us and empowers our customers and partners in their decarbonization efforts to become leading sustainability champions for a future that matters.

## Sustainable steel production is our DNA

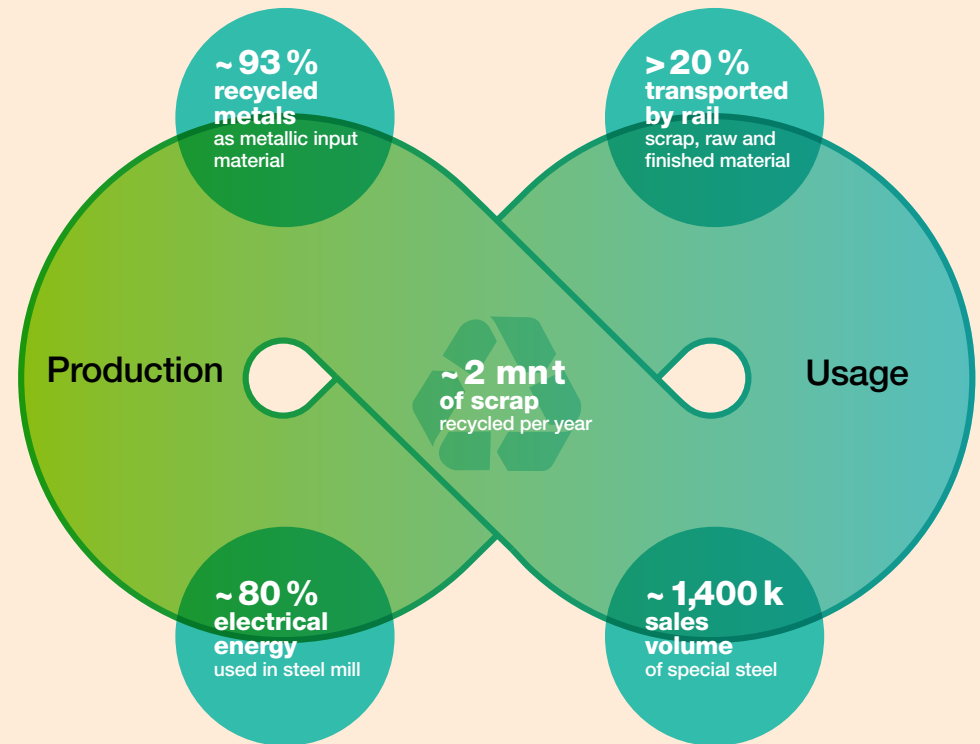
As one of the biggest CO<sub>2</sub> emitters, the steel sector plays a key role in achieving the EU's climate goals for 2050. And as one of Europe's largest electric arc furnace steel producers, Swiss Steel Group is committed to living up to its responsibility. Because steel is such a valuable material, it influences our daily lives in so many ways that we cannot do without it. With that in mind, we at Swiss Steel Group see it as our duty to contribute to shaping a better, greener and more sustainable world. By exclusively operating electric arc furnaces, we are already applying the technology of future steelmaking today. Because sustainable steel production based on circular economy and recycling runs in our DNA.

## Carbon footprint well below industry average

Our profound expertise in recycling and electric arc furnace technology, highest operational standards and use of energy from low-carbon sources have allowed us to reduce the carbon footprint of our products up to 83% below the industry average, offering a distinct environmental value proposition to our customers.

## Circular economy in Swiss Steel Group's production

Whether in transportation, infrastructure, energy or mechanical engineering, steel has been one of the most important materials for centuries. Not least because steel is the only material that is 100% recyclable, making it a prime example of a circular economy.



Figures 2023

# Financial Development

In light of the global economic slowdown, activity in our main customer industries was depressed throughout 2023. This resulted in a low sales volume which – combined with significant one-time effects – weighed on the Group's profitability. The sales volume was 17.3 % below 2022 levels and Group revenue of EUR 3,244.2 million was 19.9 % below the prior-year. Cash generation was positive on the back of strong net working capital reduction efforts.

