

*- Non-binding English Translation -*

Mandatory Publication pursuant to  
Sec. 27 (3) in conjunction with Sec. 14 (3) sentence 1 of the German Securities Acquisition and Takeover  
Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*)

**klöckner & co**

**Joint Response Statement  
of the Management Board and the Supervisory Board**

of

**Klöckner & Co SE**

Am Silberpalais 1  
47057 Duisburg

**pursuant to Sec. 27 (1) WpÜG**

**on the voluntary public takeover offer**

of

**SWOCTEM GmbH**

Rudolf Loh Straße 1  
35708 Haiger, Germany

to

**the shareholders of Klöckner & Co SE**

dated March 27, 2023

No-par value shares (registered shares) of Klöckner & Co SE: ISIN DE000KC01000

No-par value shares (registered shares) of Klöckner & Co SE tendered for sale: ISIN DE000KC01V16

New no-par value shares (registered shares) of Klöckner & Co SE: ISIN DE000KC01W15

New no-par value shares (registered shares) of Klöckner & Co SE tendered for sale:

ISIN DE000KC01VN7

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## I. GENERAL INFORMATION ABOUT THIS STATEMENT

On March 27, 2023, pursuant to Secs. 34 and 14 (2) and (3) of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, "**WpÜG**"), SWOCTEM GmbH, with registered office in Haiger, Germany (the "**Bidder**"), a holding company controlled by Prof. Dr. E.h. Friedhelm Loh, published the Offer Document within the meaning of Sec. 11 WpÜG (the "**Offer Document**") for its voluntary public takeover offer (the "**Offer**") made to all shareholders of Klöckner & Co SE, Duisburg, Germany ("**Klöckner & Co SE**" or the "**Company**" and, together with its affiliated companies within the meaning of Secs. 17 et seqq. of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**"), hereinafter referred to as the "**Klöckner & Co**", the individual affiliated companies respectively a "**Klöckner & Co Company**" and the shareholders of Klöckner & Co SE hereinafter referred to as the "**Klöckner & Co Shareholders**"), in order to acquire all of the no-par value registered shares of Klöckner & Co SE (ISIN DE000KC01000, WKN KC0100) (the "**Klöckner & Co Shares**") not directly held by the Bidder against payment of a cash consideration in the amount of EUR 9.75 for each Klöckner & Co Share (the "**Offer Price**"), in each case including all ancillary rights, in particular the right to dividends, existing at the time of the consummation of the Offer.

The Offer Document was submitted to Klöckner & Co SE's Management Board (the "**Management Board**") on March 27, 2023. The Management Board forwarded the Offer Document on the same day to Klöckner & Co SE's Supervisory Board (the "**Supervisory Board**").

The Management Board and the Supervisory Board are hereby issuing this joint response statement pursuant to Sec. 27 (1) WpÜG (the "**Statement**") with regard to the Bidder's Offer. The Management Board and the Supervisory Board each resolved on this Statement on March 31, 2023. In the context of the Statement, the Management Board and the Supervisory Board point out the following in advance:

### 1. Legal and factual bases

Under Sec. 27 (1) sentence 1 WpÜG, the management board and the supervisory board of a target company shall issue a response statement on a takeover offer and all modifications thereof. The statement may be issued jointly by the target company's management board and supervisory board. The Management Board and the Supervisory Board have decided to issue a joint statement regarding the Bidder's Offer. This Statement is being issued solely under German law.

Time data in this Statement is given in Central European Summer Time ("**CEST**") unless explicitly stated otherwise. The currency designations "**EUR**" or "**Euro**" refer to the currency of the European Economic and Monetary Union pursuant to Article 3 (4) of the Treaty on the European Union. To

the extent terms such as "at this point in time", "at the date hereof", "currently", "at the moment", "now", "at present" or "today" are used, these terms refer to the date of publication of this Statement, i.e., March 31, 2023, unless explicitly stated otherwise.

All information, forecasts, assessments, value judgements, valuations, forward-looking statements and declarations of intent contained in this Statement are based on the information available to the Management Board and the Supervisory Board at the time of publication of this Statement or reflect their assessments or intentions as at this point in time. Forward-looking statements express intentions, opinions or expectations and entail known or unknown risks and uncertainties because such statements refer to events and depend on circumstances that will occur or prevail in the future. Forward-looking statements are indicated by words and phrases such as "target", "anticipate", "expect", "plan", "will" or similar words. While the Management Board and the Supervisory Board assume that the expectations contained in such forward-looking statements are based on justified and verifiable assumptions and, to the best of their knowledge and belief, are correct and complete as at the time of publication of this Statement, the underlying assumptions may, however, change after the date of publication of this Statement as a result of political, economic or legal events.

The Management Board and the Supervisory Board do not intend to update this Statement and do not assume any obligations to update this Statement, unless they are required to do so under German law.

The information contained in this Statement about the Bidder, about the persons acting jointly with the Bidder and about the Offer is based on the information contained in the Offer Document and other publicly available information unless explicitly stated otherwise. The Management Board and the Supervisory Board point out that they are not in a position to verify all the information contained and the intentions specified by the Bidder in the Offer Document. It cannot be ruled out that the Bidder may have changed or may yet change its stated intentions and it is not certain that the intentions published in the Offer Document will actually be implemented.

## **2. Statement by the competent works council**

In accordance with Sec. 27 (2) WpÜG, the competent works council of the target company can make a statement about the offer to the management board, which the management board must then attach to its statement in accordance with Sec. 27 (2) WpÜG irrespective of its obligation under Sec. 27 (3) sentence 1 WpÜG. The General Works Council of Klöckner & Co SE did not submit any statement of its own.



### **3. Publication of statements regarding the Offer and possible amendments to the Offer**

This Statement and any supplements and/or additional statements regarding any amendments to the Offer will be published in accordance with Sec. 27 (3) and Sec. 14 (3) sentence 1 WpÜG on the Internet on the website of the Company at

*<https://www.kloeckner.com/de/investoren/freiwilliges-oeffentliches-uebernahmeangebot-durch-dieswoctem-gmbh.html>*

in German and at

*<https://www.kloeckner.com/en/investors/voluntary-public-takeover-offer-by-swoctem-gmbh.html>*

as a non-binding English translation. Copies of the statements are available at Klöckner & Co SE, Investor Relations, Am Silberpalais 1, 47057 Duisburg, Germany, for distribution free of charge (ordering also possible by phone at +49 203-307-2290 or by email to [ir@kloeckner.com](mailto:ir@kloeckner.com), in each case by providing a postal address for mailing). Both the fact of publication and availability of copies for distribution free of charge will be announced in the German Federal Gazette (*Bundesanzeiger*).

This Statement and any supplements and/or additional statements regarding any amendments to the Offer will be published, in addition to the authoritative German version, as a non-binding English translation; no liability is assumed for the correctness or completeness of the non-binding English translation.

### **4. Individual review responsibility of Klöckner & Co Shareholders**

The Management Board and the Supervisory Board point out that the description of the Offer contained in this Statement does not purport to be complete and that solely the terms of the Offer Document apply to the content and the settlement of the Offer. The valuations and recommendations of the Management Board and the Supervisory Board contained in this Statement do not bind the Klöckner & Co Shareholders in any way. To the extent that this Statement makes reference to, quotes, summarizes or repeats the Offer or the Offer Document, such statements are deemed to be mere references, i.e., the Management Board and the Supervisory Board neither adopt the terms of the Offer or Offer Document as their own, nor do they assume any liability for the correctness or completeness of the Offer or Offer Document.

According to the Bidder's statements in no. 1.6 of the Offer Document, the Offer can be accepted by all Klöckner & Co Shareholders in accordance with the terms set out in the Offer Document and the respective applicable legal provisions. The offer is not directed at holders of American Depositary

Receipts with ISIN US49865T1079 issued by Citibank Europe plc in respect of Klöckner & Co Shares (the "**Klöckner & Co ADRs**") and may not be accepted by holders of Klöckner & Co ADRs.

