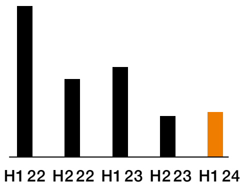
Interim Report

Half-year ended June 30, 2024

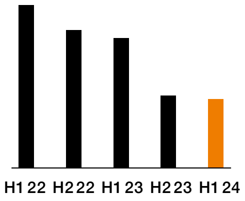
Swiss Steel Group

Key Financials

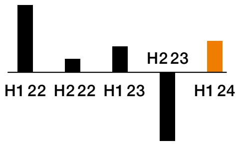
Sales volume
629
kilotons
–6.2 % vs. H1 23[1)]



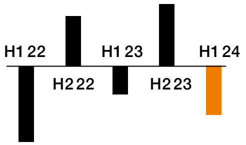
Net revenue
1,379.2
million EUR
–19.9 % vs. H1 23[1)]



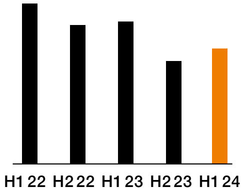
EBITDA
71.7
million EUR



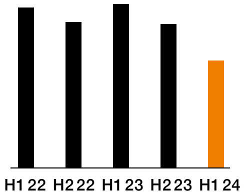
Free cash flow
–112.3
million EUR



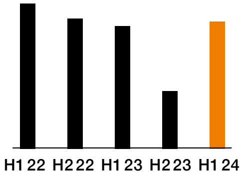
Net working capital
918.1
million EUR
–20.1 % vs. H1 23



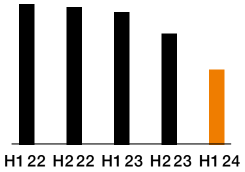
Net debt
630.8
million EUR
–33.0 % vs. H1 23



Shareholders' equity
518.2
million EUR



Employees
7,565
headcount
–10.5 % vs. H1 23[1)]



1) Pro forma, i.e. excluding Ascometal

Contents

Management Report

Letter to the Stakeholders

Frank Koch
CEO

Dear stakeholders,

Looking back on the first half of 2024, we find ourselves navigating through a challenging market environment. Demand from our main customer industries, including automotive and mechanical and plant engineering, remained subdued. Compared to the first half of 2023, the European automotive sector saw a decline in production volumes, which continued to stay significantly below pre-pandemic levels. Similarly, the German mechanical and plant engineering sector exhibited a decreasing order intake. Consequently, our order backlog decreased by 15.8 % year over year to 325 kilotons by June 30, 2024.

We continued to respond with flexibility by adapting our production schedule. Crude steel production in the first half of 2024 was 765 kilotons. Sales volume declined by 6.2 % to 572 kilotons, largely due to changes in our Group's scope of consolidation*. Despite these challenges, we continued to pass on raw material and energy price fluctuations to our customers through our pricing mechanisms. However, falling raw material and electricity prices led to a decrease in the average sales price by 10.8 % to EUR 2,194 per ton.

* 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. Due to these changes in the Group's scope of consolidation and to provide better comparability with prior-year figures, we disclosed certain financial information on a pro forma basis, this means excluding the contribution of Ascometal.

As a result of lower sales volumes, decreasing average sales prices, and changes in our Group's scope of consolidation, our revenue contracted by 20 % to EUR 1,300 million in the first half of 2024. Revenue fell across all major geographical markets, including the Eurozone and the US, with a notable decline in Germany, our main market.

The strategic transactions executed as part of our SSG 2025 strategy program, aimed at optimizing resources and enhancing resilience, included the sale of our former headquarters in Düsseldorf and the divestment of our distribution entity in Portugal. Following Ascometal's management seeking court protection in March 2024, we handed over responsibility for these entities, leading to the derecognition of corresponding assets and liabilities from our balance sheet. These actions resulted in a reduction of 1,191 employees in the first half of 2024, bringing our total headcount to 7,565 employees.

Our net debt decreased from EUR 829 million at year-end 2023 to EUR 631 million by June 30, 2024. The capital increase in April 2024, generating net proceeds of EUR 286 million, significantly strengthened our equity, raising it to EUR 518 million with an equity ratio of 26.6 %.

Supported by the afore mentioned transactions, changes in our Group's scope of consolidation, and insurance claim settlement proceeds, our EBITDA increased to EUR 71.7 million in the first half of 2024. One-time effects amounted to EUR 92.6 million, leading to an adjusted EBITDA of EUR −20.9 million.

Despite the negative free cash flow of EUR – 112 million in the first half of 2024, primarily due to a net working capital ramp-up, we remain committed to responding flexibly to customer demand.

Strategy program SSG 2025 on track
We continue to drive our SSG 2025 strategy program, focusing on strategic divestments and cost-improvement initiatives. The completion of 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 our Group.

As Europe's leading supplier of sustainably produced steels ("Green Steel"), we expect long-term demand for Green Steel to rise due to increasing climate protection requirements. 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 our strategic priority to lead the green transition and strengthens confidence in our path forward.

To exploit these market opportunities worldwide, we have begun realigning our sales organization. The new sales organization, led by our Chief Sales Officer, Patrick Lamarque d'Arrouzat, integrates the global sales network and production sales activities under unified management, creating a streamlined organization poised for future growth. I am delighted that Patrick Lamarque d'Arrouzat and his team will continue to drive forward our sales strategy. Its implementation will be crucial for our future growth.

Speaking about changes in the Executive Board, I would also like to formally welcome our Chief Financial Officer, Thomas Löhr. Thomas joined Swiss Steel Group in November 2023 and has been appointed Group CFO late June this year. His extensive experience and strategic vision are valuable assets to our team. I am grateful for our collaboration and look forward to the advancements we will achieve together.

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 strategy 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.

Navigating challenging market conditions in the first half of 2024, we focused on optimizing resources for our core business and implementing cost improvements across all levels of the organization. Through several strategic transactions, we have made significant strides in strengthening our Group in the long term.

However, the full realization of a robust and resilient Group will require time and substantial effort. We are in a phase where we are transforming the Group from the past into the future, where we are turning Swiss Steel Group into a leaner company that aims to regain lost market share with a clear focus and lower fixed costs. I would like to thank investors, customers, suppliers and employees for your continued trust and support.

Sincerely,

Frank Koch
CEO

Business Environment

In the first half of 2024, our business environment remained challenging. It was mainly marked by subdued development in customer markets, with expected growth from 2023 levels likely postponed until 2025. On the cost side, electricity prices in Germany and Switzerland mostly continued their retreat from previously high levels, while remaining elevated compared to the first half of 2021 prior to significant price increases in the second half of 2022.

Macroeconomic and industry situation

In the first half of 2024, the macroeconomic developments in our largest regional market Europe were marked by slight increases in Gross Domestic Product (GDP), while manufacturing activity continued to decline.

According to Eurostat, in the first quarter of 2024 GDP in the eurozone increased slightly by 0.4 % compared to the first quarter of 2023. GDP in the Eurozone is estimated to have also shown slight growth at a rate of 0.5 % year-on-year in the second quarter of 2024 (source: CONSENSUS as of July 2024).

In the manufacturing sector, industrial production in the eurozone contracted by 3.6 % in the first quarter of 2024 compared to the same period in 2023. Current forecasts estimate that it continued to decline by 2.4 % in the second quarter of 2024. Business climate indicators, namely the Eurozone Manufacturing PMI and the German ifo Business Climate for the manufacturing sector, showed some improvements but stayed in negative territory.

In the steel industry, following rising crude steel production over the first quarter of 2024, crude steel production levels in the EU27 changed only slightly in April and May, followed by a decline in June 2024. At the same time, crude steel production in Germany lost some of its momentum, with production levels declining in April to June compared to March 2024. Despite increases in German crude steel production including production by the electric arc furnace route in the first six months of 2024 compared to the same period in 2023, German crude steel production as well as crude steel production in the EU27 as a whole were both significantly below crude steel production in the first six months of 2021 (–7 % and –14 % respectively).

Consumer industries

In the first half of 2024, the development of our most important customer industries, the automotive and mechanical and plant engineering sectors, remained subdued.

In the automotive industry, supply chain disruptions continued to ease. Together with eroding order backlogs, automotive production was increasingly exposed to weakening demand. Overall, in the first half of 2024, total European light vehicle production* declined by 5 % compared to the first half of 2023 and by 19 % compared to

the pre-pandemic level of 2019. For the remainder of the year, no growth is expected for European light vehicle production.
For the second half of 2024 and 2024 as a whole, GlobalData forecasts European light vehicle production to decline by 1 % and 3 % respectively compared to the same periods in 2023.

* Germany, France, Spain, the United Kingdom, Italy, Austria, Belgium, Finland, the Netherlands, Portugal, Sweden, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia

In the first six months of the year, weak investor sentiment continued to impact the German mechanical and plant engineering sector, with order intake falling after improving slightly in February. Overall, order intake and production of the German mechanical and plant engineering sector declined by 10 % and 8 % respectively in January to June 2024 compared to the same period in 2023. In April 2024, the federation of the German mechanical and plant engineering sector confirmed its forecast that production in the full year 2024 will decline by 4 %.

Following a downward trend until January 2024, the business climate of the German construction industry improved. At the same time, however, it continued to signal that the majority of responses regarding the current situation and expectations were negative. In France, the business climate of the French construction sector deteriorated further over the course of the first half year of 2024.

Commodity prices

In the dynamic landscape of the steel industry, external factors play a key role in shaping our business performance. Regarding raw materials for our steel production, we saw mixed trends in the first half of 2024.

In the context of our operations, German scrap type 2/8 holds significant importance. Following increases toward the end of 2023, German scrap type 2/8 remained mostly above the price levels seen in the second half of 2023. A major factor supporting scrap prices was a low intake of scrap resulting in tight availability, while demand was mostly temporarily subdued, in particular from exports markets. However, the average price for German scrap type 2/8 was 2 % below the level in the first half of 2023.

Over the course of the first half of 2024, nickel prices showed an overall upward trend between March and May. Prices rose to a level above USD 21,000 per ton on May 21, 2024, mainly driven by worries about disruptions to supplies from New Caledonia (3rd largest nickel producer worldwide) amid political unrest. Prices subsequently retreated to levels below USD 17,000 per ton as of end-June. However, the average price for the first half of 2024 was 28 % below the level in the first half of 2023.

Meanwhile, European prices for high carbon ferrochrome continued to follow on overall downward trend. The average price for the first half of 2024 declined by 34 % compared to the prior-year level.

Consumables

As a producer of special long steel in electric arc furnaces, Swiss Steel Group relies on a constant supply of energy, graphite electrodes, refractory materials and other consumables.

Wholesale electricity prices (spot prices) continued to trend mostly downwards in the first half-year 2024, except for German prices in the second quarter and French prices in June 2024. In the first half of 2024 overall average wholesale electricity prices (spot prices) in Germany, France and Switzerland declined between 33 % and 58 % compared to the first half of 2023. However, wholesale electricity prices in Germany and Switzerland remained elevated compared the first half of 2021 (+ 27 % and + 14 % respectively) prior to significant price increases in the second half of 2022. Meanwhile, the average wholesale electricity price in France fell below the average in the first of 2021.

In contrast to electricity prices, European prices for natural gas (THE and PEG) trended upward from February following declines since November 2023. However, average spot prices for natural gas the first half of 2024 were 34 % and 32 % respectively below the levels in the first half of 2023, while also remaining significantly above the levels in the first half of 2021.

Financial Development

In the first half-year 2024, we achieved significant strategic milestones strengthening the resilience of Swiss Steel Group. A major non-core property divestment and changes in the Group's scope of consolidation contributed to a considerable deleveraging of the Group's balance sheet. The capital increase of EUR 285.8 million increased our room to maneuver in the current market environment, which continues to be characterized by low market demand. The operating performance for the first half-year 2024 remained weak, with an EBITDA of EUR 71.7 million as a result of the depressed sales volume of 629 kilotons.