At 619 kilotons (H2 2022: 726 kilotons), 14.7 % less steel was sold in the second half of 2023 compared to the second half of 2022, resulting in a capacity utilization below break-even. Declining raw material prices weighed on the valuation of our inventories and thus negatively affected our financial performance. Despite a series of countermeasures to support profitability and cash generation, adjusted EBITDA was EUR –110.9 million for the second half of 2023 (H2 2022: EUR 46.1 million). Notwithstanding the very low profitability, cash generation was positive with a free cash flow of EUR 148.1 million for the second half-year 2023 (H2 2022: EUR 120.4 million), owing to the typical seasonal working capital release and a successful inventory reduction initiative. Likewise, our full-year financial performance was characterized by weak market demand. Rising interest rates dampened capital investment, affecting demand from the mechanical and plant engineering sector, and European

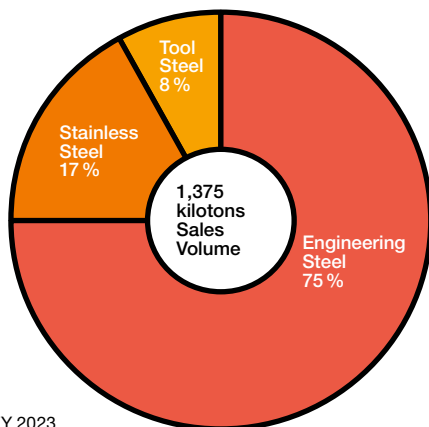
automotive production remained below pre-pandemic levels. At 1,375 kilotons in 2023 (2022: 1,663 kilotons), the sales volume was down 17.3 % year on year. After unprecedented price peaks and volatilities in 2022, energy markets stabilized again in 2023. However, decreasing spot prices for electricity and gas in combination with declining raw material prices resulted in significant one-time inventory valuation losses. As a result, adjusted EBITDA decreased to EUR –40.9 million in 2023 compared to EUR 217.0 million in 2022. Free cash flow, on the other hand, was positive at EUR 85.4 million (2022: EUR –53.7 million) on the back of strong net working capital reduction efforts and proceeds from divestment of non-core activities in line with our ongoing strategy program SSG 2025.

Swiss Steel Group	Unit	2023	2022	Δ in %	H2 2023	H2 2022	Δ in %
Sales volume	kilotons	1,375.0	1,663.0	–17.3	619.0	726.0	–14.7
Average sales price	EUR/t	2,362.9	2,438.1	–3.1	2,244.3	2,629.3	–14.6
Revenue	million EUR	3,244.2	4,051.4	–19.9	1,386.9	1,906.8	–27.3
Gross profit	million EUR	867.5	1,147.1	–24.4	317.3	483.4	–34.4
Adjusted EBITDA	million EUR	–40.9	217.0	–	–110.9	46.1	–
Adjusted EBITDA margin	%	–1.3	5.4	–	–8.0	2.4	–
Free cash flow	million EUR	85.4	–53.7	–	148.1	120.4	23.0
Net working capital	million EUR	826.2	1,112.4	–25.7	826.2	1,112.4	–25.7
Net debt	million EUR	828.6	848.2	–2.3	828.6	848.2	–2.3
Shareholders' equity	million EUR	234.4	530.9	–55.8	234.4	530.9	–55.8

## Divisions

In 2023, the Group adjusted the internal reporting and organizational structure, which up until 2022 comprised the two divisions Production and Sales & Services. As from 2023, the segment reporting follows the Group's new organizational structure, which distinguishes between the Engineering Steel, Stainless Steel and Tool Steel Divisions.

### Share of sales by product group



FY 2023

Key figures divisions in million EUR		2023	2022	Δ in %	H2 2023	H2 2022	Δ in %
<b>Engineering Steel</b>							
	<b>Unit</b>						
Sales volume	kilotons	1,028	1,246	-17.5	454	533	-14.8
Revenue	million EUR	1,507.0	2,067.7	-27.1	628.7	942.7	-33.3
Adjusted EBITDA	million EUR	-70.2	106.4	-	-82.9	11.4	-
Adjusted EBITDA margin	%	-4.7	5.1	-	-13.2	1.2	-
Net working capital	million EUR	293.8	433.1	-32.2			-
<b>Stainless Steel</b>							
	<b>Unit</b>						
Sales volume	kilotons	239	269	-11.2	109	126	-13.5
Revenue	million EUR	1,167.1	1,317.4	-11.4	493.2	637.4	-22.6
Adjusted EBITDA	million EUR	33.8	50.0	-32.4	-10.5	16.0	-
Adjusted EBITDA margin	%	2.9	3.8	-	-2.1	2.5	-
Net working capital	million EUR	336.1	403.4	-16.7			-
<b>Tool Steel</b>							
	<b>Unit</b>						
Sales volume	kilotons	104	138	-24.6	53	62	-14.5
Revenue	million EUR	535.9	640.3	-16.3	248.1	308.8	-19.7
Adjusted EBITDA	million EUR	-11.3	55.7	-	-21.4	16.6	-
Adjusted EBITDA margin	%	-2.1	8.7	-	-8.6	5.4	-
Net working capital	million EUR	205.8	271.6	-24.2			-

# Capital Market

Our primary aim is to enhance the value of our company over the long term. Together with the creation of financial and non-financial value, this requires confidence on the part of our investors in the business model and strategic objectives. That is why we are committed to open, constructive and long-term communication with our investors and the capital market.

