Ad hoc announcement pursuant to Art. 53 LR

Swiss Steel Group achieves several strategic milestones in a continuing challenging environment

Emmenbrücke, August 14, 2024

- **Sales volume decreased by 6.2 % from 610 kilotons in the first half of 2023 to 572 kilotons in the first half of 2024, excluding Ascometal, due to depressed market demand.**
- **Revenue for the first half of 2024 fell by 20 % year over year from EUR 1,622 million to EUR 1,300 million, excluding Ascometal, as a consequence of the lower sales volume.**
- **As several strategic milestones were achieved to strengthen the resilience of the Group, EBITDA increased to EUR 71.7 million (H1 2023: EUR 58.5 million) with one-time effects amounting to EUR 92.6 million.**
- **Net debt decreased from EUR 829 million at the end of 2023 to EUR 631 million, mainly thanks to the capital increase executed in April 2024 with net proceeds of EUR 286 million.**
- **The management of our French subsidiaries Ascometal sought court protection in March 2024. As a consequence, the corresponding assets and liabilities were derecognized from Swiss Steel Group's balance sheet. For better comparability, certain financials will be disclosed on a pro forma basis, meaning without Ascometal.**
- **Outlook for 2024: Swiss Steel Group expects the second half of 2024 to remain subdued.**

Business performance in first half of 2024

After a weak second half-year 2023, market demand from our main customer industries remained subdued in the first half of 2024 without indications of a notable recovery. The automotive sector, our largest customer segment, was faced with a softening environment, with production volumes in the European automotive industry declining compared to the first half-year 2023 and remaining significantly below pre-pandemic levels of 2019. Likewise, the German mechanical and plant engineering sector exhibited decreasing order intake in the first six months of 2024. Nevertheless, the Group's order intake increased by 52 kilotons to 662 kilotons in the first half-year 2024 (H1 2023: 611 kilotons). Excluding Ascometal, the order intake increased by 100 kilotons to 602 kilotons (H1 2023: 502 kilotons). The Group's order backlog declined by 15.8 % year-over-year to 325 kilotons as of June 30, 2024 (H1 2023: 386 kilotons, H1 2023 excluding Ascometal: 361 kilotons).

The Group continued to respond with flexibility by adapting its production schedule. Crude steel production in the first half-year 2024 was 765 kilotons (H1 2023: 739 kilotons), excluding Ascometal. Including Ascometal, the production volume was 821 kilotons (H1 2023: 925 kilotons).

The sales volume in the first half-year 2024 was 572 kilotons, which corresponds to a decline of 6.2 % compared to 610 kilotons in the first half of the previous year, largely attributable to changes in the Group's scope of consolidation. Including Ascometal, the sales volume in the first half-year 2024 was 629 kilotons, corresponding to a decline of 16.8 % compared to 756 kilotons in the first half of the previous year.

Scrap, alloy and energy surcharges form part of the Group's pricing mechanism to pass on raw material and energy price fluctuations to our customers. On the back of falling raw material and electricity prices in 2024, the average sales price decreased by 10.8 % to EUR 2,194 per ton (H1 2023: EUR 2,460 per ton).

As a consequence of the lower sales volume, decreasing average sales prices and changes in the Group's scope of consolidation, revenue contracted in the first half-year 2024 by 19.9 % to EUR 1,300 million (H1 2023: EUR 1,622 million), excluding Ascometal. Including Ascometal, revenue declined by 25.7 % to EUR 1,379 million.

Revenue was down across all major geographical markets. Markets in the eurozone and the US remained subdued. Revenue generated in our main market of Germany, accounting in the first half of 2024 for 37.0 % of our revenue (H1 2023: 33.7 %), decreased by 18.4 % to EUR 510 million (H1 2023: EUR 626 million). Our exposure to the French market decreased to 9.7 % (H1 2023: 11.1 %) with Ascometal no longer forming part of the Group.