We delivered on a series of major transactions under our strategy program SSG 2025 in the first half-year 2024. These were targeted at freeing up resources for our core business and contributing to the deleveraging of the Group's balance sheet. The Group's net debt decreased from EUR 828.6 million as of year-end 2023 to EUR 630.8 million as of June 30, 2024. Amongst others, we successfully completed the divestment of a major non-core property located in Düsseldorf, Germany, and divested our distribution entity in Portugal. The capital increase of EUR 285.8 million settled in April 2024 significantly strengthened our equity position. Shareholders' equity increased from EUR 234.4 million as of year-end 2023 to EUR 518.2 million, corresponding to an equity ratio of 26.6 % (H2 2023: 12.1 %).

Market demand remained depressed in the first six months of 2024. Excluding Ascometal, 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. Supported by a gain on the non-core property divestment, effects from changes in the scope of consolidation as well as insurance claim settlement proceeds, the Group's EBITDA increased to EUR 71.7 million for the first half-year 2024 (H1 2023: EUR 58.5 million). Cash generation was negative with a free cash flow of EUR –112.3 million for 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.

Swiss Steel Group	Unit	H1 2024	H1 2023	Δ in %	Δ in %[1]
Sales volume	kilotons	629	756	–16.8	–6.2
Average sales price	EUR/t	2,194	2,460	–10.8	
Revenue	million EUR	1,379.2	1,857.3	–25.7	–19.9
Gross profit	million EUR	447.2	550.2	–18.7	–10.2
EBITDA	million EUR	71.7	58.5	22.6	
EBITDA margin	%	5.2	3.1	–	
Adjusted EBITDA	million EUR	–20.9	70.0	–	
Adjusted EBITDA margin	%	–1.5	3.8	–	
Free cash flow	million EUR	–112.3	–62.7	–79.1	
		30.6.2024	31.12.2023	Δ in %	Δ in %[1]
Net working capital	million EUR	918.1	826.2	11.1	
Net debt	million EUR	630.8	828.6	–23.9	
Shareholders' equity	million EUR	518.2	234.4	–	

[1] Pro forma, i.e. excluding Ascometal

Due to changes in the Group's scope of consolidation and to provide better comparability with prior-year figures, certain financial information is disclosed on a pro forma basis, i.e. excluding the contribution of Ascometal, whose assets and liabilities have been derecognized from the Group's balance sheet following the opening of judicial reorganization proceedings on March 27, 2024. For details, please refer to notes 6 and 7 to the interim condensed consolidated financial statements.

Orders, sales and revenue

After a weak second half-year 2023, market demand from our main customer industries remained subdued in the first half of 2024. The indicators for our most relevant markets continued to show an unfavorable picture without indications of a notable recovery. The automotive sector, our largest customer segment, experienced a weakening demand. The production volume in the European automotive industry declined compared to the first half-year 2023 and continues to figure significantly below the pre-pandemic level of 2019. Likewise, the German mechanical and plant engineering sector exhibited a decline in orders 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).

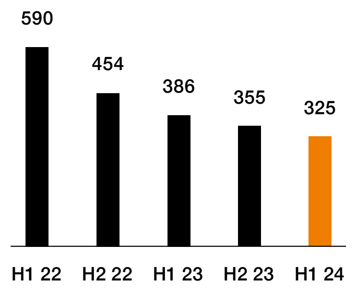
The Group continued to respond with flexibility by adapting its production schedule. Crude steel production in the first half-year 2024 was 821 kilotons (H1 2023: 925 kilotons). Excluding Ascometal, the production volume was 765 kilotons (H1 2023: 739 kilotons).

The sales volume in the first half-year 2024 was 629 kilotons, which corresponds to a decline of 16.8 % compared to 756 kilotons in the first half of the previous year, largely attributable to changes in the Group's scope of consolidation. Excluding Ascometal, the decline in the sales volume to 572 kilotons (H1 2023: 610 kilotons) was less pronounced at 6.2 %.

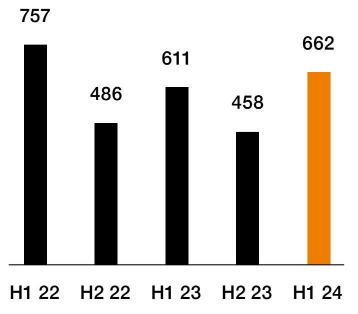
Scrap, alloy and energy surcharges form part of the Group's pricing mechanism to pass on raw material and energy price fluctuations to our customers. Following decreasing raw material and electricity prices in 2024, the average sales price contracted by 10.8 % to EUR 2,194 per ton (H1 2023: EUR 2,460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

As a consequence of the lower sales volume, a decreasing average sales price and changes in the Group's scope of consolidation, revenue decreased in the first half-year 2024 by 25.7 % to EUR 1,379.2 million (H1 2023: EUR 1,857.3 million). Excluding Ascometal, revenue declined by 19.9 % to EUR 1,299.6 million (H1 2023: EUR 1,621.9 million).

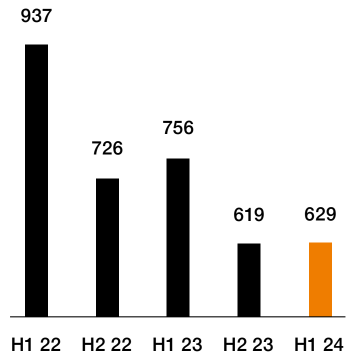
Order backlog
in kilotons



Order intake
in kilotons



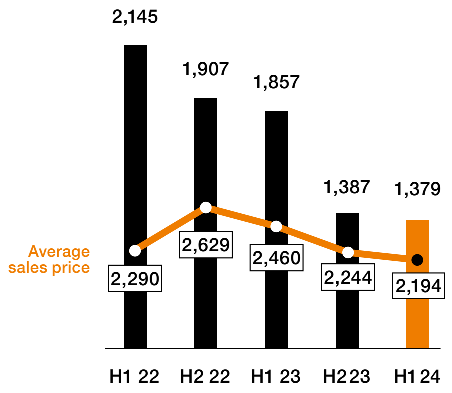
Sales volume
in kilotons



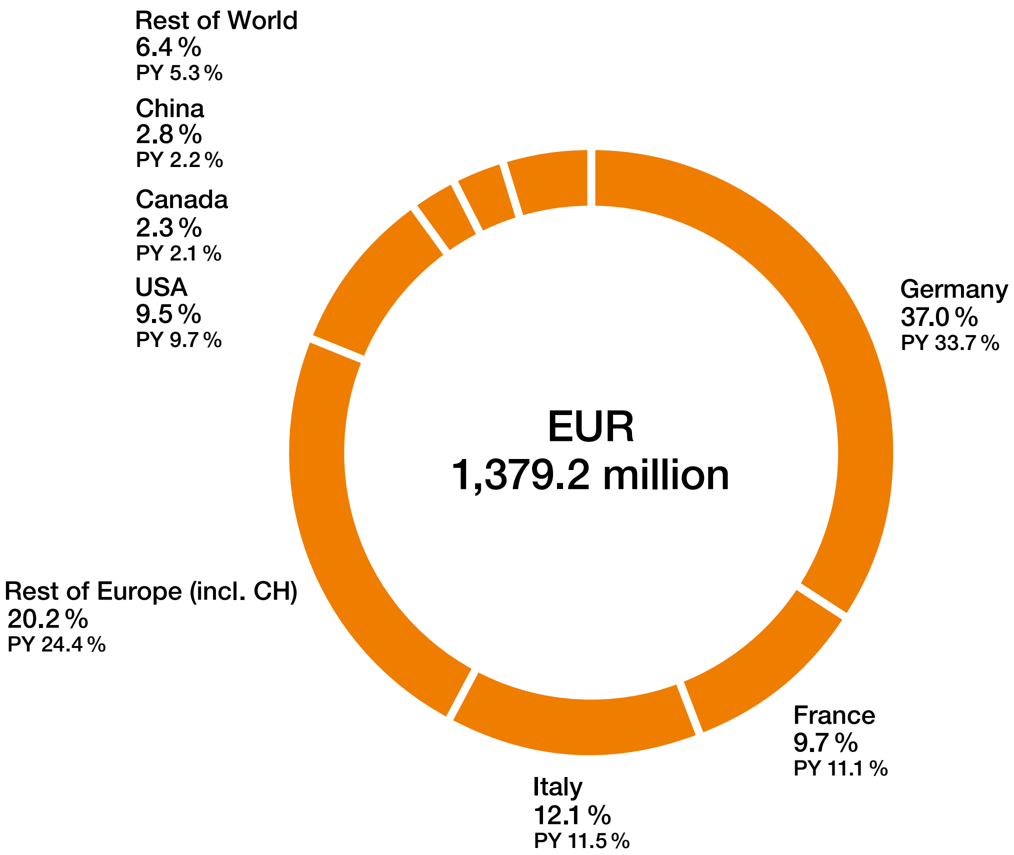
Revenue decreased across all major geographical markets. Markets in the eurozone and the US remained subdued. Revenue generated in our main market of Germany, accounting for 37.0 % of our revenue in the first half of 2024 (H1 2023: 33.7 %), decreased by 18.4 % to EUR 510.4 million (H1 2023: EUR 625.8 million). Our exposure to the French market fell to 9.7 % (H1 2023: 11.1 %) with Ascometal no longer forming part of the Group.

Revenue and average sales price

in million EUR/in EUR/t



Revenue by region
Share in %



Profitability

Gross profit

Gross profit – revenue less cost of materials – decreased by 18.7 % in the first half-year 2024 to EUR 447.2 million compared to the first half of 2023 (H1 2023: EUR 550.2 million), mainly as a result of the lower sales volume and changes in the Group's scope of consolidation. Excluding Ascometal, gross profit declined by 10.2 % to EUR 441.3 million (H1 2023: EUR 491.3 million).

In the first half-year 2024, scrap prices figured slightly below the levels observed in the first half of 2023, while nickel and ferrochrome on average traded at significantly lower levels. Likewise, energy prices, namely for electricity and natural gas, exhibited a year over year decline. The gross profit margin recovered from the low levels observed in 2023, that had been characterized by significant one-time inventory valuation losses. However, competitive price pressure remained high across all divisions in the overall weak market environment seen in the first half-year 2024. Overall, the gross profit margin increased to 32.4 % in the first half-year 2024 (H1 2023: 29.6 %). Excluding Ascometal, the gross profit margin stood at 33.5 % (H1 2023: 29.8 %).

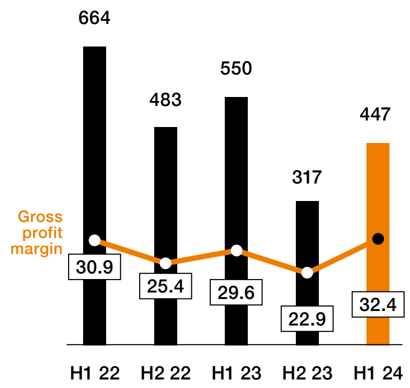
Personnel expenses

The change in the Group's scope of consolidation led to a reduction in headcount of 1,155 employees in the first half of 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).

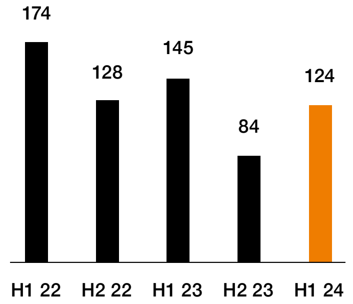
The decrease in personnel expenses in the first half-year 2024 to EUR 339.4 million (H1 2023: EUR 345.5 million) was 1.8 % compared to the same period in 2023. Excluding Ascometal, personnel expenses increased by 5.8 % to EUR 319.7 million in the first half of 2024 (H1 2023: EUR 302.2 million). This is due to a positive one-time effect from amendments to the Group's pension plan in Germany recognized in the first half-year 2023. Additionally, personnel expenses in the reporting period were affected by provisions related to the ongoing restructuring of the Group. On a comparable basis and excluding Ascometal, personnel expenses increased by 1.5 % year over year.