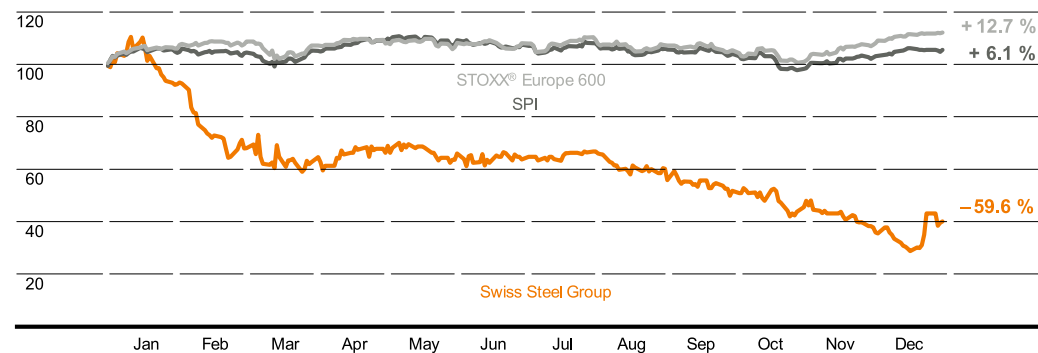
## Swiss Steel Group share price

During 2023, the stock of Swiss Steel Holding AG came under pressure in the first quarter and traded sideways until September when the company had to withdraw its guidance for adjusted EBITDA for the full year. The decline of the stock price only came to a halt in mid-December shortly after the Company's announcement of the divesture a part of its French Ascometal entities in line with its strategy SSG 2025. Overall, equity capital markets continued to be affected by geopolitical tensions, a looming recession and high interest rates. Our share price ended up 59.6 % lower for the full year. In absolute terms, the share price decreased from CHF 0.207 to CHF 0.084.

In 2023, the average daily trading volume of shares of Swiss Steel Group on the Swiss stock market was around 0.9 million. This compares with around 0.5 million in 2022.

ISIN	CH005795668
Securities number	579 566
Ticker symbol	STLN
Bloomberg	STLN SE
Reuters	STLN.S
Type of security	Registered share
Trading currency	CHF
Listed on	SIX Swiss Exchange
Index membership	SPI, SPI Extra, SPI ex SLI, Swiss All Share Index
Number of registered shares	3,058,857,471 (December 31, 2023: 3,058,857,471)
Nominal value in CHF	0.15

Share price development 2023  
indexed



## Dividend policy

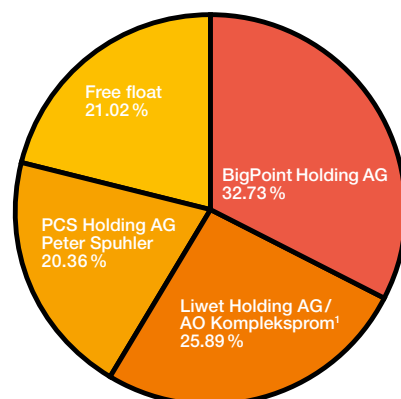
Swiss Steel Group generated a negative net income in 2023. The Board of Directors will propose to the Annual General Meeting (AGM) to refrain from a dividend distribution for 2023.

The Board of Directors believes that paying out a dividend is appropriate in the medium- to long-term as it allows shareholders to share in the Group's success. Generally, the Board of Directors makes an annual dividend proposal at the AGM, considering the company's goals, its current financial position and results of operations, any covenants in the financing agreements and future market prospects. The dividend policy is subject to regular review by the Board of Directors and may change.