In no. 1.2 of the Offer Document, the Bidder further points out that for Klöckner & Co Shareholders whose place of residence, registered office or habitual abode is outside the Federal Republic of Germany, it may be difficult to enforce their rights and claims arising under the laws of a country other than their own country of residence, registered office or habitual abode, in particular, since Klöckner & Co SE is a company incorporated under German law that is registered with a commercial register in the Federal Republic of Germany and all or most of whose executive staff and board members may have their place of residence in a country other than the country of residence, registered office or habitual abode of the relevant Klöckner & Co Shareholder. In no. 1.6 of the Offer Document, the Bidder also explains that the acceptance of the Offer outside the Federal Republic of Germany, the Member States of the European Union and of the European Economic Area or the United States of America ("**USA**") may be subject to certain legal restrictions. The Bidder points out that it does not guarantee that the acceptance of the Offer outside the Federal Republic of Germany, the Member States of the European Union and of the European Economic Area and the USA is permissible under the relevant applicable statutory provisions.

It is the responsibility of each Klöckner & Co Shareholder to take note of the Offer Document, to form an opinion on the Offer and, if required, to take all necessary measures. The Klöckner & Co Shareholders must each reach their own individual decisions on whether and, where applicable, to what extent they wish to accept the Offer, taking into account the overall situation, their individual circumstances (including their individual tax situations) and their personal assessments of the future development of the value and share price of the Klöckner & Co Shares. This Statement does not take into account individual circumstances, situations or interests that individual Klöckner & Co Shareholders may have on the basis of contractual agreements, their individual tax situation, the size of their share packages or other circumstances of any kind, and which may be relevant for the assessment of the Offer in its entirety, the adequacy of the Offer Prices or other aspects of the Offer. In reaching their decisions to accept or to decline the Offer, the Klöckner & Co Shareholders should take into account all sources of information available to them and take sufficient account of their personal interests. The Management Board and the Supervisory Board do not assume any responsibility for the Klöckner & Co Shareholders' decisions. If the Klöckner & Co Shareholders accept the Offer, they are responsible themselves for complying with the requirements and conditions described in the Offer Document.

The Management Board and the Supervisory Board point out that Klöckner & Co Shareholders who intend to accept the Offer must check whether this acceptance will be compliant with the legal obligations that may potentially result from their individual circumstances (e.g., security interests in the shares, or sales restrictions). The Management Board and the Supervisory Board cannot assess

such individual obligations and/or consider them in their recommendation. The Management Board and the Supervisory Board recommend to all persons, particularly those receiving the Offer Document outside of the Federal Republic of Germany, or those who wish to accept the Offer but are subject to the securities laws of a jurisdiction other than the Federal Republic of Germany, to inform themselves about the applicable legal regulations and to comply with them. The Management Board and the Supervisory Board recommend that the Klöckner & Co Shareholders obtain individual tax and legal advice insofar as necessary.

## **5. Information for Klöckner & Co Shareholders having their place of residence, registered office or habitual abode in the USA**

This Statement is issued in accordance with the statutory provisions of the Federal Republic of Germany. It does not constitute a statement pursuant to Sec. 14 (d) (1) or 13 (e) (1) of the Securities Exchange Act 1934, as amended, in conjunction with the General Rules and Regulations applicable thereunder ("**Tender Offer Statement**"). The Management Board and the Supervisory Board also advise the Klöckner & Co Shareholders whose place of residence, registered office or habitual abode is in the USA of the fact that this Statement has been prepared in accordance with a format and structure customary in the Federal Republic of Germany, which differ from the format and structure customary for a Tender Offer Statement in the USA. In addition, the content of this Statement differs from the mandatory information to be provided in a Tender Offer Statement under US law. Furthermore, the Management Board and the Supervisory Board point out that neither the US Securities and Exchange Commission nor any state securities commission in the USA have approved or disapproved this Statement or reviewed this Statement prior to its publication.

## **II. GENERAL INFORMATION ABOUT KLÖCKNER & CO SE AND THE BIDDER**

### **1. Klöckner & Co SE**

#### **1.1 Legal bases**

Klöckner & Co SE is a listed European Company (*Societas Europaea*) incorporated under German law with its registered office in Duisburg, Germany, registered with the commercial register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Duisburg under no. HRB 20486. The Company's business address is Am Silberpalais 1, 47057 Duisburg, Germany. The Company is the parent company of Klöckner & Co. Klöckner & Co SE directly holds the ownership interests in most management companies heading the Klöckner & Co's national and international country organizations, as well as in individual operating country companies. Today's Klöckner & Co SE was created through a change of legal form from Klöckner & Co Aktiengesellschaft.

The corporate purpose of Klöckner & Co SE is (a) the distribution and trading of steel, metal and synthetic products as well as their manufacture and processing; and (b) the acquisition and administration of participations of all kinds, in particular in companies whose corporate purpose relates to the activities described under (a). Klöckner & Co SE may form subsidiaries in Germany and abroad, establish branches and assume participations in other companies to the extent they are active in the Company's field of business or are beneficial to its corporate purpose, including for the purpose of the development and subsequent sale of such companies. Klöckner & Co SE may represent companies in which it participates, consolidate them under a unified management and conclude inter-company agreements for this purpose. The Company may outsource or convey its business in full or in part to affiliated companies.

The fiscal year is the calendar year.

## **1.2 Members of the Management Board and the Supervisory Board**

The Management Board currently consists of four members: Guido Kerkhoff (Chairman of the Management Board, CEO), Dr. Oliver Falk (Chief Financial Officer, CFO), John Ganem (CEO Americas) and Bernhard Weiß (CEO Europe).

In accordance with Section 9 (1) of the Articles of Association of Klöckner & Co SE, the Supervisory Board is composed of six representatives elected by the Annual General Meeting of the Company. The Supervisory Board currently has the following six members: Prof. Dr. Dieter H. Vogel (Chairman of the Supervisory Board), Dr. Ralph Heck (Deputy Chairman of the Supervisory Board), Prof. Dr. Tobias Kollmann, Prof. Dr.-Ing. E.h. Friedhelm Loh, Uwe Röhrhoff and Ute Wolf. Prof. Dr.-Ing. E.h. Friedhelm Loh controls the Bidder and, therefore, did not take part in the consultations and passing of a resolution on this response statement.

## **1.3 Capital and shareholder structure**

The Company's share capital at the time of publication of this Statement amounts to EUR 249,375,000.00 and is divided into 99,750,000 no-par value registered shares (*Stückaktien*). EUR 100,000,000.00 of the share capital was contributed through the identity-preserving change of legal form of Multi Metal Holding GmbH to Klöckner & Co Aktiengesellschaft, following which EUR 116,250,000.00 of the share capital was contributed through the identity-preserving conversion of Klöckner & Co Aktiengesellschaft to Klöckner & Co SE. Furthermore, EUR 50,000,000.00 of the Company's share capital was paid in as a cash contribution as part of a capital increase in 2009. Finally, EUR 83,125,000.00 of the Company's share capital was paid in as a cash contribution as part of a capital increase in 2011.

Pursuant to Section 4 (3) of the Articles of Association of Klöckner & Co SE, the Management Board

is authorized to increase, with the consent of the Supervisory Board, the share capital on one or more occasions on or before May 31, 2027, by a total of up to EUR 49,875,000.00 (in words: forty-nine million eight hundred seventy-five thousand euros) by issuing up to 19,950,000 new no-par value registered shares against cash contributions or contributions in kind ("**Authorized Capital 2022**"). The Klöckner & Co Shareholders are in principle to be granted subscription rights for the new shares. However, the Management Board is authorized to exclude, subject to the consent of the Supervisory Board, shareholders' subscription rights in the cases listed in Section 4 (3) (b) of Klöckner & Co SE's Articles of Association. The authorized capital has not been utilized yet.

Originally, by resolution of the Annual General Meeting of May 24, 2013, the Company's share capital was subject to a conditional increase of up to EUR 49,875,000.00 through the issue of up to 19,950,000 new no-par value registered shares with dividend rights from the beginning of the fiscal year in which they are issued. With a corresponding amendment of Section 4 (6) sentence 1 of the Articles of Association, old conditional capital 2013 was partially cancelled and adjusted by resolution of the Annual General Meeting of May 12, 2017, to the effect that the share capital of the Company is now only subject to a conditional increase of up to EUR 24,932,500.00 through the issue of up to 9,973,000 no-par value registered shares ("**Conditional Capital 2013**"). Conditional Capital 2013 serves the purpose of granting shares to satisfy subscription and/or conversion rights and/or obligations of the holders of warrant-linked and/or convertible bonds that are issued by the Company or a Group company in accordance with the authorization of the Company's Annual General Meeting of May 24, 2013, adopted under agenda item 6. In addition, the conditional capital served the purpose of issuing shares to creditors of convertible bonds issued based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2009, or based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2010, in case of an adjustment of the conversion ratio. The Company's Management Board is authorized to determine the further details of the implementation of a conditional capital increase.