In the first half-year 2024, Swiss Steel Group received EUR 2.2 million in compensation for short-time work, which was offset against personnel expenses (H1 2023: EUR 3.6 million).

Gross profit and gross profit margin
in EUR million / % of net revenue



Personnel productivity[1)]
in %



1) Gross profit divided by total personnel expenses including outside contracted labor

Other operating income and expenses

At EUR 153.5 million, other operating income in the first half-year 2024 was significantly higher than in the prior-year period (H1 2023: EUR 42.0 million), due to several one-time effects:

In May 2024, the Group divested land and buildings located in Düsseldorf, Germany. A substantial part of the property was leased out to third-party tenants and not used for the operating activities of the Group. Parts of the property used by Swiss Steel Group have been leased back for continued use for our operating activities. The transaction forms part of our strategy program SSG 2025 and frees up resources for our core business and contributes to the deleveraging of the Group's balance sheet. It resulted in a gain of EUR 33.6 million that was recognized in other operating income.

Also in line with our strategy program SSG 2025, the Group completed the divestment of its distribution entity in Portugal in March 2024. Moreover, after the management of Ascometal had sought court protection for all Ascometal companies in March 2024, Swiss Steel Group lost control over the respective entities, triggering the derecognition of the corresponding assets and liabilities from the Group's balance sheet. The divestment of Swiss Steel Portugal and the deconsolidation of Ascometal combined led to an other operating income of EUR 62.0 million.

In June 2024, a settlement was reached regarding the insurance claim related to the crane collapse in Ugine in 2022, contributing EUR 26.0 million to other operating income. The business interruption and property damage in 2022 and 2023 caused by the incident amounted to more than EUR 100 million.

Other operating expenses increased slightly by 0.7 % in the first half-year 2024 to EUR 189.6 million (H1 2023: EUR 188.2 million). The increase was the result of significantly higher insurance expenses, partially in relation to the aforementioned insurance claim settlement. The effect was almost completely offset by lower expenses, especially for repair and maintenance that were reduced in line with lower asset utilization.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

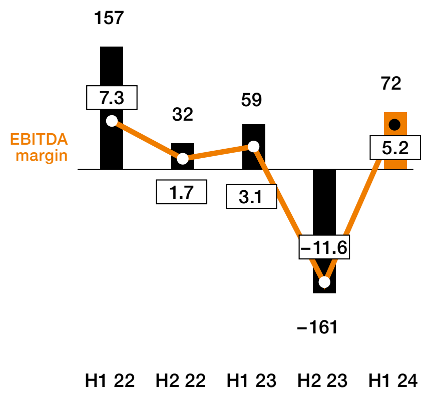
EBITDA increased to EUR 71.7 million (H1 2023: EUR 58.5 million). One-time effects amounted to EUR 92.6 million and included, among others, a gain on the divestment of land and buildings in Düsseldorf, Germany, effects from changes in the Group's scope of consolidation, the insurance claim settlement related to the crane collapse in Ugine in 2022 as well as costs related to the ongoing restructuring of the Group.

In the first half-year 2024, the EBITDA margin increased to 5.2 % (H1 2023: 3.1 %).

Excluding the aforementioned one-time effects, adjusted EBITDA was EUR –20.9 million in the first half-year 2024 (H1 2023: EUR 70.0 million).

EBITDA / EBITDA margin

in EUR million / %



One-time effects

in million EUR	H1 2024	H1 2023	Δ in %
EBITDA (IFRS)	**71.7**	**58.5**	**22.6**
Others, performance improvement program	–100.1	2.4	–
Reorganization and transformation processes	4.8	5.3	–8.5
Restructuring and other personnel measures	2.7	3.8	–28.9
Adjusted EBITDA	**–20.9**	**70.0**	**–**

Financial position

Net working capital

Starting from a very low level of EUR 826.2 million at year-end 2023, net working capital increased to EUR 918.1 million as of June 30, 2024. Excluding the effects from changes in the Group's scope of consolidation, the ramp-up of net working capital was EUR 80.8 million in the first half-year 2024. Besides the seasonal increase in net working capital typically observed in the first half of the year, the increase is attributable to a deliberate yet cautious increase in stock levels to better serve customer demand. Inventories increased by EUR 112.5 million, trade accounts receivable by EUR 84.5 million and trade accounts payable by EUR 116.2 million. The ratio of net working capital to revenue (L3M annualized) as of June 30, 2024 was 35.1 % (H2 2023: 30.5 %).

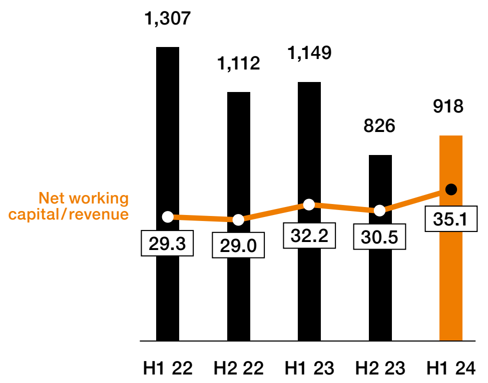
Shareholders' equity and equity ratio

As a result of the capital increase settled in April 2024, shareholders' equity increased by EUR 285.8 million (net of transaction costs), thus significantly strengthening the resilience of Swiss Steel Group. As of June 30, 2024, shareholders' equity was EUR 518.2 million (H2 2023: EUR 234.4 million), corresponding to an equity ratio of 26.6 % (H2 2023: 12.1 %).

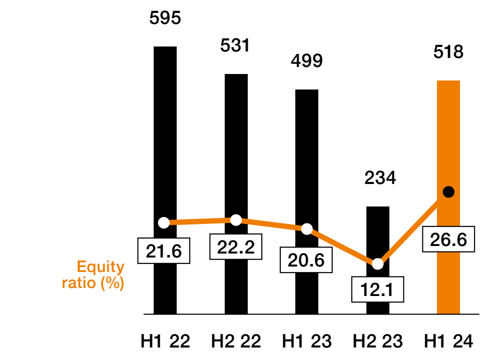
Net debt

The Group significantly deleveraged its balance sheet in the first half-year 2024. The main contributors were the capital increase of EUR 285.8 million (net of transaction costs), proceeds stemming from the divestment of land and buildings in Düsseldorf, Germany, as well as effects from changes in the Group's scope of consolidation. As a result, net debt, comprising current and non-current financial liabilities less cash and cash equivalents, decreased by EUR 197.8 million to EUR 630.8 million as of June 30, 2024 (H2 2023: EUR 828.6 million).

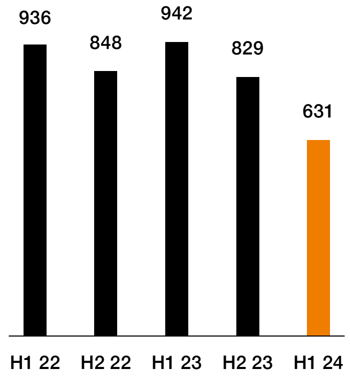
Net working capital
in EUR million / in relation to revenue (L3M annualized) in %



Shareholders' equity and equity ratio
in EUR million / %



Net debt
in million EUR



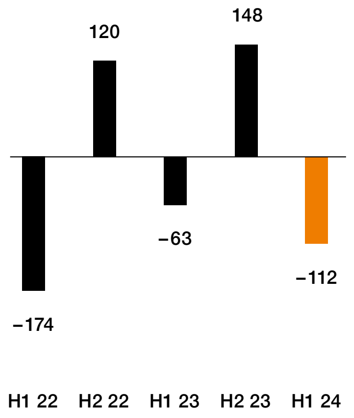
Free cash flow

At EUR –157.5 million (H1 2023: EUR –22.7 million), cash flow from operating activities was significantly negative in the first half-year 2024, owing to the aforementioned ramp-up of net working capital.

Cash flow from investing activities in the first half-year 2024 amounted to EUR 45.2 million (H1 2023: –40.0 million), containing proceeds stemming from the divestment of land and buildings in Düsseldorf, Germany, as well as the divestment of the Group’s distribution entity in Portugal.

Free cash flow (cash flow from operating activities less cash flow from investing activities) was EUR –112.3 million in the first half-year 2024 (H1 2023: EUR –62.7 million).

Free cash flow
in EUR million



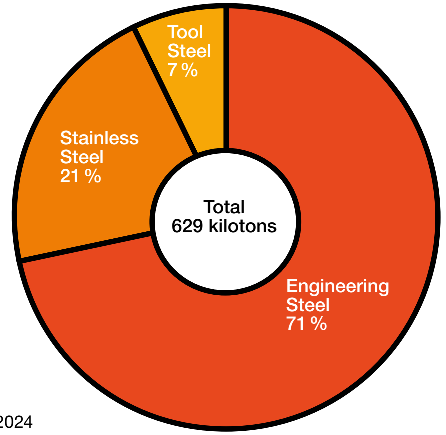
Divisions

Share of sales by product group

Engineering Steel
488 kilotons

Stainless Steel
133 kilotons

Tool Steel
46 kilotons



H1 2024

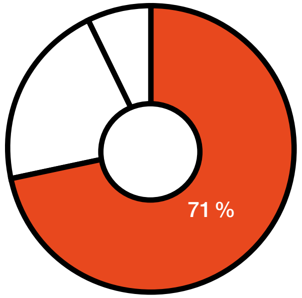
Key figures divisions in million EUR		H1 2024	H1 2023	Δ in %
Engineering Steel	**Unit**			
Sales volume	kilotons	448	574	–22.0
Revenue	million EUR	579.6	878.5	–34.0
Adjusted EBITDA	million EUR	–25.7	12.7	–
EBITDA	million EUR	50.3	8.5	–
Adjusted EBITDA margin	%	–4.4	1.4	–
EBITDA margin	%	8.7	1.0	–
		30.6.2024	31.12.2023	Δ in %
Net working capital	million EUR	277.4	293.8	–5.6
Stainless Steel	**Unit**			
Sales volume	kilotons	133	129	3.1
Revenue	million EUR	541.9	673.7	–19.6
Adjusted EBITDA	million EUR	7.2	44.2	–83.7
EBITDA	million EUR	19.5	39.0	–50.3
Adjusted EBITDA margin	%	1.3	6.6	–
EBITDA margin	%	3.6	5.8	–
		30.6.2024	31.12.2023	Δ in %
Net working capital	million EUR	408.6	336.1	21.6
Tool Steel	**Unit**			
Sales volume	kilotons	46	51	–9.8
Revenue	million EUR	219.4	287.9	–23.8
Adjusted EBITDA	million EUR	–6.3	10.1	–
EBITDA	million EUR	–2.1	7.9	–
Adjusted EBITDA margin	%	–2.9	3.5	–
EBITDA margin	%	–1.0	2.7	–
		30.6.2024	31.12.2023	Δ in %
Net working capital	million EUR	229.9	205.8	11.7

Divisions

Engineering Steel

The continued weak demand in the first half-year 2024 predominantly affected our Engineering Steel Division, our largest division in terms of sales volume. The sales volume was down 22.0 % year over year. Excluding Ascometal, the decrease was less pronounced at 9.3 %. At the bottom line, the missing volume was outweighed by effects from changes in the Group's scope of consolidation, resulting in an EBITDA of EUR 50.3 million (H1 2023: EUR 8.5 million). Net working capital decreased to EUR 277.4 million (H2 2023: EUR 293.8 million) driven by the lower activity level.

Share of sales
Engineering Steel

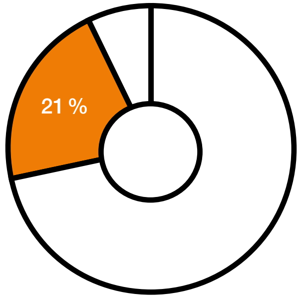


H1 2024

Stainless Steel

The sales volume of the Stainless Steel Division increased by 3.1 % compared to the first half-year 2023, driven by increased demand for specialties and in niche markets. Despite the higher volume, revenue declined to EUR 541.9 million (H1 2023: 673.7 million) due to decreasing raw material prices, mainly for nickel and ferrochrome. Year over year, EBITDA fell to EUR 19.5 million from EUR 39.0 million in the first half-year 2023 due to increased margin pressure. The ramp-up of inventories to increase traction in the market resulted in an increase in net working capital to EUR 408.6 million (H2 2023: EUR 336.1 million).