## Shareholder structure

The share capital as of December 31, 2023 comprised 3,058,857,471 fully paid-up registered shares with a nominal value of CHF 0.15 each. Since January 8, 2020, the company's largest shareholder is BigPoint Holding AG, which held 32.73 % as of December 31, 2023. Liwet Holding AG/AO Kompleksprom maintain a 25.89 % stake in Swiss Steel Group. The third major shareholder is PCS Holding AG with 20.36 %. The remaining 21.02 % of the shares are in free float.

Shareholder structure  
per December 31, 2023



<sup>1</sup> Information communicated by Liwet on April 14, 2022: Viktor Vekselberg is a beneficiary of a discretionary trust that is effectively one of our minority shareholders. Viktor Vekselberg is a beneficiary of this discretionary trust which indirectly owns less than 8 % of Swiss Steel Group

## Financing

Swiss Steel Group's financing structure consists materially of EUR 435.0 million revolving credit facility advanced by a syndicate of banks, an ABS financing program of EUR 298.0 million and two shareholder loans of EUR 95.0 million and EUR 100.0 million provided by its largest shareholder BigPoint Holding AG. Apart from the EUR 100.0 million shareholder loan that has a maturity until June 3, 2024, subject to certain conditions, the other financing instruments have maturities until March 2025. In addition, Swiss Steel

Group had state-guaranteed bank loans of EUR 109.4 million at the end of the financial year 2023. Unused bank loans and liquid funds came to around EUR 161.6 million as of December 31, 2023, ensuring the company has sufficient financial resources. In addition, the ABS financing program had a headroom of EUR 112.5 million.

in million EUR	Credit line	Status as of 31.12.2023	Unused lines and cash
Syndicated loan (excl. transaction costs) <sup>1</sup>	435.0	367.9	67.1
ABS financing (excl. transaction costs)	298.0	185.5	112.5
Loans from shareholder (excl. transaction costs)	195.0	155.0	40.0
State-guaranteed loans (excl. transaction costs)	109.4	109.4	0.0
Cash and cash equivalents		54.5	54.5
<b>Total</b>			<b>274.1</b>

<sup>1</sup> The credit line of the syndicated loan was reduced on December 29, 2023 by EUR 30.0 million.

# Outlook

**The outlook for 2024 assumes further effects from the finalization of portfolio activities as we implement the core business setup that offers the best prospects for resilience and growth. As we navigate the dynamic market environment, we aim to focus on production excellence through quality, cost-effectiveness, speed and operational efficiency, as well as structural measures to enhance flexibility and utilization. The envisioned capital increase should support our business by providing the means to capture the next economic cycle, to make targeted investments in product and sustainability innovations, and to restore confidence among customers and suppliers.**

We are committed to enabling each of our core business entities to thrive and secure a sustainable competitive position for the Group, both economically and in terms of environmental and climate protection. With the sale of several sales entities, we took a major first step in the realignment of our portfolio. The outlook for 2024 assumes further effects from the finalization of portfolio activities as we implement the core business setup that offers the best prospects for resilience and growth.

We target performance and resilience in our Production Assets as we continue to navigate dynamic market conditions. Building upon the milestones already achieved, we are committed to intensifying these efforts and continue to execute optimization projects with cost improving measures. Through a focus on production excellence, our goal is to bolster performance and efficiency across our Production Assets. This entails optimizing multiple facets of production, such as quality, cost-effectiveness, speed, and overall operational efficiency, thereby enhancing our delivery accuracy and competitiveness. Achieving this involves the implementation of structural measures to improve flexibility, optimize utilization, leverage synergies of the global production network, and focus on a demand-oriented production, which will elevate our overall production capabilities. We remain committed to providing exceptional customer service and strengthening our market position. Consolidating sales expertise in our divisions and leveraging our R&D and innovation competencies will be key in driving efficiency at all levels. By further

strengthening our divisional sales organization and fostering strong partnerships, we seek to adopt a more comprehensive market approach and provide tailored solutions to meet our customers' ever evolving needs.

Aligned with the Science Based Targets initiative (SBTi), we are accelerating the implementation of our decarbonization roadmaps with the ambitious goal of achieving net-zero emissions before 2040, contingent upon conducive framework conditions. This entails increasing the utilization of renewable energy in steel production, exploring innovative recycling concepts, and implementing efficiency improvements to reduce our Scope 1-3 emissions, thereby benefiting both our organization and our customers.