Pursuant to Section 4 (7) of the Articles of Association of Klöckner & Co SE, the Company's share capital is subject to a conditional increase of up to EUR 24,937,500.00 through the issue of up to 9,975,000 new no-par value registered shares with dividend rights from the beginning of the fiscal year in which they are issued ("**Conditional Capital 2022**"). Conditional Capital 2022 serves the purpose of granting shares to the holders or creditors of warrant-linked bonds or convertible bonds issued by the Company or by companies dependent on the Company or by companies in which the Company holds a majority interest in accordance with the authorization approved by the Annual General Meeting on June 1, 2022, under agenda item 8. It will only be implemented to the extent that option or conversion rights under the aforementioned warrant-linked bonds and convertible bonds are exercised or conversion obligations under such bonds have to be fulfilled and to the extent that no other forms of fulfilling such claims are used. Conditional Capital 2022 also serves the purpose of issuing shares to holders of convertible bonds issued on the basis of the resolution on agenda

item 6 of the Annual General Meeting of the Company on May 24, 2013, in the event of an adjustment of the conversion ratio. The Company's Management Board is authorized to determine the further details of the implementation of the conditional capital increase. No warrant-linked and/or convertible bonds were issued so far under the aforementioned authorization.

By resolution of the Annual General Meeting of June 1, 2022, Klöckner & Co SE was authorized, in accordance with Sec. 71 (1) no. 8 AktG, in also using derivatives and with the subscription rights of the Klöckner & Co Shareholders excluded, to acquire its own shares on or before May 31, 2027, collectively representing a maximum of 10% of the share capital issued as at the time the authorization enters into effect or – if this figure is lower – at the time the authorization is exercised. Klöckner & Co SE has so far not exercised this authorization. Klöckner & Co SE currently does not directly hold any of its own shares.

The Klöckner & Co Shares (ISIN DE000KC01000) have been listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange since June 28, 2006. The Klöckner & Co Shares are also included in the SDAX stock index (the "SDAX"). In addition, the Klöckner & Co Shares are traded, *inter alia*, over the counter (*im Freiverkehr*) of the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart and on the Tradegate Exchange.

According to the voting rights notifications received by Klöckner & Co SE by March 31, 2023, more than 3% of the voting rights in the Company are to be attributed to the following persons (top-level reporting persons/entities only). To Klöckner & Co SE's knowledge, the remaining Klöckner & Co Shares are in free float.

Notifying person	Voting rights (shares and instruments)	Date of publication
Prof. Dr.-Ing. E.h. Friedhelm Loh <sup>1</sup>	30.00003%	March 15, 2023
Rossmann Beteiligungs GmbH	5.02%	July 4, 2022
The Goldman Sachs Group, Inc.	4.99%	November 4, 2022
Claas Edmund Daun	3.05%	May 22, 2019
Dimensional Holdings Inc.	3.01%	December 1, 2022

1) Regarding the corporate structure of the entities held by Prof. Dr.-Ing. E.h. Friedhelm Loh, see Part II.2 of this Statement.

## 1.4 Structure and business of Klöckner & Co<sup>1</sup>

Klöckner & Co is one of the largest producer-independent distributors of steel and metal products and one of the world's leading steel service center companies. The Group is divided into three operating segments: Kloeckner Metals US, Kloeckner Metals EU and Kloeckner Metals Non-EU.

<sup>1</sup> Unless stated otherwise, the information in this Part relates to the cut-off date of December 31, 2022.

Headquarters functions not allocated to a segment are reported separately, together with consolidation adjustments, under Headquarters and Others.

Klöckner & Co has around 50 main suppliers worldwide and acts as a connecting link between steel producers and consumers. Klöckner & Co's global network extends across 13 countries with a focus on Europe and the USA. The Company's extensive product range includes roughly 200,000 products. Via an extensive sales and distribution network, the Company provides its customers with access to some 150 distribution and service locations. The Company's customer base comprises more than 90,000 mostly small to medium-sized steel and metal consumers, primarily from the construction industry, machinery and mechanical engineering, the transportation industry and other metal transforming companies. The Company provides customers by way of digitalized and automated processes with an optimized, end-to-end solution from procurement through logistics to prefabrication, including individual delivery and 24-hour service. In doing so, Klöckner & Co helps customers to build a sustainable value chain by offering CO<sub>2</sub>-reduced solutions with regard to materials, processing, logistics and circularity solutions together with comprehensive advice on sustainable products and services. Via its smart software solutions and internally developed rating scales Klöckner & Co gives customers full visibility into the carbon footprint of the steel, stainless steel and aluminum products they buy. As of the beginning of 2023, the Company provides customers with an individual Product Carbon Footprint (PCF) for almost every product in its portfolio. This allows customers to reliably, transparently and easily see the carbon footprint of a product purchased from Klöckner & Co. With the Nexigen® PCF Algorithm, the Company has developed an innovative tool whose automated PCF calculation methodology is certified by TÜV SÜD. As a result, Klöckner & Co's customers receive information on the extent to which Klöckner materials can contribute to reducing the carbon footprint of their business activities and their own end products and can reliably include the cumulative carbon emissions of their products in emissions calculations across the entire value chain, from resource extraction to production and delivery at the customer's factory (hence "cradle to customer entry gate").

Klöckner & Co has an estimated market share of approximately 9% in Europe and around 6% in the USA in the market for warehouse-based distribution and steel service centers, putting the Company among the top suppliers in both market segments.

As of December 31, 2022, Klöckner & Co had approximately 7,300 employees. Around 70% of its workforce is employed in Europe and 30% in the Americas.

## 1.5 Convertible bonds

On September 8, 2016, Klöckner & Co Financial Services S.A., Luxembourg, issued senior unsecured convertible bonds in the amount of EUR 147.8 million ("**Convertible Bonds**"). In

July 2022, Klöckner & Co Financial Services S.A. repurchased and subsequently retired part of the Convertible Bonds with a nominal volume of EUR 7.1 million. The current outstanding volume is EUR 140.7 million. The Convertible Bonds have a term of seven years with a coupon of 2.0% and an initial conversion price of EUR 14.82 per share. The Convertible Bonds mature on September 8, 2023. The conversion price was most recently modified to EUR 12.1837 in connection with the June 2022 dividend payment. The bond is traded on the Open Market at the Frankfurt Stock Exchange (ISIN DE000A185XT1). The terms and conditions of the Convertible Bonds included a one-time bearer call right ("investor put option") after five years at the nominal amount plus accrued interest, which was not exercised by any holder of the Convertible Bonds. The issuer did not have an early call option during the first five years. It does have such an option thereafter provided the market price of Klöckner & Co Shares exceeds 130% of the conversion price over certain stipulated periods. Furthermore, if a person, or persons acting in concert within the meaning of the German Securities Trading Act (*Gesetz über den Wertpapierhandel*, "**WpHG**"), directly or indirectly acquire(s) a total of 50% or more of the voting rights in Klöckner & Co SE, the terms and conditions of the Convertible Bonds permit the bondholders to demand early repayment of the principal amount plus accrued interest in certain cases. In the event of a public takeover offer, the bondholders are also entitled, under certain conditions, to exercise their conversion rights at an Adjusted Conversion Price.

Under the terms and conditions of the Convertible Bonds, Klöckner & Co Financial Services S.A., as the issuer of the Convertible Bonds, is obliged to publish the fact that the Offer was submitted by the Bidder. In accordance with the terms and conditions of the Convertible Bonds, the holders of the Convertible Bonds may request that the Convertible Bonds be converted into Klöckner & Co Shares for an adjusted conversion price (as described below) by submitting a conditional notice of conversion during the period from (and including) the date of publication of the voluntary takeover offer up to (and including) the last day of the acceptance period pursuant to Sec. 16 (1) WpÜG. The conditional notice of conversion will become valid only if and when an acceptance event occurs.