Share of sales
Stainless Steel

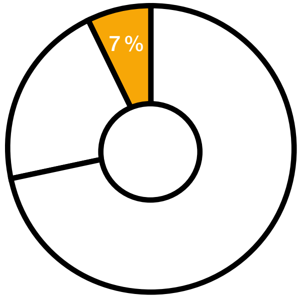


H1 2024

Tool Steel

The Tool Steel Division is characterized by a high share of business with end-use customers, which was also affected by the subdued market conditions. The sales volume decreased by 9.8 % compared with the first half-year 2023. Additionally, a lower average sales price resulted in a more pronounced revenue decrease of 23.8 % to EUR 219.4 million (H1 2023: EUR 287.9 million). At EUR –2.1 million, EBITDA was negative (H1 2023: EUR 7.9 million). Net working capital increased slightly to EUR 229.9 million (H2 2023: EUR 205.8 million).

Share of sales
Tool Steel



H1 2024

Five half-year overview

	Unit	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024
Key operational figures						
Production volume	kilotons	1,052	746	925	618	821
Sales volume	kilotons	937	726	756	619	629
Order backlog	kilotons	590	454	386	355	325
Income statement						
Revenue	million EUR	2,144.6	1,906.8	1,857.3	1,386.9	1,379.2
Average sales price	EUR/t	2,290	2,629	2,460	2,244	2,194
Gross profit	million EUR	663.7	483.4	550.2	317.3	447.2
Adjusted EBITDA	million EUR	171.0	46.1	70.0	–110.9	–20.9
EBITDA	million EUR	157.1	31.7	58.5	–160.7	71.7
EBIT	million EUR	113.2	–40.2	17.0	–216.8	28.0
Earnings before taxes	million EUR	89.5	–68.2	–23.0	–264.7	–7.9
Group result	million EUR	74.0	–64.6	–30.0	–264.8	–4.1
Cash flow/investments/depreciation/amortization						
Cash flow before changes in net working capital	million EUR	111.6	38.4	22.1	–149.9	–76.7
Cash flow from operating activities	million EUR	–141.2	187.8	–22.7	185.3	–157.5
Cash flow from investing activities	million EUR	–32.9	–67.4	–40.0	–37.2	45.2
Free cash flow	million EUR	–174.1	120.4	–62.7	148.1	–112.3
Investments	million EUR	42.3	72.8	44.9	69.4	35.4
Depreciation, amortization and impairments	million EUR	43.9	71.9	41.5	56.1	43.7

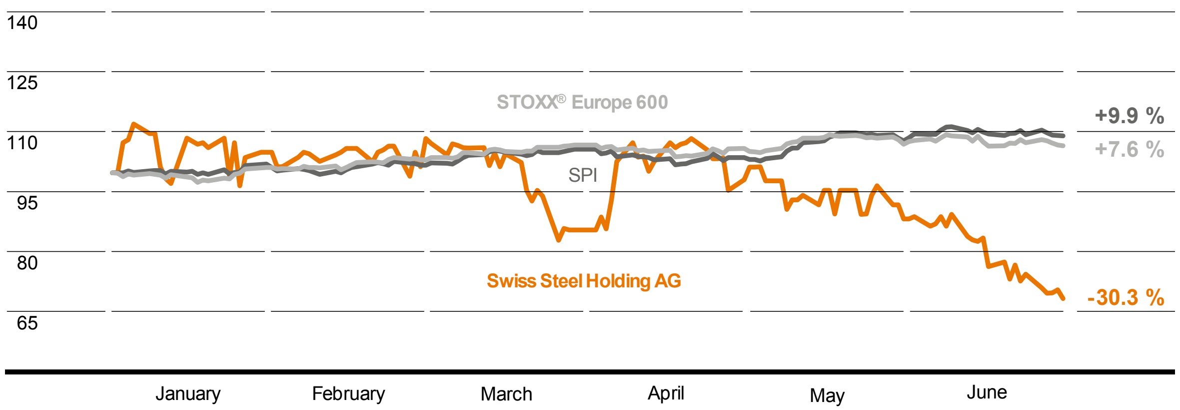
Five half-year overview

	Unit	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024
Net assets and financial structure						
Non-current assets	million EUR	561.7	568.5	556.6	578.6	571.5
Current assets	million EUR	2,196.9	1,817.5	1,861.4	1,354.6	1,374.2
Net working capital	million EUR	1,307.3	1,112.4	1,149.1	826.2	918.1
Balance sheet total	million EUR	2,758.6	2,386.0	2,418.0	1,933.2	1,945.7
Shareholders’ equity	million EUR	594.7	530.9	498.7	234.4	518.2
Non-current liabilities	million EUR	1,006.0	736.8	807.4	824.0	654.5
Current liabilities	million EUR	1,157.9	1,118.3	1,111.9	874.8	773.0
Net debt	million EUR	936.3	848.2	942.0	828.6	630.8
Employees						
Employees as of closing date	Positions	9,904	9,857	9,639	8,812	7,565
Value management						
Capital employed	million EUR	1,845.0	1,646.8	1,675.0	1,372.4	1,452.6
Key figures on profit/net assets and financial structure						
Gross profit margin	%	30.9	25.4	29.6	22.9	32.4
Adjusted EBITDA margin	%	8.0	2.4	3.8	–8.0	–1.5
EBITDA margin	%	7.3	1.7	3.1	–11.6	5.2
Equity ratio	%	21.6	22.2	20.6	12.1	26.6
Net debt/adj. EBITDA LTM (leverage)	x	3.7	3.9	8.1	n/a	n/a
Net working capital/revenue (L3M annualized)	%	29.3	29.0	32.2	30.5	35.1

Capital Market

Geopolitical tensions, a looming recession and depressed sentiment caused cyclical companies like Swiss Steel Group to underperform the market.

Development share price since 01/01/2024
Indexed



Swiss Steel Group experienced a 30.3 % decline in its share price to CHF 11.16.

Over the same period, the Stoxx® Europe 600 Index rose by 7.6 %, while the Swiss Performance Index (SPI) gained 9.9 %.

In the first half of 2024, the average daily trading volume of shares of Swiss Steel Holding AG on the Swiss stock market was 3,727, compared with 6,059 in the first half of 2023.

Financing

Swiss Steel Group's financing structure consists of a syndicated loan of EUR 375.0 million, an ABS financing program to the value of EUR 299.2 million and a shareholder loan to the value of EUR 200.0 million. State-guaranteed bank loans amounted to EUR 18.3 million.

Unused bank and shareholder loans and liquid funds came to EUR 239.9 million as of June 30, 2023, ensuring that sufficient financial resources are available.

In addition, the ABS financing programme had a headroom of EUR 95.2 million.

Please refer also to note 18 in Financial Reporting.

in million EUR	**Credit line**	**Status as of 30.6.2024**	**Unused lines and cash**
Syndicated loan (excl. transaction costs)[1)]	375.0	228.1	146.9
ABS financing (excl. transaction costs)	299.2	204.0	95.2
Loans from shareholder (excl. transaction costs)	200.0	140.0	60.0
State-guaranteed loans (excl. transaction costs)	18.3	18.3	0.0
Cash and cash equivalents		33.0	33.0
Total			**335.1**

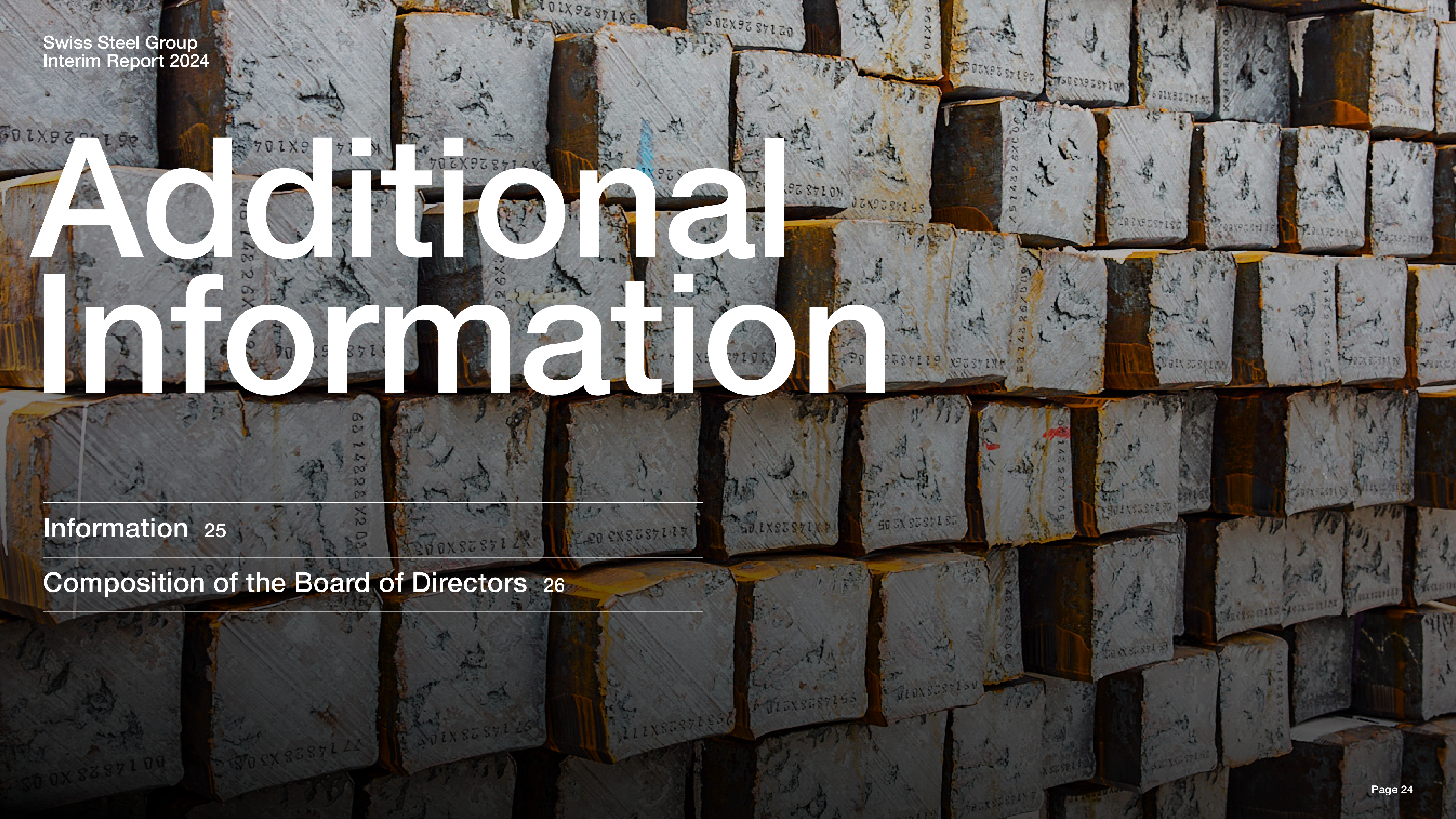
Outlook

Our business environment is projected to remain challenging, with low industrial production across Europe and expected growth from 2023 likely deferred to 2025. As a result, the second half of 2024 is anticipated to be volatile and restrained. To navigate these conditions, we will focus on production excellence, cost control, and operational efficiency, while continuing to drive our SSG 2025 program. Additionally, we aim to capture the potential of the Green Steel market and position ourselves for future market recovery.

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 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. 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.