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## Consolidated income statement

in million EUR	Note	2023	2022
Revenue	10	3,244.2	4,051.4
Changes in inventories of semi-finished and finished goods		-165.7	-9.8
Cost of materials	11	-2,211.0	-2,894.5
<b>Gross profit</b>		<b>867.5</b>	<b>1,147.1</b>
Other operating income	12	84.9	124.6
Personnel expenses	13	-678.1	-693.1
Other operating expenses	12	-376.5	-389.8
<b>Operating result before depreciation, amortization and impairments (EBITDA)</b>		<b>-102.2</b>	<b>188.8</b>
Depreciation, amortization and impairments	16	-97.6	-115.8
<b>Operating result (EBIT)</b>		<b>-199.8</b>	<b>73.0</b>
Financial income	17	1.8	0.8
Financial expenses	17	-89.7	-52.5
<b>Financial result</b>		<b>-87.9</b>	<b>-51.7</b>
<b>Earnings before taxes (EBT)</b>		<b>-287.7</b>	<b>21.3</b>
Income taxes	18	-7.1	-11.9
<b>Group result</b>		<b>-294.8</b>	<b>9.4</b>
of which attributable to			
– shareholders of Swiss Steel Holding AG		-295.7	9.3
– non-controlling interests		0.9	0.1
<b>Result per share in EUR (basic)</b>	<b>19</b>	<b>-0.10</b>	<b>0.00</b>
<b>Result per share in EUR (diluted)</b>	<b>19</b>	<b>-0.10</b>	<b>0.00</b>



## Consolidated statement of comprehensive income

in million EUR	Note	2023	2022
<b>Group result</b>		<b>- 294.8</b>	<b>9.4</b>
Exchange differences on translation of foreign operations	27	8.6	4.3
Change in unrealized result from cash flow hedges		- 0.4	- 0.6
Tax effect on change in unrealized result from cash flow hedges	18	0.1	0.2
<b>Items that may be reclassified subsequently to income statement</b>		<b>8.3</b>	<b>3.9</b>
Actuarial result from pensions and similar obligations	28	- 12.8	69.2
Tax effect on actuarial result from pensions and similar obligations	18	1.3	- 5.5
<b>Items that will not be reclassified subsequently to income statement</b>		<b>- 11.5</b>	<b>63.7</b>
<b>Other comprehensive result</b>		<b>- 3.2</b>	<b>67.6</b>
<b>Total comprehensive result</b>		<b>- 298.0</b>	<b>77.0</b>
of which attributable to			
- shareholders of Swiss Steel Holding AG		- 298.8	76.9
- non-controlling interests		0.8	0.1

## Consolidated statement of financial position

(part 1)

	Note	31.12.2023		31.12.2022	
		in million EUR	% share	in million EUR	% share
<b>Assets</b>					
Intangible assets	20	24.7		18.1	
Property, plant and equipment	21	487.5		482.1	
Right-of-use assets	22	34.0		34.6	
Non-current income tax receivables		1.5		1.1	
Non-current financial assets		1.1		1.1	
Deferred tax assets	18	19.6		21.3	
Other non-current assets	24	10.2		10.2	
<b>Total non-current assets</b>		<b>578.6</b>	<b>29.9</b>	<b>568.5</b>	<b>23.8</b>
Inventories	25	805.0		1,056.0	
Trade accounts receivable	26	364.3		496.7	
Current financial assets		3.1		5.9	
Current income tax receivables		5.1		6.1	
Other current assets	24	89.4		98.7	
Cash and cash equivalents		54.5		71.1	
Assets held for sale	9	33.2		83.0	
<b>Total current assets</b>		<b>1,354.6</b>	<b>70.1</b>	<b>1,817.5</b>	<b>76.2</b>
<b>Total assets</b>		<b>1,933.2</b>	<b>100.0</b>	<b>2,386.0</b>	<b>100.0</b>

## Consolidated statement of financial position

(part 2)