In accordance with the terms and conditions of the Convertible Bonds, an acceptance event is deemed to have occurred if and when the Bidder, after a voluntary takeover offer has been made for Klöckner & Co Shares, publishes a notice regarding the declarations of acceptance received, the Offer Condition(s) fulfilled and/or the waiver of one or more Offer Condition(s), from which it becomes clear that a change of control has occurred, whereby Offer Conditions which, under the terms of the Offer, can only be effectively fulfilled after publication of the result of the Offer after the acceptance period (pursuant to Sec. 23 (1) sentence 2 no. 2 WpÜG) (in particular antitrust and regulatory conditions) do not constitute Offer Conditions for the purposes of the terms and conditions of the Convertible Bonds.

In the event of a voluntary takeover offer, a change of control is deemed to have occurred if and when (x) Klöckner & Co Shares in respect of which the Bidder and/or persons acting in concert with



the Bidder (within the meaning of Sec. 2 (5) WpÜG) and/or one or more third parties acting on behalf of the Bidder and/or the persons acting in concert with the Bidder, are already directly or indirectly (within the meaning of Secs. 21 and 22 WpHG) the legal and/or beneficial owners, and/or in respect of which a transfer of title can be demanded (within the meaning of Sec. 31 (6) WpÜG) by the Bidder and/or persons acting in concert with the Bidder (within the meaning of Sec. 2 (5) WpÜG), and (y) Klöckner & Co Shares in respect of which the takeover offer has already been accepted together grant no less than 30% of the voting rights of Klöckner & Co, provided that, in the case of a takeover offer that is subject to Offer Conditions, a change of control is deemed to have occurred only if and when the Offer Conditions (with the exception of antitrust and regulatory conditions, as described above) have been either fulfilled or waived, i.e., consummation of the takeover offer does not fail on account of Offer Conditions. If and when it is certain that no acceptance event will occur, the conditional notice of conversion will become void.

Where bonds are converted into shares between the date of the publication of the voluntary takeover offer (and including) and the last day of the acceptance period pursuant to Sec. 16 (1) WpÜG (and including), the conversion price of the Convertible Bonds will be reduced using the following formula:

$$CP_a = \frac{CP}{1 + Pr \times \frac{c}{t}}$$

Whereas:

- CP<sub>a</sub> = the adjusted conversion price;
- CP = the conversion price on the day immediately preceding the day on which the change of control occurs;
- Pr = the initial conversion premium of 27.5%;
- c = the number of days from (and including) the day on which the change of control occurs until (but excluding) the maturity date; and
- t = the number of days from (and including) the day of issue of the Convertible Bonds until (but excluding) the maturity date.

Based on the information provided in no. 7.1.4 of the Offer Document, the adjusted conversion price is EUR 12.0118, assuming that a Change of Control Event occurs on April 28, 2023 ("**Adjusted Conversion Price**"), and all conversion rights were exercised, this would lead to a maximum of 11,713,464 new Klöckner & Co Shares being issued. Pursuant to the terms and conditions of the of the Convertible Bonds, Klöckner & Co Shares arising upon conversion will carry full dividend entitlement for the fiscal year of their issuance and all subsequent financial years, but not for the

preceding fiscal year, even if a dividend has not yet been distributed in respect thereof. If shares with a different dividend entitlement are created upon the exercise of the conversion rights, these Klöckner & Co Shares ("**New Klöckner & Co Shares**") will be registered under ISIN DE000KC01W15. New Klöckner & Co Shares that have been tendered for sale ("**New Tendered Klöckner & Co Shares**") shall have ISIN DE000KC01VN7.

If New Klöckner & Co Shares are created by converting the Convertible Bonds by the end of the Additional Acceptance Period, the Offer made by the Bidder to acquire all Klöckner & Co Shares relates to these Klöckner & Co Shares as well regardless of the conversion price. New Klöckner & Co Shares that are created after the end of the Additional Acceptance Period by converting the Convertible Bonds may be tendered subject to the requirements set forth in no. 16 (d) of the Offer Document and applying the procedure described therein by the end of the Additional Acceptance Period or, where Sec. 39c WpÜG applies, by the end of the sell-out period.

Additionally, upon announcement of control, the holders of the convertible bonds have the option to demand premature repayment of the convertible bonds at the nominal amount (plus accrued interest). An acquisition of control shall be deemed to have occurred if a person or persons acting in concert pursuant to Sec. 34 (2) WpHG indirectly or directly (pursuant to Sec. 33, 34 WpHG) (irrespective of whether the Management Board or the Supervisory Board has given its consent) holds or has held or acquired at any time such number of Klöckner & Co Shares to which 50% or more of the voting rights of Klöckner & Co SE are attributable.

## **1.6 Business development and select key financial figures of Klöckner & Co**

### **0.1 Shipment and sales in fiscal year 2022**

Klöckner & Co achieved shipment volumes of 4.7 million tons in fiscal year 2022, compared to 4.9 million tons in the prior-year period. In light of the Russian war of aggression against Ukraine, the strict zero COVID strategy in China and the resulting supply shortages at high steel prices, Klöckner & Co pursued a consistent margin-over-volume strategy in the first half of fiscal year 2022. During the second half of 2022, the overall deterioration in the macroeconomic environment following Russia's war of aggression against Ukraine led to a general reduction in demand for steel products. The total decrease in shipments in fiscal year 2022 was 4.1% compared to the prior year.

Sales rose from EUR 7.4 billion to EUR 9.4 billion as a result of higher prices, marking a considerable increase of 26% over the prior year. After initially rising at the beginning of fiscal year 2022, steel prices corrected considerably as the year progressed. Overall, average price levels during fiscal year 2022 were considerably above the prior year period in all operating segments. The currency-adjusted increase in Group sales in fiscal year 2022 was 18.2% compared to the prior year.

The following overview shows the development of sales in fiscal year 2022 and a comparison with fiscal year 2021 at Group and segment level:

<i>(EUR million)</i>	2022	2021	Variance			
			Total	Currency effects	Net of currency effects	
Kloeckner Metals US .....	4,427	3,511	916	487	429	12.2%
Kloeckner Metals EU .....	3,332	2,584	748	5	743	28.8%
Kloeckner Metals Non-EU .....	1,619	1,345	274	95	179	13.4%
<b>Group .....</b>	<b>9,379</b>	<b>7,441</b>	<b>1,938</b>	<b>587</b>	<b>1,351</b>	<b>18.2%</b>

## 0.2 Development of EBITDA and EBITDA before material special effects in fiscal year 2022

Klöckner & Co's operating income ("**EBITDA**") as earnings before interest, taxes, depreciation and amortization and impairments and impairment reversals on intangible assets and property, plant and equipment) of EUR 481 million in fiscal year 2022 was below the comparative value of EUR 879 million in the previous year. EBITDA before material special effects ("**EBITDA before material special effects**") decreased to EUR 417 million in fiscal year 2022 compared to EUR 848 million in the prior year.

The following overview shows the development of EBITDA before material special effects and EBITDA including margins in fiscal year 2022 and a comparison with fiscal year 2021 at Group and segment level:

<i>(EUR million)</i>	2022		2021	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin
Kloeckner Metals US .....	194	4.4%	456	13.0%
Kloeckner Metals EU .....	136	4.1%	294	11.4%
Kloeckner Metals Non-EU .....	83	5.1%	107	7.9%
Holding and other Group companies .....	4	–	-8	–
<b>EBITDA before material special effects .....</b>	<b>417</b>	<b>4.4%</b>	<b>848</b>	<b>11.4%</b>
Special effects .....	64	–	30	–
<b>EBITDA .....</b>	<b>481</b>	<b>5.1%</b>	<b>879</b>	<b>11.8%</b>

The following overview shows a reconciliation of EBITDA to EBITDA before material special effects:

<i>(EUR million)</i>	2022	2021
<b>EBITDA including material special effects .....</b>	<b>481</b>	<b>879</b>
Restructuring-related inventory devaluation .....	–	-1
Material property disposal gains .....	-63	-27
Restructuring expenses/gains		

- Personnel measures .....	-4	-3
- Other restructuring expenses .....	2	-
<b>EBITDA before material special effects</b>	<b>417</b>	<b>848</b>

Despite a consistent margin-over-volume strategy at the beginning of the year, operating income in the Kloeckner Metals US segment decreased compared to the prior year, mainly due to higher transportation and logistics costs. Fiscal year 2022 saw EBITDA before material special effects of EUR 194 million and an EBITDA margin of 4.4% – considerably lower than the EUR 456 million EBITDA figure and the 13.0% EBITDA margin before material special effects recorded in the prior year.