Additional Information

Information

Please refer to the Annual Report 2023 for further information, particularly in relation to the topics below:

- Strategy and corporate management (pages 10–23)
- Business model (pages 17–22)
- Capital market (pages 55–56)
- Financing (page 56)
- Executive Board (pages 75–77)
- Glossary (page 187)

The definitions and reconciliation of the alternative performance indicators contained in the Management Report can be found in the following documents:

- Glossary, Annual Report 2023 (page 242) (www.swisssteel-group.com/investor-relations): adjusted EBITDA margin, free cash flow, net working capital, net debt, capital employed, gross profit margin, EBITDA margin, equity ratio, gearing, net debt/adjusted EBITDA LTM (leverage), net working capital/revenue (L3M annualized), operating free cash flow, earnings before interest, taxes, depreciation and amortization (EBITDA); page 13 of this report: reconciliation from adjusted EBITDA to EBITDA, segment reporting (note 19) in financial reporting: investments

Composition of the Board of Directors

On May 23, 2024, the Annual General Meeting of the Company newly elected the Board of Directors. It is composed as follows:

Jens Alder (CH)

Year of birth: 1957

Chairman until October 7, 2024[1])
Compensation Committee (Chairman)
Member since 2021
Elected until 2025

Dr. Alexander Gut (CH)

Year of birth: 1963

Compensation Committee (Member)
Member since 2024
Elected until 2025

Dr. Karl Haider (AT)

Year of birth: 1965

Audit Committee (Member)
Member since 2024
Elected until 2025

David Metzger (CH/FR)

Year of birth: 1969

Audit Committee (Member)
Member since 2020
Elected until 2025

Mario Rossi (CH)

Year of birth: 1960

Audit Committee (Chairman)
Member since 2021
Elected until 2025

Dr. Michael Schwarzkopf (AT)

Year of birth: 1961

Compensation Committee (Member)
Member since 2020
Elected until 2025

1) Martin Lindqvist (SE), year of birth 1962, was elected by the Annual General Meeting 2024 as Member and Chairman of the Board of Directors and Member of the Compensation Committee. Martin Lindqvist is expected to join the Board of Directors effective October 8, 2024, at the latest, and take over the chairmanship from Jens Alder until the next Annual General Meeting.

Financial Reporting

Financial Reporting

Consolidated income statement

in million EUR	Note	H1 2024	H1 2023
Revenue	9	1,379.2	1,857.3
Changes in inventories of semi-finished and finished goods		57.5	40.0
Cost of materials		–989.5	–1,347.1
Gross profit		**447.2**	**550.2**
Other operating income	10	153.5	42.0
Personnel expenses	11	–339.4	–345.5
Other operating expenses	10	–189.6	–188.2
Operating result before depreciation, amortization and impairments (EBITDA)		**71.7**	**58.5**
Depreciation, amortization and impairments		–43.7	–41.5
Operating result (EBIT)		**28.0**	**17.0**
Financial income	12	7.5	1.2
Financial expenses	12	–43.4	–41.2
Financial result		**–35.9**	**–40.0**
Earnings before taxes (EBT)		**–7.9**	**–23.0**
Income taxes	13	3.8	–7.0
Group result		**–4.1**	**–30.0**
of which attributable to			
– shareholders of Swiss Steel Holding AG		–4.5	–31.6
– non-controlling interests		0.4	1.6
Result per share in EUR (basic) [1]		**–0.21**	**–2.07**
Result per share in EUR (diluted) [1]		**–0.21**	**–2.07**

[1] Result per share has been adjusted retrospectively to reflect the reverse share split at a ratio of 200:1 implemented on May 28, 2024.

Consolidated statement of comprehensive income

in million EUR	Note	H1 2024	H1 2023
Group result		**– 4.1**	**– 30.0**
Exchange differences on translation of foreign operations		– 10.2	– 0.9
Change in unrealized result from cash flow hedges		0.2	– 0.3
Tax effect on change in unrealized result from cash flow hedges		0.0	0.1
Items that may be reclassified subsequently to income statement		**– 10.0**	**– 1.1**
Actuarial result from pensions and similar obligations	19	11.0	– 2.1
Tax effect on actuarial result from pensions and similar obligations		– 0.8	0.4
Items that will not be reclassified subsequently to income statement		**10.2**	**– 1.7**
Other comprehensive result		**0.2**	**– 2.8**
Total comprehensive result		**– 3.9**	**– 32.8**
of which attributable to			
– shareholders of Swiss Steel Holding AG		– 4.3	– 34.3
– non-controlling interests		0.4	1.5

Consolidated statement of financial position

	Note	30.6.2024 in million EUR	30.6.2024 % share	31.12.2023 in million EUR	31.12.2023 % share
Assets					
Intangible assets		23.6		24.7	
Property, plant and equipment	14	471.8		487.5	
Right-of-use assets		38.9		34.0	
Non-current income tax receivables		1.8		1.5	
Non-current financial assets		0.7		1.1	
Deferred tax assets	13	24.6		19.6	
Other non-current assets		10.1		10.2	
Total non-current assets		**571.5**	**29.4**	**578.6**	**29.9**
Inventories	15	842.1		805.0	
Trade accounts receivable	16	399.4		364.3	
Current financial assets		0.9		3.1	
Current income tax receivables		5.9		5.1	
Other current assets		92.9		89.4	
Cash and cash equivalents		33.0		54.5	
Assets held for sale	8	0.0		33.2	
Total current assets		**1,374.2**	**70.6**	**1,354.6**	**70.1**
Total assets		**1,945.7**	**100.0**	**1,933.2**	**100.0**
Equity and liabilities					
Share capital	17	446.3		361.4	
Capital reserves	17	1,225.5		1,024.5	
Accumulated losses		– 1,202.3		– 1,218.7	
Accumulated income and expenses recognized in other comprehensive income		42.7		61.4	
Treasury shares		– 0.3		– 0.1	
Equity attributable to shareholders of Swiss Steel Holding AG		**511.9**		**228.5**	
Non-controlling interests		6.3		5.9	
Total equity		**518.2**	**26.6**	**234.4**	**12.1**
Pension liabilities	19	181.5		201.4	
Non-current provisions		28.9		31.6	
Deferred tax liabilities	13	4.5		5.0	
Non-current financial liabilities	18	432.0		574.1	
Other non-current liabilities		7.6		11.9	
Total non-current liabilities		**654.5**	**33.7**	**824.0**	**42.6**
Current provisions		58.6		77.7	
Trade accounts payable		323.4		343.1	
Current financial liabilities	18	231.8		309.0	
Current income tax payables		12.6		10.4	
Other current liabilities		146.6		131.9	
Liabilities associated with assets classified as held for sale	8	0.0		2.7	
Total current liabilities		**773.0**	**39.7**	**874.8**	**45.3**
Total liabilities		**1,427.5**	**73.4**	**1,698.8**	**87.9**
Total equity and liabilities		**1,945.7**	**100.0**	**1,933.2**	**100.0**

Consolidated statement of cash flows

in million EUR	Calculation	H1 2024	H1 2023
Earnings before taxes		–7.9	–23.0
Depreciation, amortization and impairments		43.7	41.5
Result from disposal of subsidiaries and other non-current assets		–96.0	2.2
Inflows/outflows of other assets and liabilities and other non-cash items		–51.5	–33.3
Financial income		–7.5	–1.2
Financial expenses		43.4	41.2
Cash-settled share-based payment		0.0	–0.1
Interest received		0.3	0.3
Income taxes received/paid (net)		–1.2	–5.5
Cash flow before changes in net working capital		–76.7	22.1
Change in inventories		–112.5	–35.3
Change in trade accounts receivable		–84.5	–55.9
Change in trade accounts payable		116.2	46.4
Cash flow from operating activities	**A**	**–157.5**	**–22.7**
Investments in property, plant and equipment		–22.8	–35.3
Investments in intangible assets		–2.4	–5.1
Proceeds from disposal of property, plant and equipment		74.3	0.4
Inflows/outflows (net) from disposal of subsidiaries		–3.9	0.0
Cash flow from investing activities	**B**	**45.2**	**–40.0**
Proceeds from capital increase		293.1	0.0
Transaction costs on capital increase		–7.3	0.0
Inflows/outflows of other financial liabilities (including syndicated loan)		–124.8	79.6
Repayment of loans to shareholder		–15.0	–20.0
Inflows/outflows of other bank loans		–0.1	–0.1
Inflows/outflows of state-guaranteed loans		–1.1	0.9
Transaction costs on refinancing		–10.8	0.0
Payment of principal portion of lease liabilities		–6.0	–5.5
Purchase of treasury shares		–0.2	0.0
Interest paid		–37.5	–30.6
Cash flow from financing activities	**C**	**90.3**	**24.3**
Net change in cash and cash equivalents	**A+B+C**	**–22.0**	**–38.4**
Foreign currency effects on cash and cash equivalents		0.5	–0.6
Change in cash and cash equivalents		**–21.5**	**–39.0**
Cash and cash equivalents at the beginning of the period [1)]		54.5	75.8
Cash and cash equivalents at the end of the period [1)]		33.0	36.8
Change in cash and cash equivalents		**–21.5**	**–39.0**
Free cash flow	A+B	–112.3	–62.7

[1)] Cash and cash equivalents of EUR 36.8 million as of June 30, 2023 (H2 2022: EUR 75.8 million) reported in the consolidated statement of cash flows also contain cash and cash equivalents of EUR 5.4 million (H2 2022: EUR 4.7 million) included in assets held for sale.

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
As of 1.1.2023	**361.4**	**1,024.5**	**–916.8**	**54.9**	**–0.1**	**523.9**	**7.0**	**530.9**
Change in scope of consolidation	0.0	0.0	0.2	0.0	0.0	0.2	–1.8	–1.6
Expenses from share-based payments	0.0	0.0	1.1	0.0	0.0	1.1	0.0	1.1
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	1.3	0.0	0.0	1.3	0.0	1.3
Capital transactions with shareholders	**0.0**	**0.0**	**2.5**	**0.0**	**0.0**	**2.5**	**–1.8**	**0.7**
Group result	0.0	0.0	–31.6	0.0	0.0	–31.6	1.6	–30.0
Other comprehensive result	0.0	0.0	–1.7	–1.0	0.0	–2.7	–0.1	–2.8
Total comprehensive result	**0.0**	**0.0**	**–33.3**	**–1.0**	**0.0**	**–34.3**	**1.5**	**–32.8**
As of 30.6.2023	**361.4**	**1,024.5**	**–947.6**	**53.9**	**–0.1**	**492.1**	**6.6**	**498.7**
As of 1.1.2024	**361.4**	**1,024.5**	**–1,218.7**	**61.4**	**–0.1**	**228.5**	**5.9**	**234.4**
Capital decrease	–168.7	168.7	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	253.5	32.3	0.0	0.0	0.0	285.8	0.0	285.8
Reclassifications	0.0	0.0	8.7	–8.7	0.0	0.0	0.0	0.0
Purchase of treasury shares	0.0	0.0	0.0	0.0	–0.2	–0.2	0.0	–0.2
Expenses from share-based payments	0.0	0.0	1.0	0.0	0.0	1.0	0.0	1.0
Hyperinflation adjustments	0.0	0.0	1.0	0.0	0.0	1.0	0.0	1.0
Capital transactions with shareholders	**84.8**	**201.0**	**10.7**	**–8.7**	**–0.2**	**287.6**	**0.0**	**287.6**
Group result	0.0	0.0	–4.5	0.0	0.0	–4.5	0.4	–4.1
Other comprehensive result	0.0	0.0	10.2	–10.0	0.0	0.2	0.0	0.2
Total comprehensive result	**0.0**	**0.0**	**5.7**	**–10.0**	**0.0**	**–4.3**	**0.4**	**–3.9**
As of 30.6.2024	**446.3**	**1,225.5**	**–1,202.3**	**42.7**	**–0.3**	**511.9**	**6.3**	**518.2**

Further details on the capital increase (and capital decrease) are provided in note 17.