	Note	31.12.2023		31.12.2022	
		in million		in million	
		EUR	% share	EUR	% share
<b>Equity and liabilities</b>					
Share capital	27	361.4		361.4	
Capital reserves	27	1,024.5		1,024.5	
Accumulated losses	27	-1,218.7		-916.8	
Accumulated income and expenses recognized in other comprehensive income		61.4		54.9	
Treasury shares		-0.1		-0.1	
<b>Equity attributable to shareholders of Swiss Steel Holding AG</b>		<b>228.5</b>		<b>523.9</b>	
Non-controlling interests		5.9		7.0	
<b>Total equity</b>		<b>234.4</b>	<b>12.1</b>	<b>530.9</b>	<b>22.2</b>
Pension liabilities	28	201.4		193.2	
Non-current provisions	29	31.6		35.5	
Deferred tax liabilities	18	5.0		7.8	
Non-current financial liabilities	30	574.1		483.9	
Other non-current liabilities	32	11.9		16.4	
<b>Total non-current liabilities</b>		<b>824.0</b>	<b>42.6</b>	<b>736.8</b>	<b>30.9</b>
Current provisions	29	77.7		47.2	
Trade accounts payable		343.1		440.3	
Current financial liabilities	30	309.0		435.4	
Current income tax payables		10.4		13.4	
Other current liabilities	32	131.9		163.1	
Liabilities associated with assets classified as held for sale	9	2.7		18.9	
<b>Total current liabilities</b>		<b>874.8</b>	<b>45.3</b>	<b>1,118.3</b>	<b>46.9</b>
<b>Total liabilities</b>		<b>1,698.8</b>	<b>87.9</b>	<b>1,855.1</b>	<b>77.8</b>
<b>Total equity and liabilities</b>		<b>1,933.2</b>	<b>100.0</b>	<b>2,386.0</b>	<b>100.0</b>

## Consolidated statement of cash flows

(part 1)

in million EUR	Calculation	2023	2022
Earnings before taxes		-287.7	21.3
Depreciation, amortization and impairments		97.6	115.8
Result from disposals of subsidiaries and other non-current assets		-6.3	-0.4
Inflows/outflows of other assets and liabilities and other non-cash items		-8.7	-28.2
Financial income		-1.8	-0.8
Financial expenses		89.7	52.5
Cash-settled share-based payment		-0.1	-0.5
Interest received		0.6	0.6
Income taxes received/paid (net)		-11.1	-10.3
<b>Cash flow before changes in net working capital</b>		<b>-127.8</b>	<b>150.0</b>
Change in inventories		250.7	-81.3
Change in trade accounts receivable		127.3	-32.9
Change in trade accounts payable		-87.6	10.8
<b>Cash flow from operating activities</b>	<b>A</b>	<b>162.6</b>	<b>46.6</b>
Investments in property, plant and equipment		-91.7	-94.5
Proceeds from disposal of property, plant and equipment		1.1	0.7
Investments in intangible assets		-11.2	-6.5
Proceeds from disposals of subsidiaries		24.6	0.0
<b>Cash flow from investing activities</b>	<b>B</b>	<b>-77.2</b>	<b>-100.3</b>

## Consolidated statement of cash flows

(part 2)

in million EUR	Calculation	2023	2022
Inflows/outflows of other financial liabilities		-1.7	-8.9
Proceeds from loans from shareholder		0.0	80.0
Repayment of loans to shareholder		-20.0	0.0
Inflows/outflows of state-guaranteed loans		-0.6	22.7
Payment of principal portion of lease liabilities		-11.5	-10.9
Purchase of treasury shares		0.0	-0.7
Interest paid		-71.8	-42.8
<b>Cash flow from financing activities</b>	<b>C</b>	<b>-105.6</b>	<b>39.4</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>-20.2</b>	<b>-14.3</b>
Foreign currency effects on cash and cash equivalents		-1.1	1.1
<b>Change in cash and cash equivalents</b>		<b>-21.3</b>	<b>-13.2</b>
Cash and cash equivalents at the beginning of the period		75.8	89.0
Cash and cash equivalents at the end of the period		54.5	75.8
<b>Change in cash and cash equivalents</b>		<b>-21.3</b>	<b>-13.2</b>
Free cash flow	A+B	85.4	-53.7

