

**klöckner & co**

Your partner for a  
sustainable tomorrow

**Annual General Meeting  
June 1, 2022**

---

Address by

Guido Kerkhoff,  
CEO of Klöckner & Co SE

(Check against delivery)

Dear Shareholders, Ladies and Gentlemen,

Welcome to our Annual General Meeting.

How quickly a year goes by. I took over as CEO of Klöckner & Co around 12 months ago. Back then, I presented our new “Klöckner & Co 2025: Leveraging Strengths” growth strategy to you. It was the beginning of a year of many changes. A year of sustainability and digitalization initiatives. A year of progress for our Company. I am pleased to have the opportunity to review the past year with you today – and, of course, to look to the future.

We do so at a time when the world has fundamentally changed. Russia’s war of aggression against Ukraine marks a watershed. A war in the heart of Europe, a humanitarian disaster right before our eyes. I – like all of us – have been profoundly shaken by these developments. We condemn this war in the strongest terms. And our sympathy goes out to the people of Ukraine.

The performance of Klöckner & Co in the past year contrasted starkly with these events.

Dear Shareholders,

I can confidently say: 2021 was an excellent year for your Company.

We generated the best results since our IPO in 2006. A great achievement.

I would like to express my thanks to all of our colleagues worldwide. It is their passion and dedication to our Company and products – often in the difficult circumstances caused by the coronavirus pandemic – that made this success possible. So, on behalf of the full Management Board, I would like to express our sincere gratitude.

In fiscal year 2021, Klöckner & Co’s sales increased by a very substantial 45% to €7.4 billion. Net income was likewise extremely strong at €629 million. We therefore significantly improved our balance sheet structure. In December, we also used €243 million to fund our pension obligations. The funds invested in the trust arrangements enable us to largely close the funding gap on our

pension obligations in Germany and the United Kingdom by offsetting. This will relieve our operating cash flow by around €15 million annually starting from 2022.

We were able to build on this with an exceptional start to 2022. The strong operating performance continued in January to March, driven both by the consistent implementation of our strategy and favorable price developments.

We published the figures around four weeks ago. We increased our sales by around 60% to €2.4 billion. Net income amounted to €172 million.

The strong business development is also demonstrated by our EBITDA. Assisted by the positive market environment, operating income (EBITDA) before material special effects increased to €879 million in fiscal year 2021. In the first quarter of 2022, including material special effects – primarily from the sale of closed sites – EBITDA came to around €254 million.

I am therefore pleased to be able to propose a record dividend in the exceptional amount of €1 per share to you, our valued shareholders, for the past fiscal year.

This positive trend is also reflected in the performance of Klöckner & Co's shares. For the full year 2021, they rose in value by a significant 34%. This clear increase meant our share considerably outperformed both the DAX and the SDAX in fiscal year 2021. To us, this is a sign that the capital market appreciates the work we have done and recognizes the potential the Company offers.

The share continued to perform well in the first quarter of 2022, which further highlights the improved resilience of our business.

Let us now turn our attention to the outlook for the coming year. Russia's war of aggression, the further course of which cannot be foreseen, is already casting a shadow over 2022. It is also impossible to predict the economic impact of the current and potential future sanctions. And all of this takes place against the backdrop of a global pandemic.

Despite these difficult circumstances, Klöckner & Co is looking to the future with confidence. We expect sales to rise significantly and shipments to remain stable or slightly increase in the second quarter of 2022. In addition, we forecast EBITDA before material special effects of between €180 million and €240 million.

For the full year 2022, we expect shipments and sales to be well above the prior-year level. Cash flow from operating activities is also predicted to increase significantly.

As you can see, we remain firmly committed to building on our sustainable growth.

Ladies and Gentlemen,

The key driver of our continued growth will be the consistent implementation of our “Klöckner & Co 2025: Leveraging Strengths” corporate strategy.

We have built up clear strengths and capabilities in recent years that we are now purposefully leveraging to become the leading digital one-stop-shop platform for steel, other materials, equipment and processing services in Europe and the Americas as well as a pioneer for sustainability. Our aim is to accelerate customer growth, comprehensively expand our own product and service portfolio and grow our partner network.