Notes to the interim condensed consolidated financial statements

About the company

Swiss Steel Holding AG is a Swiss company limited by shares, which is listed on the SIX Swiss Exchange (SIX) and has its registered office at Werkstrasse 7 in Emmenbrücke. Swiss Steel Group (Swiss Steel Holding AG and its subsidiaries) is a global steel company operating in the special long steel business. Since 2023, its activities have been divided into the three Divisions Engineering Steel, Stainless Steel and Tool Steel (refer to note 20).

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 13, 2024.

1 Accounting policies

These interim condensed consolidated financial statements of Swiss Steel Group were prepared in accordance with IAS 34 Interim Financial Reporting. They contain all the information required of interim condensed consolidated financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). More detailed disclosures on accounting policies can be found in the consolidated financial statements as of December 31, 2023.

These interim condensed consolidated financial statements are presented in euros (EUR). Unless otherwise stated, monetary amounts are denominated in millions of EUR.

Due to rounding differences, some figures may not exactly match the total, and the percentage figures may not reflect the underlying absolute figures.

2 Standards, interpretations and amendments applied

The relevant accounting policies applied in these interim condensed consolidated financial statements are consistent with those used for the most recent consolidated financial statements prepared as of the end of the financial year 2023, except for the below amendment to the IFRS Accounting Standards that was applied with effect from January 1, 2024.

In January 2020 and in October 2022, the IASB issued two amendments to *IAS 1 Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities as current and non-current in the statement of financial position. The amendments consider financial covenants, their review frequency as well as any rights to defer the settlement of a liability for at least twelve months after the reporting period. The amendments became effective as of January 1, 2024. Swiss Steel Group monitors the relevant financial covenants at the respective testing dates and evaluates the need for reclassifications of liabilities between current and non-current. Refer to note 4 for more detailed information on the applicable financial covenants.

Further amendments that became effective in 2024 did not have a material impact on these interim condensed consolidated financial statements of Swiss Steel Group.

3 Material estimation uncertainties, judgments and assumptions

In preparing these interim condensed consolidated financial statements, assumptions and estimates have been made which affect the reported carrying amounts and disclosures of the recognized assets and liabilities as well as income and expenses.

All assumptions and estimates are made according to the best of management's knowledge and belief in order to present a true and fair view of the financial position, financial performance and cash flows of the Group. Since the actual results may, in some cases, differ from the assumptions and estimates that have been made, these are reviewed on an ongoing basis.

For these interim condensed consolidated financial statements, management used material judgment to assess the Group's ability to continue as a going concern. Please refer to note 4 for the detailed assessment. Detailed information about further material estimation uncertainties and judgments is provided in the most recent consolidated financial statements as of December 31, 2023.

4 Going concern

After a weak second half-year 2023, market demand from our main customer industries, namely automotive as well as mechanical and plant engineering, remained depressed in the first six months of 2024. Excluding Ascometal, the sales volume was 572 kilotons, which corresponds to a year-over-year decline of 6.2 %. This in turn put pressure on the Group's profitability and cash generation. Conversely, EBITDA was supported by a gain on the divestment of land and buildings (refer to note 8), effects from changes in the scope of consolidation (refer to notes 6 and 7) as well as insurance claim settlement proceeds recognized in other operating income and expenses (refer to note 10).

The Group's ability to continue as a going concern is mainly dependent on adherence to the agreed financial covenants. Swiss Steel Group significantly deleveraged its balance sheet in the first half-year 2024. The capital increase of EUR 293.1 million settled in April 2024 (refer to note 17) significantly strengthened the Group's resilience by increasing shareholders' equity to EUR 518.2 million (H2 2023: EUR 234.4 million), which corresponds to an equity ratio of 26.6 % (H2 2023: 12.1 %). In addition, proceeds from the divestment of land and buildings as well as effects from changes in the Group's scope of consolidation resulted in a further deleveraging. Overall, net debt decreased by EUR 197.8 million to EUR 630.8 million as of June 30, 2024 (H2 2023: EUR 828.6 million).

Conditional to the aforementioned capital increase and upon presentation of a performance-improving business plan, Swiss Steel Group and its financial lenders agreed to new financing agreements with extended terms until September 29, 2028 (refer to note 18). In light of the weak market environment, the Group's operating performance and cash generation in the first half-year 2024 was not according to plan. However, significant strategic milestones laid out in the business plan have been achieved, strengthening and deleveraging the balance sheet.

When preparing these interim condensed consolidated financial statements, the continuation of Swiss Steel Group as a going concern was assessed as positive by the Board of Directors and by the Executive Board. The Board of Directors and the Executive Board assumed that the market environment will not deteriorate further and that the Group will execute the performance improvement measures as planned, which will enable Swiss Steel Group to remain compliant with the applicable financial covenants such that the Group can continue its business activities over the next twelve months. Therefore, these interim condensed consolidated financial statements have been prepared on a going concern basis.

5 Seasonal effects

There are seasonal effects on sales and revenue in all three Divisions of the Group. These effects are attributable to the number of working days in the second half of the year, which is lower due to vacation periods in July and August, as well as in the second half of December. These periods are associated with plant downtime in some cases. The effects are particularly pronounced in the third quarter, which is affected by the summer vacation period. However, fixed costs are distributed fairly equally over all four quarters. Furthermore, the majority of general overhaul work on production and processing plants is carried out over the summer during plant downtime. As a result, expenses for servicing and maintenance as well as capital expenditures are usually at their highest in the third quarter.

Inventories of semi-finished and finished goods are usually increased over the summer months. This safeguards our customers' supply after the end of the vacation period and has the effect that net working capital usually peaks around this time.

By contrast, trade accounts receivable and payable and also net working capital tend to reach their lowest level at year-end due to the reduction in inventories typically seen at the end of the year. Furthermore, the amount of net working capital is significantly affected by commodity prices. However, the cyclical nature of the industry has a much more pronounced impact than seasonal effects on the development of the Group's sales, revenue and results.

6 Changes in scope of consolidation

In the first half-year 2024, Finkl Steel - Houston, LLC (US) was merged into Finkl Steel - Chicago (US, registered: A. Finkl & Sons Co). As Finkl Steel - Chicago held 100 % of the shares in Finkl Steel - Houston, LLC, this merger had no effect on these interim condensed consolidated financial statements.

In the first half-year 2024, Swiss Steel Portugal S.A. (PT) was sold and all its assets and liabilities derecognized upon completion of the divestment. In addition, all assets and liabilities of Ascometal France Holding S.A.S. (FR), Ascometal Hagondange S.A.S. (FR), Ascometal Les Dunes S.A.S. (FR), Ascometal Custines-Le Marais S.A.S. (FR) as well as Ascometal Fos-sur-Mer S.A.S. (FR) were derecognized following the opening of judicial reorganization proceedings. For details, refer to note 7.

Given that the aforementioned entities were derecognized at the end of March 2024, comparability with prior-year figures is reduced for the consolidated income statement and the consolidated statement of cash flows.

7 Disposal of subsidiaries

On March 26, 2024, Swiss Steel Group completed the divestment of its distribution entity in Portugal by way of a management buy-out involving the management team of Swiss Steel Portugal S.A.

On March 27, 2024, Ascometal's management informed Swiss Steel Holding AG that, following the termination of negotiations with Acciaierie Venete S.p.A. and after having examined all strategic options, it had decided to seek court protection by requesting the opening of judicial reorganization proceedings *(procédures de redressement judiciaire)* for all Ascometal companies (Ascometal France Holding S.A.S., Ascometal Hagondange S.A.S., Ascometal Les Dunes S.A.S., Ascometal Custines-Le Marais S.A.S. and Ascometal Fos-sur-Mer S.A.S.). The court acceded to the request and opened the proceedings on March 27, 2024, which resulted in Swiss Steel Group losing control over the respective entities.

The result of the disposal of assets and liabilities of all six entities in the first half-year 2024 recognized in other operating income in the consolidated income statement was as follows:

in million EUR	H1 2024	H1 2023 [1]
Net liabilities / (-assets) disposed of	62.4	−4.9
Non-controlling interests	0.0	1.8
Recognition of former intragroup trade accounts receivable and financial assets	285.0	0.0
Allowances on former intragroup trade accounts receivable and financial assets	−283.6	0.0
Recognition of former intragroup trade accounts payable	−2.3	0.0
Total consideration received	0.5	0.9
Result of disposal (before reclassification of cumulative translation adjustments)	**62.0**	**−2.2**
Reclassification of cumulative translation adjustments	0.0	−0.3
Total result of disposal	**62.0**	**−2.5**

[1] The result of disposal for the prior-year period (included in other operating expenses in the consolidated income statement) is related to the divestment of the former distribution entity in Chile in January 2023 and the disposal of the 60 % equity interest in Shanghai Xinzhen Precision Metalwork Co., Ltd. in May 2023.

The EUR 285.0 million former intragroup positions mainly comprise EUR 227.0 million of loan receivables (including interest) and EUR 57.3 million of trade accounts receivable against the Ascometal entities. Due to the judicial reorganization proceedings, the recoverability of these receivable positions is assessed as remote. Hence, allowances of EUR 283.6 million were recognized for former intragroup receivable positions.

The following assets and liabilities were disposed of:

in million EUR	H1 2024	H1 2023 [1]
Goodwill	0.0	0.3
Property, plant and equipment	0.1	7.8
Right-of-use assets	0.1	0.0
Non-current financial assets	12.3	0.0
Total non-current assets	**12.5**	**8.1**
Inventories	73.7	2.2
Trade accounts receivable	39.0	3.0
Current income tax receivables	0.1	0.0
Other current assets	28.4	0.5
Cash and cash equivalents	4.4	0.9
Total current assets	**145.6**	**6.6**
Total assets	**158.1**	**14.7**
Pension liabilities	7.3	0.0
Non-current provisions	13.6	0.0
Non-current financial liabilities	40.1	8.3
Other non-current liabilities	3.4	0.0
Total non-current liabilities	**64.4**	**8.3**
Current provisions	3.7	0.0
Trade accounts payable	71.8	0.8
Current financial liabilities	52.7	0.0
Other current liabilities	27.9	0.7
Total current liabilities	**156.1**	**1.5**
Total liabilities	**220.5**	**9.8**
Net assets / (-liabilities)	**–62.4**	**4.9**
Non-controlling interests	**0.0**	**1.8**

[1] The figures for the prior-year period are related to the divestment of the former distribution entity in Chile in January 2023 and the disposal of the 60 % equity interest in Shanghai Xinzhen Precision Metalwork Co., Ltd. in May 2023.

The total EUR 92.8 million of non-current and current financial liabilities includes EUR 90.0 million in state-guaranteed loans at Ascometal entities.

The consideration of EUR 0.5 million for the sale of Swiss Steel Portugal S.A. was received in cash. Cash and cash equivalents of the disposed entities amounting to EUR 4.4 million were derecognized. Consequently, the net cash outflow amounts to EUR 3.9 million and is shown within cash flow from investing activities in the consolidated statement of cash flows.

8 Disposal group held for sale and sale-and-leaseback

On January 25, 2024, the Group entered a binding sale-and-leaseback arrangement for land and buildings. As of December 31, 2023, land and buildings amounting to EUR 33.2 million and related liabilities in the amount of EUR 2.7 million were classified as held for sale. The transaction was closed on May 8, 2024 with the settlement of the purchase price of EUR 73.5 million.

The land and buildings are located in Düsseldorf, Germany, and were owned by Swiss Steel Edelstahl GmbH, a 100 % subsidiary of Swiss Steel Holding AG. A substantial part of the property was leased out to third-party tenants. Upon closing of the transaction, these third-party lease agreements were transferred to the buyer. Parts of the property had been used and continue to be used for the operating activities of certain subsidiaries of Swiss Steel Holding AG, who act as lessees.

The transaction forms part of our strategy program SSG 2025, freeing up resources for the Group's core business, and contributes to deleveraging the Group's balance sheet.