In the Kloeckner Metals EU segment, Klöckner & Co benefited in the first half of 2022 from disproportionately large price increases in conjunction with disciplined net working capital management. As a result of the price correction in the second half of 2022, operating income in this segment was impacted particularly severely by disproportionately large increases in inventory prices and inventory devaluation. Despite savings in earnings-based salary components, an increase primarily in costs of transportation and packaging and of operating supplies and tools resulted in EUR 23.3 million higher OPEX in fiscal year 2022. EBITDA before material special effects was EUR 136 million in fiscal year 2022, versus EUR 294 million in the prior year. The EBITDA margin before material special effects came to 4.1%, compared to 11.4% in the prior year.

As the Kloeckner Metals Non-EU segment saw a moderate year-on-year inflation-related increase in OPEX, i.e., increased personnel expenses and higher transportation, packaging and operating costs, the segment's EBITDA before special effects, at EUR 83 million in fiscal year 2022, was below the prior-year figure of EUR 107 million. The EBITDA margin before special effects in fiscal year 2022 was consequently 5.1%, versus 7.9% in the prior year.

EBITDA before material special effects at the holding company and the other Group companies amounted to EUR 4 million (2021: negative EUR 8 million).

### 0.3 Outlook

Overall, Klöckner & Co expects stronger demand dynamic in the Company's key European and US markets and therefore a considerable increase in shipments in tons compared to fiscal year 2022. Despite the renewed rise in steel prices at the beginning of 2023, the Company expects a lower average price level overall compared to fiscal year 2022 and, correspondingly, a considerably lower level of sales.

In the past fiscal year 2022, thanks to consistent net working capital management combined with positive price dynamics in the first half of the year, Klöckner & Co was able to achieve an EBITDA

before material special effects in the amount of EUR 417 million. As the exceptionally positive price trend seen in the first half of 2022 is not expected to be repeated, Klöckner & Co expects EBITDA before material special effects to decline considerably, but to remain at a relatively strong level given the overall significant improvement in the Company's operational positioning, substance and its profitability base. Following the very positive cash flow development in the past fiscal year 2022, Klöckner & Co also expects significantly positive cash flow from operating activities in the current fiscal year 2023, although considerably below the prior-year level.

The following overview shows the forecast for fiscal year 2023 in detail and a comparison with fiscal year 2022 at Group and segment level:

	Shipments (Tto)		Sales (EUR million)	
	2022	Forecast 2023	2022	Forecast 2023
Kloeckner Metals US .....	2,239	Considerable increase	4,427	Considerable decrease
Kloeckner Metals EU .....	1,752	Slight increase	3,332	Slight decrease
Kloeckner Metals Non-EU .....	688	Considerable increase	1,619	Slight increase
Holding and other Group companies .....	–		–	
<b>Group .....</b>	<b>4,679</b>	<b>Considerable increase</b>	<b>9,379</b>	<b>Considerable decrease</b>

	EBITDA before material special effects (EUR million)		Cash flow from operating activities (EUR million)	
	2022	Forecast 2023	2022	Forecast 2023
Kloeckner Metals US .....	194	Considerable decrease	316	Considerable decrease
Kloeckner Metals EU .....	136	Considerable decrease	33	Considerable increase
Kloeckner Metals Non-EU .....	83	Considerable decrease	58	Considerable decrease
Holding and other Group companies .....	4		-1	
<b>Group .....</b>	<b>417</b>	<b>Considerable decrease</b>	<b>405</b>	<b>Considerable decrease</b>

"Constant" corresponds to a change of 0–1%, "slight" >1–5% and "considerable" >5%.

Against the backdrop of improved macroeconomic conditions, positive price momentum and extremely consistent net working capital management, the Company expects EBITDA before material special effects to be significantly higher than the previous quarter at EUR 40 to 90 million in the first quarter of 2023.

## 1.7 Strategy of Klöckner & Co

Klöckner & Co's strategy is to establish the Company as the leading one-stop shop for steel, other materials, equipment and processing services in Europe and the Americas, to bring the digital and the physical sides of the Company's business closer together and to continuously improve its internal and external networks. By even now integrating third parties while digitalizing and automating core processes, existing inefficiencies in the value chain are eliminated and variable costs are significantly reduced. Klöckner & Co's customers and business partners are to benefit from seamlessly integrated,

digitalized and automated processes. By expanding its portfolio of CO<sub>2</sub>-reduced materials, services and logistics under the new umbrella brand Nexigen®, the Company is underlining its role as a pioneer of a sustainable steel industry. For the Company's employees, Klöckner & Co fosters a culture of empowerment and collaboration, upskilling them for the future and enabling them to grow and develop. For shareholders, the focus on a higher level of profitability also means a focus on the sustainable financial success of their investment in Klöckner & Co.

Klöckner & Co pursues the "Klöckner & Co 25: Leveraging Strengths" strategy. Essentially, the Company focuses on four levers in implementing the strategy: Customer Growth, Leveraging Assets & Partner Network, Digitalization & Value Chain Automation, and Operational Excellence.

**Customer Growth:** The Company aspires to exceed the expectations of its customers and to maximize their benefit. By focusing uncompromisingly on the needs of its customers, the Company aims to achieve the highest customer satisfaction in the industry. In its view this requires an extension of the product and service portfolio and larger regional coverage. The agreed acquisition of National Material of Mexico allows the Company to expand its business in North America and to increase its presence in Mexico, which is an important region for its automotive and industrial customers. As a one-stop shop with a fast-track, best-in-class user experience, the Company aims to grow its client base and increase its share of wallet.

**Leveraging Assets & Partner Network:** To improve efficiency, it is intended to integrate the Company's partners more deeply into internal processes along the value chain while optimizing network and asset utilization through increased international collaboration. The plan is also to bring on board new partners with complementary product ranges and competencies to Klöckner & Co's core portfolio.

**Digitalization & Value Chain Automation:** Building on its pioneering role in the steel industry, Klöckner & Co is seeking to further exploit the significant potential of digitalization and to extend it to the level of automation. For this purpose, the Company is developing innovative solutions and continues to digitalize its internal core processes. With seamless, end-to-end process integration featuring a very high degree of digitalization and automation, the Company can take process speed and efficiency to unparalleled levels along the entire value chain. The Company's goal is "zero touch," meaning value generation with minimum manual effort. In fiscal year 2022, the proprietary AI solution Kloeckner Assistant handled more than EUR 1.3 billion in sales. This is an established tool for automated quotation and order processing.

**Operational Excellence:** In order to deliver the most efficient solutions and best service to its customers, Klöckner & Co is continuously improving its operations. By eliminating inefficiencies in internal processes, the Company seeks to optimize its operational results and increase profitability.

It aims to further advance excellence in operations and sales through process automation, increased cost and process transparency, data-driven decision-making and organizational measures.

## **2. Bidder**

The following information has been published by the Bidder in the Offer Document, unless another source is stated. This information has not been verified by the Management Board or the Supervisory Board.

### **2.1 Legal bases and shareholder structure of the Bidder**

According to the statements in no. 6.1 of the Offer Document, the Bidder, SWOCTEM GmbH, is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under German law, with its registered office in Haiger, Germany, and registered in the commercial register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Wetzlar, Germany, under no. HRB 3483. The Bidder's business address is: Rudolf Loh Straße 1, 35708 Haiger, Germany.

The Bidder was founded on December 3, 1998, under the name Frauenberg Immobilien Verwaltungs GmbH with its registered office in Haiger, Germany, and was entered in the commercial register of the Local Court of Wetzlar on December 11, 1998. The shareholders' meeting of October 17, 2000, resolved to change the name of the company to Frauenberg Industriebeteiligungen GmbH. The change of the company name was entered in the commercial register of the Local Court of Wetzlar on November 17, 2000. The shareholders' meeting of December 20, 2001, resolved to change the name of the company to Loh Beteiligungsgesellschaft mbH. The change of the company name was entered in the commercial register of the Local Court of Wetzlar on September 19, 2002. The shareholders' meeting of October 21, 2009, resolved to change the name of the company to SWOCTEM GmbH. The change of the company name was entered in the commercial register of the Local Court of Wetzlar on November 3, 2009.

The corporate purpose of the Bidder pursuant to its articles of association is the holding and management of German and non-German shareholdings. The Bidder is entitled to engage in all business suitable to serve that purpose and the Bidder may establish branches. Beyond this, the Bidder does not engage in any business activities.