The change in the Group's scope of consolidation led to a reduction in headcount of 1,155 employees in the first half-year 2024. Including this scope effect, headcount decreased by 1,247 employees or 14.2 % to 7,565 compared to year-end 2023 (H2 2023: 8,812 employees, H2 2022: 9,857).

Swiss Steel Group executed a series of major transactions that form part of our strategy program SSG 2025. These were targeted at freeing up resources for our core business, boosting resilience and helping to deleverage the Group's balance sheet. The key transactions included the sale of our former headquarters in Düsseldorf and the divestment of our distribution entity in Portugal. After Ascometal's management had sought court protection in March 2024, Swiss Steel Group handed over responsibility for these entities, leading to the derecognition of the corresponding assets and liabilities from the balance sheet. The Group's net debt decreased from EUR 829 million at year-end 2023 to EUR 631 million as of June 30, 2024. The capital increase with proceeds of EUR 286 million (net of transaction costs) executed in April 2024 significantly strengthened and increased our equity position from EUR 234 million at year-end 2023 to EUR 518 million as of June 30, 2024, with an equity ratio of 26.6 % (H2 2023: 12.1 %).

Supported by a gain on the above-mentioned strategic transactions, effects from changes in the Group's scope of consolidation as well as insurance claim settlement proceeds, the Group's EBITDA increased to EUR 71.7 million in the first half-year 2024 (H1 2023: EUR 58.5 million). One-time effects amounted to EUR 92.6 million, leading to an adjusted EBITDA of EUR – 20.9 million (H1 2023: EUR 70.0 million).

Free Cash Flow was negative at EUR – 112 million in the first half-year 2024 (H1 2023: EUR – 62.7 million) as a result of a net working capital ramp-up allowing us to react more flexibly to customer demand.

Group result came in slightly negative at EUR – 4.1 million (H1 2023: EUR – 30.0 million).

Strategy program SSG 2025 on track

Swiss Steel Group continues to drive its SSG 2025 strategy, focusing on strategic divestments and cost-improvement initiatives. The completion of several key transactions marks the end of the first phase of SSG 2025, aimed at stabilizing the Group. Finkl Steel, initially considered for potential divestment, will remain part of the Group.

Swiss Steel Group is Europe's leading supplier of sustainably produced steel ("Green Steel") and is one of the most important producers in the European circular economy. Green Steel is already used in a wide range of industries and makes a significant contribution to the long-term decarbonization of entire sectors. Swiss Steel Group expects demand for Green Steel to rise in the long term due to continually increasing climate protection requirements for manufacturing companies. We achieved a key milestone by becoming the first steel producer to have its decarbonization targets validated by the Science Based Targets initiative (SBTi) in accordance with the steel sector guidance. This validation affirms Swiss Steel Group's strategic priority to lead the green transition and strengthens confidence in the path forward. It reinforces the company's ongoing dedication across its operations to identify and implement effective measures for a sustainable future.

To exploit these market opportunities worldwide, Swiss Steel Group has begun to realign its sales organization. A central component of this realignment is bundling the global sales network and sales activities of the production entities under a unified Group management, creating a more streamlined organization. The new sales organization under the leadership of one Chief Sales Officer was implemented at the end of June 2024. Following the successful completion of the recapitalization and refinancing, the time is right to lay the foundations for future growth with a competitive sales organization focused exclusively on the sale of Group-own products.

Outlook for fiscal year 2024

Our business environment is expected to continue to experience subdued development in customer markets, with low levels of industrial production across Europe. Expected growth from 2023 levels is likely deferred to 2025. Consequently, we anticipate that the second half of 2024 will remain volatile and restrained.

To navigate this challenging 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. We will continue to drive our SSG 2025 program, focusing on the implementation of the new sales organization and cost control measures.

Simultaneously, we will focus on capturing the potential of the Green Steel market and positioning ourselves to participate effectively in markets once recovery becomes imminent.