A core element of this remains our digitalization and automation measures as well as the systematic implementation of our dedicated sustainability strategy. We are also focusing on enhancing our operational excellence. Consulting expertise in materials and processing as well as an agile corporate culture also form an important part of the foundation for the Group’s successful development.

I’d like to now take a few minutes to explain the progress made with our strategic initiatives in the past year.

In the area of digitalization and automation, we took Kloeckner Assistant to the next level. The AI-driven application has been expanded and is now a key tool in the increasingly automated

processing of quotes and orders. Kloeckner Assistant is now able to handle all major processing quote requests. In addition, we launched a process analysis, which aims to extend automated processing – which already works for PDF files – to cover text emails in the future. We processed a sales volume of more than €1 billion with Kloeckner Assistant in 2021.

And we continue to make great progress: we already processed sales of around €390 million in the first quarter of 2022 – almost double the amount of the first quarter of 2021.

We also restructured our digital unit kloeckner.i, which bundles all of our IT and digitalization expertise under one roof. In connection with this, we established a new hub in the USA to drive forward digitalization in our largest single market.

The introduction of the new EU/Europe structure, with Bernhard Weiss as CEO Europe, has strengthened our cross-border and cross-functional cooperation internally. This also includes our Center of Excellence in Finance & Administration, which harmonizes our internal administrative and financial processes and structures.

In 2014, we resolved to make Klöckner & Co a digital pioneer in the steel industry. We have proudly fulfilled this role for a number of years. Last year, we laid the foundations to also become a pioneer in the area of sustainability.

Under the slogan “kloeckner takes action 2040,” we are taking responsibility for our environment and have developed a dedicated sustainability strategy, which also feeds into our corporate strategy. To us, sustainability means: acting responsibly, with clear goals and very specific measures across different dimensions. For us, these dimensions include social responsibility and modern, effective governance in addition to environmental factors.

We were one of only a select few players in the steel sector to sign up as early as 2020 to the Science Based Targets initiative (SBTi) “Business Ambition for 1.5°C” campaign, the world’s most ambitious and high-profile framework for emissions reduction.

Klöckner & Co is the first company in the world to have had all net zero carbon targets recognized as science-based targets in the standard validation process in accordance with the latest SBTi standards. All reduction targets are thus based on the latest scientific findings and are consistent with the strict requirements of the Paris Climate Agreement.

In a first step, we are significantly reducing our directly controllable greenhouse gas emissions by 2030 and intend to achieve net zero by 2040. In addition to the extensive reduction measures across all scopes, we offset the remaining unavoidable Scope 1 and 2 emissions by investing in high-quality, certified offsetting projects. As a result, Klöckner & Co is already carbon-neutral today.

But we do not plan to stop there. As a pioneer, we are going a step further, deeply embedding green solutions in our business model. To achieve this, we are establishing a portfolio of sustainable products and services at Klöckner & Co.

Last year, by partnering with the Swedish company H2 Green Steel, we secured access to substantial quantities of virtually carbon-emission-free steel. We have since entered into partnerships to acquire green steel with five further suppliers.

To also enable our customers to contribute to decarbonization, we developed a green steel categorization metric. This metric makes it possible to reliably, transparently and easily see the carbon footprint of a green product purchased from Klöckner & Co. The metric is based on international, science-based standards. Low-carbon steel is allocated to one of a total of six categories according to the certified emissions generated along the entire value chain, from resource extraction to production.

Through this classification system, we aimed to create an easy way to reliably assess and compare the carbon footprint of green steel. We categorize “green steel” solely according to environmental sustainability based on specified limits – the production processes or materials used do not play a role. Our customers should have full transparency regarding actual carbon footprint. We will be able to provide carbon-reduced steel in various categories of the scale by the

end of 2022. This will enable Klöckner & Co to support customers in building sustainable value chains starting this year.

As a pioneer on the way to a sustainable steel industry, we exploit the strategic opportunities presented by decarbonization. To achieve this, we are striving to develop and expand our sustainable business as rapidly as possible. This will ensure we become the first point of contact for our customers when it comes to green products and services in the steel sector.