The Bidder's share capital amounts to EUR 25,600 and consists of one share with a nominal value of EUR 25,600.

The sole shareholder of the Bidder is Prof. Dr.-Ing. E.h. Friedhelm Loh. Annex 1 to the Bidder's Offer Document contains an overview of the shareholder structure of the Bidder.

## **2.2 Shareholders controlling the Bidder**

According to the information provided in no. 6.3 of the Offer Document, Prof. Dr.-Ing. E.h. Friedhelm Loh exercises sole control over the Bidder as its sole shareholder.

Prof. Dr.-Ing. E.h. Friedhelm Loh was born in Weidenau, Germany, on August 16, 1946. He completed an apprenticeship as a high voltage electrician and studied business administration. He is an entrepreneur and the owner of the Friedhelm Loh Group ("**Friedhelm Loh Group**"), an internationally operating group of companies, which he manages as the owner and Chairman of the Board of Friedhelm Loh Stiftung & Co. KG, with its registered office in Haiger, the holding company of the Friedhelm Loh Group. The company primarily develops and distributes control cabinets, together with the corresponding IT infrastructure, automation solutions and other system and software products for industrial customers. It also comprises a steel service center where pre-processed steel products and blanks are delivered to industrial customers.

Prof. Dr.-Ing. E.h. Friedhelm Loh has been a member of the Supervisory Board and the Presidium of Klöckner & Co SE since May 13, 2016. In addition, some companies of Klöckner & Co maintain relationships with companies of the Friedhelm Loh Group to an insignificant extent in the course of ordinary business activities, which are carried out at arm's length conditions. Furthermore, according to no. 6.6 of the Offer Document, there are no personal or business relationships with Klöckner & Co SE or Klöckner & Co, the corporate bodies of Klöckner & Co SE or any shareholder with a material interest in Klöckner & Co SE that are subject to disclosure. The Management Board submits an annual report on relations with the companies of the Friedhelm Loh Group, which is reviewed by the Supervisory Board and the auditor.

## **3. Shares held in Klöckner & Co SE by the Bidder and persons acting jointly with the Bidder; attribution of voting rights and information about securities acquisitions**

### **3.1 Shares held in Klöckner & Co SE by the Bidder and by persons acting jointly with the Bidder and attribution of voting rights**

According to the information stated by the Bidder in no. 6.5 of the Offer Document, the Bidder directly holds 29,895,025 Klöckner & Co Shares (i.e., approximately 29.97% of the total share capital of Klöckner & Co SE and, correspondingly, 29.97% of the voting rights in Klöckner & Co SE).

Other than that, according to information in the Offer Document, neither the Bidder nor persons acting jointly with the Bidder within the meaning of Sec. 2 (5) WpÜG nor their subsidiaries hold, at the time of the publication of the Offer Document, directly or indirectly Klöckner & Co Shares or voting rights attached to Klöckner & Co Shares and no voting rights attached to Klöckner & Co



Shares are attributable to them pursuant to Sec. 30 WpÜG. With the exception of the Klöckner Futures (as defined in Section II.3.2 of this Response Statement), according to information in the Offer Document, neither the Bidder nor persons acting in concert with the Bidder within the meaning of Sec. 2 (5) WpÜG nor their subsidiaries directly or indirectly hold any other financial instruments or voting rights to be notified in relation to Klöckner & Co SE pursuant to Secs. 38, 39 WpHG at the time of publication of the Offer Document. With respect to the persons acting jointly with the Bidder, reference is made to no. 6.4 and Annex 2 of the Offer Document.

### 3.2 Information on securities transactions

According to the information stated by the Bidder in no. 6.7 of the Offer Document, in the period beginning six months before the publication of the decision to launch the Offer (March 13, 2023) and lasting until the day of publication of the Offer Document on March 27, 2023, neither the Bidder nor persons acting jointly with the Bidder within the meaning of Sec. 2 (5) WpÜG acquired Klöckner & Co Shares.

According to the information stated by the Bidder in no. 6.7 of the Offer Document, the Bidder acquired 300 futures, in each case on 100 Klöckner & Co Shares (KCOH) ("**Klöckner Futures**"), on March 13, 2023, at a settlement price of EUR 955.69 each. The Klöckner Futures relate to the delivery of a total of 30,000 Klöckner & Co Shares, which corresponds to 0.03008% of the share capital and voting rights of Klöckner & Co SE. The notifications and notices required pursuant to Sec. 38 (1) sentence 1 no. 1 WpHG and Article 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (Market Abuse Regulation) ("**MAR**") were made on March 15, 2023. The delivery date of the Klöckner Futures is May 8, 2023, i.e., after the Acceptance Period ends (see no. 5.1 of the Offer Document), but before the Additional Acceptance Period ends (see no. 5.3 of the Offer Document). If the Klöckner & Co Shares are delivered to the Bidder, in addition to the Klöckner & Co Shares held by the Bidder at the time of publication of the Offer Document, the Bidder will hold more than 30% of the Klöckner & Co Shares and voting rights solely as a result of this and irrespective of the level of acceptance of the Offer. According to the information provided by the Bidder under Section 6.7, the Bidder reserves the right to close out the Klöckner Futures by sale prior to May 4, 2023 or to sell a corresponding number of Klöckner & Co Shares held by it prior to delivery of the Klöckner & Co Shares from the Klöckner Futures if the Offer Conditions pursuant to Sections 12.1.3 to 12.1.9 have either not occurred by the expiry of the Offer Period or have finally lapsed prior to the expiry of the Offer Period and have not been validly waived by the Bidder in advance, or if the Klöckner & Co Shares tendered at the expiry of the Acceptance Period together with the Klöckner & Co Shares held by the Bidder grant at least 30% of the voting rights of Klöckner & Co SE.

Furthermore, according to the information stated by the Bidder in no. 6.7 of the Offer Document, in the period beginning six months before the publication of the decision to launch the Offer on March 13, 2023, and lasting until the day of publication of the Offer Document on March 27, 2023, neither the Bidder nor persons acting jointly with it within the meaning of Sec. 2 (5) WpÜG acquired Klöckner & Co Shares or entered into agreements to acquire Klöckner & Co Shares or agreements with tender obligations relating to the Offer.

#### 4. Possible parallel acquisitions

In no. 6.8 of the Offer Document, the Bidder reserves the right, to the extent permissible under applicable law, to acquire, directly or indirectly, additional Klöckner & Co Shares outside of the Offer on or off the stock exchange. This also applies to the acquisition of outstanding convertible bonds.

Should such acquisitions or agreements take place, the Bidder intends to publish information thereon, stating the number and price of the acquired Klöckner & Co Shares, in accordance with the applicable legal provisions, in particular in compliance with Sec. 23 (1) or (2), Sec. 14 (3) sentence 1 WpÜG, in the German Federal Gazette and on the internet at <https://www.offer-swoctem.com>. The Bidder also intends to publish the information in a non-binding English translation at <https://www.offer-swoctem.com>.

### III. INFORMATION ABOUT THE OFFER

The following Section summarizes certain selected information regarding the Offer that has been taken exclusively from the Offer Document or from publications of the Bidder:

#### 1. Execution of the Offer

In accordance with Sec. 29 (1) WpÜG, the Offer is being made by the Bidder in the form of a voluntary public takeover offer (cash offer) for the acquisition of all Klöckner & Co Shares. The Offer is being made as a takeover offer under German law, in particular in accordance with the WpÜG and the Regulation on the Content of the Offer Document, the Consideration for Takeover Offers and Mandatory Offers and the Release from the Obligation to publish and to make a Tender Offer (*WpÜG-Angebotsverordnung*, "**WpÜG Offer Regulation**") and certain applicable provisions of the securities laws of the USA. The Management Board and the Supervisory Board point out that the Bidder is responsible for complying with the legal regulations and provisions applicable to the Offer.

## 2. Publication of the decision to launch the Offer

The Bidder published its decision to launch the Offer pursuant to Sec. 10 (1) sentence 1 WpÜG on March 13, 2023. This publication and a non-binding English translation are available on the internet at

*<https://www.offer-swoctem.com>*

## 3. Review by BaFin and publication of the Offer Document

According to the Bidder, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") has reviewed the German version of the Offer Document in accordance with German law and permitted its publication on March 27, 2023.