The Group recognized a gain of EUR 33.6 million on the sale-and-leaseback transaction. The gain recognized in other operating income was determined as follows:

in million EUR	H1 2024
Total consideration received	73.5
Recognition of right-of-use assets	7.1
Recognition of lease liabilities	– 15.7
Derecognition of property (net of liabilities) held for sale	– 30.5
Transaction costs	– 0.8
Total result on sale-and-leaseback transaction	**33.6**

The total consideration was received in cash and is shown within cash flow from investing activities in the consolidated statement of cash flows.

As of June 30, 2024, the distribution entity in Argentina remained recognized under assets held for sale. On July 5, 2024, the entity was sold for a total consideration of EUR 0.0 million (rounded).

Assets and liabilities classified as held for sale as of June 30, 2024 and December 31, 2023 compare as follows:

in million EUR	30.6.2024	31.12.2023
Property, plant and equipment	0.0	33.2
Total non-current assets	**0.0**	**33.2**
Total assets	**0.0**	**33.2**
Other current liabilities	0.0	2.7
Total current liabilities	**0.0**	**2.7**
Total liabilities	**0.0**	**2.7**

9 Revenue

Revenue can be broken down by Division as follows:

in million EUR	H1 2024	H1 2023
Engineering Steel	579.6	878.5
Stainless Steel	541.9	673.7
Tool Steel	219.4	287.9
Others	38.3	17.2
Total	**1,379.2**	**1,857.3**

10 Other operating income and expenses

Other operating income of EUR 153.5 million (H1 2023: EUR 42.0 million) comprises the result from the disposal of subsidiaries of EUR 62.0 million (refer to note 7), the result from the sale-and-leaseback transaction for land and buildings of EUR 33.6 million (refer to note 8) and income from the insurance claim settlement of EUR 26.0 million related to the crane collapse in Ugine in 2022. Furthermore, it contains various items such as income from the sale of unused emission rights, income from carbon compensation and income from the release of provisions related to closed legal cases.

Other operating expenses can be broken down as follows:

in million EUR	H1 2024	H1 2023
Freight, commission	56.9	55.4
Maintenance, repairs	36.4	48.4
Fees and charges	28.3	15.9
Consultancy and audit services	19.4	12.9
Holding and administration expenses	18.4	20.3
IT expenses	15.1	16.2
Non-income taxes	5.6	7.4
Expenses for leases (short-term, low value, variable leases)	3.7	4.5
Change in allowances on trade accounts receivable	2.8	– 0.6
Result of disposal of subsidiaries and other non-current assets	0.0	2.5
Miscellaneous expenses	3.0	5.3
Total	**189.6**	**188.2**

Fees and charges of EUR 28.3 million contain EUR 9.6 million of additional insurance expenses which are related to income from the insurance claim settlement of EUR 26.0 million.

All exchange gains and losses on receivables and liabilities or derivative currency contracts concluded to hedge currency exposure are stated net and presented as other operating expenses or income, depending on whether the net figure is negative or positive.

11 Personnel expenses

in million EUR	H1 2024	H1 2023
Wages and salaries	275.2	280.4
Social security contributions	57.3	64.6
Other personnel costs	6.9	0.5
Total	**339.4**	**345.5**

In the first half of 2024, Swiss Steel Group received EUR 2.2 million (H1 2023: EUR 3.6 million) in compensation for short-time work. This was offset against expenses for wages and salaries.

12 Financial result

in million EUR	H1 2024	H1 2023
Interest income	0.6	1.2
Other financial income	6.9	0.0
Financial income	**7.5**	**1.2**
Interest expenses on financial liabilities	–36.9	–31.2
Interest expenses on lease liabilities	–2.2	–2.0
Net interest expense on pension provisions and plan assets	–2.9	–3.4
Capitalized borrowing costs	0.3	0.2
Hyperinflation adjustments	0.0	–2.0
Other financial expenses	–1.7	–2.8
Financial expenses	**–43.4**	**–41.2**
Financial result	**–35.9**	**–40.0**

Other financial income comprises an EUR 6.9 million gain from a currency forward contract related to the capital increase (refer to note 17).

13 Income taxes

in million EUR	H1 2024	H1 2023
Current taxes	2.6	5.9
Deferred taxes	–6.4	1.1
Income tax effect (income (–) / expenses (+))	**–3.8**	**7.0**

The local tax rates used to determine current and deferred taxes have not changed materially. The effective Group tax rate for the first half of 2024 was 48.1 % (H1 2023: –30.4 %). This rate is derived from the tax rates of the individual countries in which the Group operates, weighted for earnings before taxes.

The following table presents the net change in deferred tax assets and liabilities.

in million EUR	H1 2024	2023	H1 2023
Opening balance at the beginning of the period	14.6	13.5	13.5
Changes recognized in profit and loss	6.4	0.0	–1.1
Reclassification to assets held for sale	0.0	–0.2	0.0
Changes recognized in other comprehensive income	–0.8	1.4	0.5
Hyperinflation adjustments	0.0	0.0	0.1
Foreign currency effects	–0.1	–0.1	–0.2
Closing balance at the end of the period	**20.1**	**14.6**	**12.8**
– of which deferred tax assets	24.6	19.6	19.8
– of which deferred tax liabilities	4.5	5.0	7.0

Disclosures related to amendment to IAS 12 Income Taxes in connection with the International Tax Reform related to the Pillar Two Model Rules

The OECD has published GloBE Model Rules, which include a minimum 15 % tax rate by jurisdiction ("Pillar Two"). Various countries in which we operate have enacted or intend to enact tax legislation to comply with Pillar Two rules from 2024. Swiss Steel Group is within the scope of the OECD's Pillar Two.

In December 2023, the Swiss government decided to partially implement Pillar Two by introducing a Qualified Domestic Minimum Top-up Tax (“QDMTT”) to reach the required taxation level of 15 % on Pillar Two qualifying profits earned by companies domiciled in Switzerland effective from January 1, 2024. For Pillar Two qualifying profits earned by subsidiaries domiciled in tax jurisdictions outside of Switzerland, the local QDMTT legislation was enacted and is effective for 2024 as applicable.

For the countries in which the Group operates and which have enacted a local QDMTT the Group has performed a preliminary calculation of the “Transitional Safe Harbours” for Pillar Two purposes ("TSH") on the basis of the OECD rules on “Safe Harbour and Penalty Relief’ issued on December 20, 2022. This preliminary calculation is based on the accounting data for the first half of the financial year 2024 and the country-by-country reporting for 2023. Based on this TSH test, no significant impact in terms of potential top-up tax is expected.

14 Property, plant and equipment

The breakdown of property, plant and equipment into subcategories is presented in the table below.

in million EUR	Land and buildings	Plant and equipment	Prepayments for property and plants under construction	Total
Cost value as of 1.1.2024	**734.9**	**2,887.8**	**64.1**	**3,686.8**
Changes in the scope of consolidation	–6.3	–135.7	–7.7	–149.7
Additions	0.1	6.0	18.3	24.4
Disposals	–1.3	–7.2	0.0	–8.5
Reclassifications	45.6	–28.5	–17.1	0.0
Hyperinflation adjustments	0.6	1.7	0.2	2.5
Foreign currency effects	–7.2	–14.5	0.1	–21.6
Cost value as of 30.6.2024	**766.4**	**2,709.6**	**57.9**	**3,533.9**
Accumulated depreciation and impairments as of 1.1.2024	**–601.8**	**–2,583.2**	**–14.3**	**–3,199.3**
Changes in the scope of consolidation	6.2	135.7	7.7	149.6
Depreciation	–3.7	–28.6	0.0	–32.3
Impairment	–0.3	–2.6	0.0	–2.9
Disposals	0.9	6.3	0.0	7.2
Reclassifications	–56.5	52.4	4.1	0.0
Hyperinflation adjustments	–0.5	–1.1	0.0	–1.6
Foreign currency effects	5.7	11.6	0.0	17.2
Accumulated depreciation and impairments as of 30.6.2024	**–650.0**	**–2,409.5**	**–2.5**	**–3,062.1**
Net carrying amount as of 30.6.2024	**116.4**	**300.1**	**55.4**	**471.8**

As in the prior year period and as at year-end 2023, impairment losses were recognized in the Production Asset Ascometal (cash-generating unit), belonging to the Engineering Steel Division. Up until the opening of judicial reorganization proceedings at the end of March 2024 (refer to note 7), the impairment charges amounted to EUR 3.0 million (of which EUR 2.9 million on property, plant and equipment).

15 Inventories

Inventories as of June 30, 2024 and as of December 31, 2023 break down as follows:

in million EUR	30.6.2024	31.12.2023
Raw materials, consumables and supplies	155.9	171.3
Semi-finished goods and work in progress	380.9	312.3
Finished products and merchandise	305.3	321.4
Total	**842.1**	**805.0**

16 Trade accounts receivable

Trade accounts receivable as of June 30, 2024 and as of December 31, 2023 break down as follows:

in million EUR	30.6.2024	31.12.2023
Gross accounts receivable	464.4	377.9
Allowances on trade accounts receivable	– 65.0	– 13.6
thereof on former intragroup trade accounts receivable from Ascometal	– 56.6	0.0
thereof on other trade accounts receivable	– 8.4	– 13.6
Net accounts receivable	**399.4**	**364.3**

For details on the allowances on the former intragroup trade accounts receivable from Ascometal, refer to note 7.

17 Shareholders' equity

At the Extraordinary General Meeting on April 4, 2024, the shareholders of Swiss Steel Holding AG approved the ordinary share capital increase proposed by the Board of Directors to strengthen the balance sheet of Swiss Steel Group. The capital increase consisted of the issuance of 3,101,000,000 newly registered and fully paid-up shares at an issue price of CHF 0.0925 per share after a reduction in the nominal value of all shares from CHF 0.15 to CHF 0.08.

Net proceeds, after transaction costs, amounted to EUR 285.8 million. As a result, the share capital of Swiss Steel Holding AG increased from EUR 361.4 million to EUR 446.3 million, and capital reserves increased from EUR 1,024.5 million to EUR 1,225.5 million.

Swiss Steel Group entered into a currency forward contract to ensure that the EUR equivalent of the gross proceeds in CHF resulted in at least EUR 300 million, as required by the relevant lenders. The currency forward contract resulted in a gain of EUR 6.9 million included in financial income in the consolidated income statement (refer to note 12).

In addition, at the Annual General Meeting on May 23, 2024, the shareholders of Swiss Steel Holding AG approved a reverse share split at a ratio of 200:1, as proposed by the Board of Directors. In order to allow for the share consolidation, the Annual General Meeting approved the proposed ordinary capital increase by a small amount of CHF 10.32.

As a result of the reverse share split, each holder of 200 registered shares of Swiss Steel Holding AG with a par value of CHF 0.08 (par value of the shares before the reverse share split), as held on 28 May 2024, received 1 new registered share with a par value of CHF 16.00 (par value of the shares after the reverse share split).

The following table summarizes the effects of the aforementioned transactions on the equity positions:

	Number of shares	CHF per share	Share capital in million CHF	Exchange rate[1]	Share capital in million EUR	Capital reserves in million EUR
As of 31.12.2023	**3,058,857,471**	**0.15**	**458.8**	**1.2695**	**361.4**	**1,024.5**
Reduction par value		– 0.07	– 214.1	1.2695	– 168.7	168.7
Share capital increase	3,101,000,000	0.08	248.1	0.9785	253.5	
Additional paid-in capital		0.0125		0.9785		39.6
Transaction costs						– 7.3
Reverse share split[2]	– 6,129,058,183					
As of 30.6.2024	**30,799,288**	**16.00**	**492.8**		**446.3**	**1,225.5**

[1] For the balances as of 31.12.2023 and the reduction of the par value, the historical exchange rate was applied. For the capital increase, the current exchange rate on April 24, 2024 was applied.

[2] The capital increase required to facilitate the reverse share split increased the share capital by CHF 10.32 (or EUR 10.42), hence no impact in millions of EUR.