## Consolidated statement of changes in shareholders' equity

in million EUR	Share capital	Capital reserves	Accumulated losses	Accumulated income and expenses recognized in other comprehensive result	Treasury shares	Equity attributable to shareholders of Swiss Steel Holding AG	Non-controlling interests	Total equity
<b>As of 1.1.2022</b>	<b>361.4</b>	<b>1,024.5</b>	<b>-994.9</b>	<b>51.0</b>	<b>0.0</b>	<b>442.0</b>	<b>6.9</b>	<b>448.9</b>
Purchase of treasury shares	0.0	0.0	0.0	0.0	-0.7	-0.7	0.0	-0.7
Expenses from share-based payments	0.0	0.0	1.4	0.0	0.0	1.4	0.0	1.4
Definitive allocation of share-based payments for the prior year	0.0	0.0	-1.1	0.0	0.6	-0.5	0.0	-0.5
Hyperinflation adjustments	0.0	0.0	4.7	0.0	0.0	4.7	0.0	4.7
<b>Capital transactions with shareholders</b>	<b>0.0</b>	<b>0.0</b>	<b>5.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>4.9</b>	<b>0.0</b>	<b>4.9</b>
Group result	0.0	0.0	9.3	0.0	0.0	9.3	0.1	9.4
Other comprehensive result	0.0	0.0	63.7	3.9	0.0	67.6	0.0	67.6
<b>Total comprehensive result</b>	<b>0.0</b>	<b>0.0</b>	<b>73.0</b>	<b>3.9</b>	<b>0.0</b>	<b>76.9</b>	<b>0.1</b>	<b>77.0</b>
<b>As of 31.12.2022</b>	<b>361.4</b>	<b>1,024.5</b>	<b>-916.8</b>	<b>54.9</b>	<b>-0.1</b>	<b>523.9</b>	<b>7.0</b>	<b>530.9</b>
<b>As of 1.1.2023</b>	<b>361.4</b>	<b>1,024.5</b>	<b>-916.8</b>	<b>54.9</b>	<b>-0.1</b>	<b>523.9</b>	<b>7.0</b>	<b>530.9</b>
Change in scope of consolidation	0.0	0.0	0.0	-1.9	0.0	-1.9	-1.8	-3.7
Expenses from share-based payments	0.0	0.0	1.0	0.0	0.0	1.0	0.0	1.0
Definitive allocation of share-based payments for the prior year	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1
Hyperinflation adjustments	0.0	0.0	4.4	0.0	0.0	4.4	0.0	4.4
<b>Capital transactions with shareholders</b>	<b>0.0</b>	<b>0.0</b>	<b>5.3</b>	<b>-1.9</b>	<b>0.0</b>	<b>3.4</b>	<b>-1.8</b>	<b>1.6</b>
Group result	0.0	0.0	-295.7	0.0	0.0	-295.7	0.9	-294.8
Other comprehensive result	0.0	0.0	-11.5	8.4	0.0	-3.1	-0.1	-3.2
<b>Total comprehensive result</b>	<b>0.0</b>	<b>0.0</b>	<b>-307.2</b>	<b>8.4</b>	<b>0.0</b>	<b>-298.8</b>	<b>0.8</b>	<b>-298.0</b>
<b>As of 31.12.2023</b>	<b>361.4</b>	<b>1,024.5</b>	<b>-1,218.7</b>	<b>61.4</b>	<b>-0.1</b>	<b>228.5</b>	<b>5.9</b>	<b>234.4</b>

This Annual Report contains forward-looking statements, including without limitation, statements relating to our financial condition, results of operations and business, and certain of our strategic plans and objectives, presentations of developments, plans, intentions, assumptions, expectations, beliefs and potential impacts, as well as descriptions of future events, income, results, situations or outlooks.

These are based on the company's current expectations, beliefs and assumptions, which are subject to risks and uncertainty and may differ materially from the current facts, situation, impact or developments. Actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swiss Steel Holding AG's control or ability to estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors. Readers are cautioned not to put undue reliance on forward-looking statements.

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#### **About Swiss Steel Group**

Swiss Steel Group with headquarters in Lucerne (Switzerland) is one of the world's leading producers of special steel long products. Thanks to the exclusive use of steel scrap in electric arc furnaces, the Group is one of the most relevant companies in Europe in the circular economy and is among the market leaders in the field of sustainably produced steel – Green Steel. Swiss Steel Group has its own production and distribution entities in over 25 countries and, through its strong local presence, offers a wide range of individual solutions in the fields of engineering steel, stainless steel, and tool steel. Swiss Steel Group is listed on the SIX Swiss Exchange and generated a revenue of around EUR 3.2 billion in 2023 with approximately 8,800 employees.

## On our partners' doorstep

Over 60 service locations in more than 25 countries enable Swiss Steel Group to guarantee reliable delivery of special steels and customized turnkey solutions. Supported by a seamless flow of information between production, sales and services, our closely linked network of global distribution channels in key markets means we can provide our customers with individual solutions from a single source.

- 
- > **8 Melt shops**
  - > **25 Production sites**
  - > **60 Sales and distribution centers**
  - > **25 Countries**
  - ~ **8,800 Employees**
  - > **20,000 Customers**