The Bidder states in no. 1.4 of the Offer Document that no registrations, authorizations or approvals of the Offer Document and/or the Offer have been granted or are intended to be applied for under any laws other than the laws of the Federal Republic of Germany.

The Offer Document was published by the Bidder on March 27, 2023, by way of (i) announcement on the internet at *<https://www.offer-swoctem.com>* and (ii) keeping available copies of the Offer Document at Deutsche Bank Aktiengesellschaft, Trust & Agency Services, Post-IPO Services, Taunusanlage 12, 60325 Frankfurt am Main, Germany, (requests by telefax to +49 69 910-38794 or email to *dct.tender-offers@db.com*) for distribution free of charge. The notification (i) that copies of the Offer Document are available free of charge and (ii) as to the internet address at which the publication of the Offer Document occurs was published on March 27, 2023, in the German Federal Gazette. Furthermore, a non-binding English translation of the Offer Document, which has not been reviewed by BaFin, was published at the aforementioned internet address on March 27, 2023.

The publication, dispatch, distribution or any other form of dissemination of the Offer Document or of other documents associated with the Offer may be subject to legal restrictions outside the Federal Republic of Germany, the Member States of the European Union and the European Economic Area as well as the United States. According to the Bidder, the Offer Document and other documents associated with the Offer must not be published, dispatched, distributed or otherwise disseminated by third parties in countries in which this would be illegal. The Bidder has not given its permission to the Offer Document or other documents associated with the Offer being published, dispatched, distributed or disseminated by third parties outside the Federal Republic of Germany, the Member States of the European Union and the European Economic Area as well as the United States. Therefore, the custodian investment services providers must not publish, dispatch, distribute or otherwise disseminate the Offer Document or other documents associated with the Offer outside the Federal Republic of Germany, the Member States of the European Union and the European

Economic Area as well as the United States unless it is done in compliance with German and foreign statutory provisions.

#### **4. Acceptance of the Offer outside the Federal Republic of Germany**

The Bidder also explains in no. 1.6 of the Offer Document that the acceptance of the Offer outside the Federal Republic of Germany, the Member States of the European Union, the European Economic Area or the USA may be subject to certain legal restrictions. Klöckner & Co Shareholders that come into possession of the Offer Document outside the Federal Republic of Germany, the Member States of the European Union and the European Economic Area or the USA, that wish to accept the Offer outside the Federal Republic of Germany, the Member States of the European Union and of the European Economic Area or the USA and/or that are subject to statutory provisions other than those of the Federal Republic of Germany, of the Member States of the European Union and the European Economic Area or of the USA are advised by the Bidder to inform themselves of and to comply with the relevant applicable statutory provisions and, if necessary, to retain advice in this respect. The Bidder points out that it does not guarantee that the acceptance of the Offer outside the Federal Republic of Germany, the Member States of the European Union and of the European Economic Area and the USA is permissible under the relevant applicable statutory provisions.

#### **5. Background of the Offer and review by the Management Board and Supervisory Board**

For many years, Prof. Dr.-Ing. E.h. Friedhelm Loh, via the Bidder, has been the largest single shareholder of Klöckner & Co, and since May 13, 2016, he has been a member of the Supervisory Board. In no. 8 of the Offer Document, the Bidder states that Prof. Dr.-Ing. E.h. Friedhelm Loh has now come to the decision to further expand his stake from a strategic and entrepreneurial perspective and to make a voluntary public takeover offer to the Klöckner & Co SE Shareholders through the Bidder.

Over the course of the last few years, the Bidder has gradually built up its stake in Klöckner & Co SE. Between May 2015 and February 2016, by purchasing shares on the Frankfurt Stock Exchange, the Bidder, according to information in the Offer Document, incrementally acquired a stake of 26.62% in Klöckner & Co SE. The Bidder states in no. 8 of the Offer Document that antitrust clearances were applied for and granted in Germany and Austria in 2016 when the threshold of 25% of the voting rights was exceeded. Between September 2018 and December 2018, the Bidder incrementally acquired further Klöckner & Co Shares on the Frankfurt Stock Exchange (XETRA).

At the time of publication of the Offer Document on March 27, 2023, the Bidder has access to a total of 29,895,025 Klöckner & Co Shares (roughly 29.97% of the voting rights) (for more information, see Part II.3 of this Statement). In no. 8 of the Offer Document, the Bidder states that it holds Klöckner Futures on the basis of which it could acquire an additional 30,000 Klöckner & Co Shares

upon delivery on May 8, 2023, i.e., after the Acceptance Period expires, but before the Additional Acceptance Period expires.

On March 13, 2023, the Bidder published pursuant to Sec. 10 (1) and (3) in conjunction with Secs. 29 (1) and 34 WpÜG its decision to launch the Offer, as well as a press release, in which it stated that the Offer would not be subject to a condition that a minimum number of Klöckner & Co Shares must be acquired. The Bidder informed the Chairman of the Management Board, Guido Kerkhoff, of this fact a shortly before the decision was published.

On March 13, 2023, Klöckner & Co SE published an ad-hoc announcement in which the Company announced that the Bidder had notified the Management Board that it would be making a voluntary public takeover offer for the whole issued share capital of Klöckner & Co SE. Following that announcement, Klöckner & Co SE published a press release in which it communicated, among other information, that it would comment separately on the Offer, particularly with regard to the Offer Price and the other terms, at a later time.

Since the Bidder's announcement of the Offer, the Management Board has been continually dealing with the announced Offer. The Chairman of the Supervisory Board has had continual contact with the Chairman of the Management Board regarding the Offer.

On March 31, 2023, concluding meetings of the Management Board and the Supervisory Board were held, in which the valuation and the Opinions prepared by the advising investment banks, Goldman Sachs and Macquarie, (for more information, see Part IV.4. of this Statement) were explained in detail and discussed with the financial and legal advisers. The Management Board and the Supervisory Board resolved to recommend the Klöckner & Co Shareholders not to accept the Offer.

## **6. Main details of the Offer**

### **6.1 Offer Price**

In accordance with the terms and conditions of the Offer set out in the Offer Document, the Bidder offers to the Klöckner & Co Shareholders to acquire their Klöckner & Co Shares at the Offer Price of EUR 9.75 per Klöckner & Co Share.

### **6.2 Acceptance Period and Additional Acceptance Period**

The period for acceptance of the Offer began upon publication of the Offer Document on March 27, 2023, and will end on April 25, 2023, 24:00 hrs. (Frankfurt am Main, Germany, local time) / 18:00 hrs. (New York, USA, local time) ("**Acceptance Period**").

In the circumstances set out below, the Acceptance Period of the Offer will in each case be extended automatically as follows:

- In the event of an amendment of the Offer pursuant to Sec. 21 WpÜG within the last two weeks before the Acceptance Period expires, the Acceptance Period will be extended by two weeks (Sec. 21 (5) WpÜG) and, consequently, would end on May 9, 2023, 24:00 hrs. (Frankfurt am Main, Germany, local time) / 18:00 hrs. (New York, USA, local time). This applies even if the amended Offer violates laws and regulations (Sec. 21 (5) sentence 2 WpÜG).
- If a competing offer for the Klöckner & Co Shares is made by a third party ("**Competing Offer**") during the Acceptance Period of the Offer and if the Acceptance Period for the Offer expires prior to the period of acceptance of that Competing Offer expiring, the end date of the Acceptance Period of the Offer will be extended to correspond to the end date of the period of acceptance of the Competing Offer (Sec. 22 (2) sentence 1 WpÜG). This applies even if the Competing Offer is amended or prohibited or violates laws and regulations (Sec. 22 (2) sentence 2 WpÜG).
- In the event that Klöckner & Co SE convenes an extraordinary general meeting (*außerordentliche Hauptversammlung*) in connection with the Offer, the Acceptance Period will end ten weeks after the date of the publication of the Offer Document notwithstanding the foregoing regarding the extension of the Acceptance Period (Sec. 16 (3) WpÜG). The Acceptance Period would then end on June 5, 2023, 24:00 hrs. (Frankfurt am Main, Germany, local time) / 18:00 hrs. (New York, USA, local time). The Management Board and Supervisory Board are not currently planning to convene any such extraordinary general meeting.