Our goal is for the two lowest-carbon-footprint categories to account for over 30% of our entire range by 2025 and 50% by 2030. This equates to a reduction in carbon emissions by some four million tons, marking a true milestone on the road to sustainable industry and society.

During times of change, it is especially important to provide clear messaging. Over the past few months at Klöckner & Co, we have therefore been addressing our identity. This has resulted in a purpose, a claim and a redesigned logo.

Our purpose statement was defined in a 360-degree process incorporating input from employees: “We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow.”

This underscores our self-perception as a reliable partner to customers and suppliers, with innovative solutions that go beyond the supply of steel alone. At the same time, Klöckner & Co works for a sustainable future and aims to evolve from a digital pioneer in the steel industry to a pioneer of sustainability.

The corporate slogan formulated in this context reflects the purpose statement and encapsulates the core brand promise: “Your partner for a sustainable tomorrow.” We will also use an adapted logo to strengthen our brand positioning going forward.

Dear Shareholders, Ladies and Gentlemen,

We are optimistic for the current year and we have laid crucial foundations.

Following record results and a strong start to the year, we will continue to systematically implement our digitalization and automation initiatives. We will also build on our role as a pioneer in the area of sustainability. We are extremely well positioned to take advantage of current economic and social opportunities.

On the basis of our purpose statement, we intend to support our customers and partners on the path to a sustainable future. We will do our utmost to achieve this. Thank you for your attention and your trust in Klöckner & Co!

## Disclaimer

This document contains forward-looking statements which reflect the current views of the management of Klöckner & Co SE with respect to future events. They generally are designated by the words “expect”, “assume”, “presume”, “intend”, “estimate”, “strive for”, “aim for”, “plan”, “will”, “endeavor”, “outlook” and comparable expressions and generally contain information that relates to expectations or goals for economic conditions, sales proceeds or other yardsticks for the success of the enterprise. Forward-looking statements are based on currently valid plans, estimates and expectations and are therefore only valid on the day on which they are made. You therefore should consider them with caution. Such statements are subject to numerous risks and factors of uncertainty (e. g. those described in publications) most of which are difficult to assess and which generally are outside of the control of Klöckner & Co SE. The relevant factors include the effects of reasonable strategic and operational initiatives, including the acquisition or disposal of companies or other assets. If these or other risks and factors of uncertainty occur or if the assumptions on which the statements are based turn out to be incorrect, the actual results of Klöckner & Co SE can deviate significantly from those that are expressed or implied in these statements. Klöckner & Co SE cannot give any guarantee that the expectations or goals will be attained. Klöckner & Co SE – notwithstanding existing legal obligations – rejects any responsibility for updating the forward-looking statements through taking into consideration new information or future events or other things. In addition to the key figures prepared in accordance with IFRS and German-GAAP respectively, Klöckner & Co SE is presenting non-GAAP key figures such as EBITDA, EBIT, Net Working Capital and net financial liabilities that are not a component of the accounting regulations. These key figures are to be viewed as supplementary to, but not as a substitute for data prepared in accordance with IFRS. Non-GAAP key figures are not subject to IFRS or any other generally applicable accounting regulations. In assessing the net assets, financial position and results of operations of Klöckner & Co SE, these supplementary figures should not be used in isolation or as an alternative to the key figures presented in the consolidated financial statements and calculated in accordance with the relevant accounting principles. Other companies may base these concepts upon other definitions. Please refer to the definitions in the annual report 2021. For other terms not defined in the annual report 2021, please refer to the glossary on our website at <https://www.kloeckner.com/en/glossary.html>.

## Rounding

Rounding differences may occur with respect to percentages and figures.

## Abweichungen aus technischen Gründen

Variances may arise for technical reasons (e.g., conversion of electronic formats) between the financial figures contained in this document and the format submitted to the Federal Gazette (Bundesanzeiger). In this case, the version submitted to the Federal Gazette shall be binding.

The English translation of the document are also available, in case of deviations the German versions shall prevail.

Evaluating statements are unified and are presented as follows:

+/- 0-1 %	+/- >1-5 %	+/- >5 %
constant	slight	considerable