Frank Koch, CEO of Swiss Steel Group: *"The first half of 2024 was marked by challenging market conditions and our efforts to optimize resources for our core business while implementing sustainable cost improvements across all levels of the organization. Through several strategic transactions, we have made significant strides in strengthening the Group for the long term. However, the full realization of an ecologically sustainable, robust and resilient Group will require time and substantial effort. We are in a phase of transforming the Group from a loosely connected steel distributor of the past into a focused, leaner steel producer. Our goal is to regain lost market share by maintaining a clear strategic focus and lower fixed costs.*

Change in the Board of Directors

The Board of Directors member Dr. Michael Schwarzkopf has informed Swiss Steel Holding AG of his decision to resign from the Board of Directors as of the end of August 2024. The Board of Directors would like to thank Dr. Michael Schwarzkopf for his great commitment and his services to the company. The Board of Directors will thereafter consist of five members, which is sufficient according to the Articles of Association.

Key figures

Swiss Steel Group	Unit	H1 2024	H1 2023	Δ in %
Order backlog	kilotons	325	386	– 15.8
Sales volume	kilotons	629	756	– 16.8
Revenue	million EUR	1,379.2	1,857.3	– 25.7
Average sales price	EUR/t	2,194	2,460	– 10.8
Adjusted EBITDA	million EUR	– 20.9	70.0	–
EBITDA	million EUR	71.7	58.5	22.6
Adjusted EBITDA margin	%	– 1.5	3.8	–
EBITDA margin	%	5.2	3.1	–
EBIT	million EUR	28.0	17.0	64.7
Earnings before taxes	million EUR	– 7.9	– 23.0	65.7
Group result	million EUR	– 4.1	– 30.0	86.3
Investments	million EUR	35.4	44.9	– 21.2
Free cash flow	million EUR	– 112.3	– 62.7	– 79.1
	Unit	30.6.2024	31.12.2023	Δ in %
Net debt	million EUR	630.8	828.6	– 23.9
Shareholders' equity	million EUR	518.2	234.4	121.0
Gearing	%	121.7	353.5	–
Net debt/adj. EBITDA LTM (leverage)	x	n/a	n/a	–
Balance sheet total	million EUR	1,945.7	1,933.2	0.6
Equity ratio	%	26.6	12.1	–
Employees as of closing date	Positions	7,565	8,812	– 14.2
Capital employed	million EUR	1,452.6	1,372.4	5.8
	Unit	H1 2024	H1 2023	Δ in %
Result/share [1]	EUR/CHF	– 0.21/-0.20	-2.07/-2.04	–
Shareholders' equity/share [2]	EUR/CHF	16.83/16.20	15.33/14.24	–
Share price high/low [3]	CHF	11.46/18.80	0.230/0.123	–

[1] Result per share is based on the result of the Group after deducting the portions attributable to non-controlling interests. Result per share has been adjusted retrospectively to reflect the reverse share split at a ratio of 200:1 implemented on May 28, 2024.
[2] As of June 30, 2024 and as of December 31, 2023. To achieve comparability, shareholders' equity per share as of December 31, 2023 has been adjusted retrospectively to reflect the reverse share split at a ratio of 200:1 implemented on May 28, 2024.
[3] Increased share prices in H1 2024 due to reverse share split at a ratio of 200:1 implemented on May 28, 2024.

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About Swiss Steel Group
Swiss Steel Group is today one of the world's leading providers of individual solutions in the special long steel products sector. The Group is one of the leading manufacturers of tool steel and non-corrosive long steel on the global market and one of the largest companies in Europe for alloyed and high-alloyed quality and engineering steels. With close to 7,500 employees and its own production and distribution companies in more than 25 countries on 5 continents, the company guarantees global support and supply for its customers and offers them a complete portfolio of production and sales & services around the world. Customers benefit from the company's technological expertise, consistently high product quality around the world as well as detailed knowledge of local markets.

Forward-looking statements
This media release contains forward-looking statements, including 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 may differ materially from future results, performance or achievements. The information contained herein is provided with the publication of this document. The forward-looking statements contained herein are not updated as a result of new information, future events or for any other reason.