18 Financial liabilities

Conditional to the aforementioned capital increase (refer to note 17), Swiss Steel Group and its financial lenders agreed to new financing agreements with extended terms until September 29, 2028. Financial liabilities materially consist of a syndicated credit facility up to a maximum of EUR 375.0 million (H2 2023: EUR 435.0 million), after a reduction of EUR 25.0 million triggered by the capital increase (refer to note 17) and a further reduction of EUR 35.0 million following the closing of the sale-and-leaseback transaction related to land and buildings (refer to note 8), and an asset backed security (ABS) financing program with a limit of EUR 299.2 million (EUR 260.0 million and USD 42.0 million). In addition, the Group executed an EUR 200.0 million facilities agreement split into a revolving credit facility of EUR 100.0 million and a term loan facility of EUR 100.0 million (together referred to as shareholder loans) provided by BigPoint Holding AG[1]. The maturity of all aforementioned debt instruments was extended to September 29, 2028.

Financial liabilities as of June 30, 2024 can be broken down as follows:

in million EUR	30.6.2024	31.12.2023
Syndicated loan	220.6	366.6
State-guaranteed loans	13.1	51.9
Lease liabilities	62.4	60.6
Loans from shareholder	135.9	95.0
Total non-current	**432.0**	**574.1**
Other bank loans	0.0	0.1
State-guaranteed loans	5.2	48.9
ABS financing program	203.6	185.5
Lease liabilities	18.3	9.3
Loans from shareholder	0.0	60.0
Negative market values of derivative financial instruments	0.7	0.9
Other financial liabilities	4.0	4.3
Total current	**231.8**	**309.0**

After the aforementioned repayments in relation to the capital increase and the sale-and-leaseback transaction of land and buildings, the syndicated loan as of June 30, 2024 amounted to EUR 220.6 million (H2 2023: EUR 366.6 million). The shareholder loans amounted to EUR 135.9 million (H2 2023: EUR 155.0 million). The ABS financing increased to EUR 203.6 million (H2 2023: EUR 185.5 million) due to the generally lower business activity at year-end. The state-guaranteed loans decreased due to the disposal of the Ascometal entities (refer to note 7).

19 Pensions

The Group has both defined benefit plans, in which the employer undertakes to deliver the agreed pension benefits to its employees, and defined contribution plans, where contractually defined amounts are transferred to an external pension institution. Most of the plans are defined benefit plans.

[1] GravelPoint Holding AG is a main shareholder of Swiss Steel Holding AG. BigPoint Holding AG holds 100 % of the shares in GravelPoint Holding AG.

Defined benefit obligations and plan assets

Changes in the present value of the defined benefit obligations and in the fair value of plan assets were as follows:

	Defined benefit obligation		Fair value of plan assets		Effect of asset ceiling		Net liability	
in million EUR	30.6.2024	31.12.2023	30.6.2024	31.12.2023	30.6.2024	31.12.2023	30.6.2024	31.12.2023
Present value of defined benefit obligations/fair value of plan assets at the beginning of the period	**512.4**	**475.9**	**378.4**	**344.3**	**66.8**	**60.9**	**200.8**	**192.5**
Current service cost	3.9	7.4	0.0	0.0	0.0	0.0	3.9	7.4
Administration expenses	0.0	0.0	–0.3	–0.4	0.0	0.0	0.3	0.4
Interest expense/income	5.1	13.1	2.7	7.6	0.4	1.3	2.8	6.8
Past service costs	0.0	–3.4	0.0	0.0	0.0	0.0	0.0	–3.4
Settlement	–5.5	0.0	–5.5	0.0	0.0	0.0	0.0	0.0
Net pension result	**3.5**	**17.1**	**–3.1**	**7.2**	**0.4**	**1.3**	**7.0**	**11.2**
Return on plan assets less interest income	0.0	0.0	13.2	15.6	0.0	0.0	–13.2	–15.6
Changes in unrecognized assets due to asset ceiling	0.0	0.0	0.0	0.0	15.8	0.2	15.8	0.2
Actuarial result from changes in demographic assumptions	0.0	–0.9	0.0	0.0	0.0	0.0	0.0	–0.9
Actuarial result from changes in financial assumptions	–13.6	33.2	0.0	0.0	0.0	0.0	–13.6	33.2
Actuarial result from experience adjustments	0.0	–4.1	0.0	0.0	0.0	0.0	0.0	–4.1
Remeasurement effects included in other comprehensive income	**–13.6**	**28.2**	**13.2**	**15.6**	**15.8**	**0.2**	**–11.0**	**12.8**
Employer contributions	0.0	0.0	3.1	6.1	0.0	0.0	–3.1	–6.1
Employee contributions	2.7	5.2	2.7	5.3	0.0	0.0	0.0	–0.1
Benefits paid	–15.5	–33.4	–10.3	–23.6	0.0	0.0	–5.3	–9.8
Change in scope of consolidation	–7.3	0.0	0.0	0.0	0.0	0.0	–7.3	0.0
Foreign currency effects	–10.6	19.4	–12.9	23.5	–2.4	4.4	–0.1	0.3
Present value of defined benefit obligations/fair value of plan assets at the end of the period	**471.6**	**512.4**	**371.1**	**378.4**	**80.6**	**66.8**	**181.0**	**200.8**
Provisions from obligations similar to pensions	0.5	0.6	0.0	0.0	0.0	0.0	0.5	0.6
Total provisions for pensions and obligations similar to pensions	**472.1**	**513.0**	**371.1**	**378.4**	**80.6**	**66.8**	**181.5**	**201.4**

The pension plan of Finkl Steel - Sorel (CA, registered: Sorel Forge Co.), is expected to be terminated by September 2024, subject to the approval of the local regulatory authorities *(Retraite Québec)*. Given that there were sufficient funds in the plan, EUR 5.5 million were settled. The EUR 7.3 million decrease in the defined benefit obligation from the change in scope of consolidation relates to the disposal of the Ascometal entities. The amounts are included in the disposal result (refer to note 7).

The negative past service costs of EUR 3.4 million in 2023 resulted from plan amendments to the Group's pension plan in Germany related to the introduction of a lump-sum withdrawal option for employees, thereby reducing future payments and thus the present value of the defined benefit obligation.

Material valuation assumptions for pensions

As of the reporting date, the main drivers for measuring the pension liabilities – the discount rates – were evaluated and adjusted if they were not within the appropriate range. The following valuation assumptions were used:

	Switzerland		Euro area		Canada	
in %	30.6.2024	31.12.2023	30.6.2024	31.12.2023	30.6.2024	31.12.2023
Discount rate	1.5	1.4	3.6	3.1	5.0	4.7
Salary trend	1.5	1.5	2.1-3.0	2.1-3.0	3.0	3.0
Pension increase	0.0	0.0	1.0-2.2	1.0-2.2	0.0	0.0

20 Segment reporting

Since 2023, the segment reporting has followed the Group's new organizational structure, which distinguishes between the Engineering Steel, Stainless Steel and Tool Steel Divisions.

The Engineering Steel Division satisfies the demand for special long steel wherever high mechanical loads are present and reliable, long-term use of components must be guaranteed. The customers are mainly from the mobility, mechanical engineering and energy sectors.

The Stainless Steel Division offers materials for applications where high resistance to corrosion or acid and high thermal loads are a necessity. The main customers operate in the aerospace, energy, medical, building and exploration sectors.

The Tool Steel Division provides solutions focused on economic machinability, high wear resistance and good thermal conductivity. The customers mainly belong to the mobility, packaging, optics, tools and molds sectors.

The chief operating decision maker of the Group (the Executive Board) monitors the operating results of each operating segment individually to assess their performance and decide on the allocation of resources. Earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted by one-time effects (adjusted EBITDA), is the key indicator used to assess the segment performance of the individual operating segments in accordance with IFRS Accounting Standards. Adjusted EBITDA is therefore segment profit/loss as defined by IFRS 8.

Transactions between the individual segments have been eliminated for segment reporting purposes. The exchange of goods and services within and between the operating segments takes place at transfer prices in accordance with the arm's length principle and international transfer pricing regulations. The segments' measures of profit or loss are determined using the same accounting policies as those used for Group accounting.

The reconciliation of the operating segment financials to the consolidated group financials is limited to other products and services which are not allocated to the operating segments as well as eliminations (elimination of income and expenses and elimination of intersegment profits and losses).

Not all assets and liabilities are available on Division level. The key performance indicator related to the statement of financial position that is regularly reported to the Executive Board is the net working capital.

The table below shows the segment reporting as of June 30, 2024:

	Engineering Steel		Stainless Steel		Tool Steel	
in million EUR	**H1 2024**	**H1 2023**	**H1 2024**	**H1 2023**	**H1 2024**	**H1 2023**
Third-party revenue	579.6	878.5	541.9	673.7	219.4	287.9
Intersegment revenue	0.0	0.0	0.0	0.0	0.0	0.0
Total revenue	**579.6**	**878.5**	**541.9**	**673.7**	**219.4**	**287.9**
Gross profit	**182.5**	**247.8**	**173.6**	**201.5**	**87.0**	**100.2**
Personnel expenses	– 148.3	– 164.3	– 124.9	– 116.9	– 62.8	– 61.2
Net operating expenses [1]	16.1	– 75.0	– 29.2	– 45.6	– 26.3	– 31.1
Operating result before depreciation, amortization and impairments (EBITDA)	**50.3**	**8.5**	**19.5**	**39.0**	**– 2.1**	**7.9**
Adjustments [2]	– 76.0	4.2	– 12.3	5.2	– 4.2	2.2
Segment result (= adjusted EBITDA)	**– 25.7**	**12.7**	**7.2**	**44.2**	**– 6.3**	**10.1**
Depreciation and amortization of intangible assets and property, plant and equipment						
Operating result (EBIT)						
Financial income						
Financial expenses						
Earnings before taxes (EBT)						
in million EUR	**30.6.2024**	**31.12.2023**	**30.6.2024**	**31.12.2023**	**30.6.2024**	**31.12.2023**
Net working capital [3]	277.4	293.8	408.6	336.1	229.9	205.8

[1] The result of the disposal of Ascometal (refer to note 7) is included in the net operating expenses of the Engineering Steel Division.
[2] Adjustments: performance improvement program, others (EUR – 100.1 million); reorganization and transformation processes (EUR 4.8 million); restructuring and other personnel measures (EUR 2.7 million). The EUR – 100.1 million mainly include the result from the disposal of subsidiaries of EUR 62.0 million (note 7) and the result from the sale-and-leaseback of EUR 33.6 million (note 8).
[3] Net working capital is calculated as the sum of inventories and trade accounts receivable, reduced by trade accounts payable.

The revenue of EUR 38.3 million (H1 2023: EUR 17.2 million) shown under other products and services relates to activities that are not allocated to any of the three Divisions, such as toll manufacturing services provided by our production plants and rental income.

Total divisions		Other products and services / Reconciliation		Total	
H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
1,340.9	1,840.1	38.3	17.2	1,379.2	1,857.3
0.0	0.0	0.0	0.0	0.0	0.0
1,340.9	**1,840.1**	**38.3**	**17.2**	**1,379.2**	**1,857.3**
443.1	**549.5**	**4.1**	**0.7**	**447.2**	**550.2**
– 336.0	– 342.4	– 3.4	– 3.1	– 339.4	– 345.5
– 39.4	– 151.7	3.3	5.4	– 36.1	– 146.2
67.7	**55.4**	**4.0**	**3.0**	**71.7**	**58.5**
– 92.5	11.6	– 0.1	0.0	– 92.6	11.5
– 24.8	**67.0**	**3.9**	**3.0**	**– 20.9**	**70.0**
				– 43.7	– 41.5
				28.0	**17.0**
				7.5	1.2
				– 43.4	– 41.2
				– 7.9	**– 23.0**
30.6.2024	31.12.2023	30.6.2024	31.12.2023	30.6.2024	31.12.2023
915.9	835.7	2.2	– 9.5	918.1	826.2

Legal notice

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The equal treatment of men and women is very important to Swiss Steel Group. Every care has been taken to ensure that we do not exclude either gender in the wording of this report.

This interim report 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 are subject to uncertainty and may differ materially from the current facts, situation, impact or developments.

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