Klöckner & Co Shareholders that have not accepted the Offer within the Acceptance Period may still accept the Offer within two weeks after the Bidder has published the results of the Offer pursuant to Sec. 23 (1) sentence 1 no. 2 WpÜG ("**Additional Acceptance Period**") provided none of the Offer Conditions set out in no. 12.1 of the Offer Document has definitively not occurred by the end of the Acceptance Period and the Bidder has not previously validly waived such Offer Condition. As stated in the Offer Document, the Additional Acceptance Period will presumably begin on April 29, 2023, and end on May 12, 2023, 24:00 hrs. (Frankfurt am Main, Germany, local time) / 18:00 hrs. (New York, USA, local time).

After the Additional Acceptance Period ends, the Offer can, in principle, no longer be accepted (regarding the special situation in which the Bidder's shareholding in Klöckner & Co SE reaches or exceeds the threshold of at least 95% of Klöckner & Co SE's voting share capital or at least 95% of

Klöckner & Co SE's total share capital, see Part V.2.5 of this Statement).

### 6.3 Rights of withdrawal

In no. 17.1 of the Offer Document, the Bidder describes the following rights of withdrawal of the shareholders that have accepted the Offer, which will be listed herein only briefly; a full description of these rights by the Bidder is included in the Offer Document:

- (i) right to withdraw in the event that the Offer is amended;
- (ii) right to withdraw in the event of Competing Offers.

The Bidder describes the further details regarding the rights of withdrawal, their exercise and the consequences of their exercise in no. 17.2 of the Offer Document.

### 6.4 Offer Conditions

According to no. 12 of the Offer Document, the following conditions (referred to jointly as the "**Offer Conditions**" or individually as an "**Offer Condition**") will apply to the consummation of the Offer and to the agreements that will be entered into upon acceptance of the Offer. This Statement only contains a summary of the Offer Conditions; a full description of the Offer Conditions is set out in no. 12 of the Offer Document:

- (i) merger control clearances by the European Commission and/or individual Member States of the European Union, Mexico, Brazil and the USA no later than February 29, 2024 ("**Merger Control Clearance**");
- (ii) foreign investment control approvals by the competent authorities in the United Kingdom, in France and, if the Investment Screening Bill (ISB) takes effect in the Netherlands prior to the closing of the Transaction, in the Netherlands by February 29, 2024, at the latest;
- (iii) no material adverse change in the market environment, i.e., between the date of publication of the Offer Document and the end of the Acceptance Period, neither the trading in Klöckner & Co Shares has been suspended on more than three consecutive trading days at the Frankfurt Stock Exchange nor has the closing level of the SDAX (ISIN DE0009653386), calculated by Deutsche Börse or a successor and published on its website (*www.boerse-frankfurt.com*), on more than three consecutive trading days been more than 15% lower than the closing level of the SDAX on the last trading day before the date of publication of the decision to launch the Offer pursuant to Sec. 10 (1) sentence 1 WpÜG, i.e., lower than an SDAX threshold of 11,286.75 points;

- (iv) no armed attack against parties of the North Atlantic Treaty, i.e., between the publication of the Offer Document and the end of the Acceptance Period, the North Atlantic Council established pursuant to Article 9 of the North Atlantic Treaty of April 4, 1949, ("**NATO Treaty**") has not determined that an armed attack has occurred against one or more of the parties to the NATO Treaty that is to be considered an attack against them all pursuant to Article 5 of the NATO Treaty;
- (v) no material adverse change at Klöckner & Co, i.e., between the publication of the Offer Document and the end of the Acceptance Period, (i) new circumstances have not been disclosed by Klöckner & Co SE by way of ad-hoc announcement or (ii) no circumstances have arisen that Klöckner & Co SE would have been required to disclose by way of ad-hoc announcement pursuant to Article 17 MAR or regarding which Klöckner & Co SE refrained from disclosure based on a decision pursuant to Article 17(4) MAR where such circumstances in the case of (i) and (ii) – considered individually or together – result in a reduction of Klöckner & Co's EBITDA of at least EUR 100 million in fiscal year 2023 or it can reasonably be assumed from those circumstances that they will result in such a reduction;
- (vi) no ad-hoc announcement about an insolvency of Klöckner & Co SE, i.e., between the date of publication of the Offer Document and the end of the Acceptance Period, Klöckner & Co SE has not published any ad-hoc announcement pursuant to Article 17 MAR that indicates that (i) insolvency proceedings have been opened pursuant to the applicable laws against the assets of Klöckner & Co SE, (ii) the Management Board has requested the opening of such proceedings or (iii) there are reasons that would require or make it possible to request the opening of insolvency proceedings;
- (vii) no material compliance violation, i.e., between the publication of the Offer Document and the end of the Acceptance Period, it does not become known that a criminal offense or an administrative offense (*Ordnungswidrigkeit*) has been committed by a member of a managing body of Klöckner & Co SE or of a subsidiary of Klöckner & Co SE in that capacity with relevance to Klöckner & Co SE or the subsidiary of Klöckner & Co SE, respectively, or that there is a suspicion of such a criminal or administrative offense (whether under German criminal law or administrative offenses law or under other applicable laws, including bribery offenses and corruption, misappropriation (*Untreue*), antitrust violations or money laundering) provided that such a breach of duty or, as the case may be, criminal or administrative offense or, where only a suspicion is concerned, the suspicion alone constitutes inside information for Klöckner & Co SE pursuant to Article 7 MAR or would constitute same if it did not become public;
- (viii) no material transaction at companies of Klöckner & Co, i.e., between the publication of the Offer Document and the end of the Acceptance Period, neither Klöckner & Co SE nor any company of Klöckner & Co has disclosed to the public by way of an ad-hoc announcement



pursuant to Article 17 MAR or in any other manner (a) that it has undertaken to acquire or take over substantial companies or parts of companies, substantial shareholdings or other substantial assets or that it has consummated such an acquisition or takeover or (b) that it has undertaken to sell, transfer or encumber substantial companies or parts of companies, substantial shareholdings or other substantial assets or that it has consummated such a sale, transfer or encumbrance, provided that assets will be deemed to be substantial if their value, or consideration, exceeds the amount of EUR 200 million individually or in total, and

- (ix) no capital measure involving subscription rights from authorized capital or issue of convertible bonds or financial instruments with conversion rights, i.e., between the publication of the Offer Document and the end of the Acceptance Period, Management Board has not resolved, with the consent of Supervisory Board, to implement either a capital measure involving subscription rights from authorized capital or the issue of convertible bonds or financial instruments that entitle holders to subscribe to shares.

The Offer will lapse if one or several of the Offer Conditions have not occurred and if the Bidder has not previously validly waived the relevant Offer Condition in accordance with Sec. 21 (1) sentence 1 no. 3 and/or no. 4 WpÜG. In this case, the agreements which were entered into as a result of the Offer being accepted will not be consummated and will cease to exist (condition subsequent). Klöckner & Co Shares that have already been tendered for sale ("**Tendered Klöckner & Co Shares**") including New Tendered Klöckner & Co Shares will be re-booked. For further details on the Offer Conditions, in particular relating to possible waivers of the Bidder and the legal consequences in the event that the Offer lapses, reference is made to no. 12.3 of the Offer Document.

## 6.5 Waiver of Offer Conditions

To the extent permissible, the Bidder reserves the right to waive, in whole or in part, one, several or all of the Offer Conditions up to one business day (*Werktag*) prior to the end of the Acceptance Period. Offer Conditions that the Bidder has validly waived will be deemed to have occurred for the purposes of the Offer.

A waiver of Offer Conditions constitutes an amendment of the Offer. The Bidder is obliged to publish any amendment of the Offer, and therefore also a waiver of any Offer Condition, without undue delay in accordance with Sec. 14 (3) sentence 1 WpÜG. In the event of an amendment to the Offer, the Acceptance Period will be automatically extended by two weeks pursuant to Sec. 21 (5) WpÜG, i.e., presumably until May 9, 2023, 24:00 hrs. (Frankfurt am Main, Germany, local time) / 18:00 hrs. (New York, USA, local time), provided the amendment to the Offer is published within the last two weeks prior to the end of the Acceptance Period. In the event of a waiver of Offer Conditions,

Klöckner & Co Shareholders that have accepted the Offer prior to the publication of the amendment to the Offer may by the end of the Acceptance Period withdraw from the agreements that were entered into upon the acceptance of the Offer pursuant to Sec. 21 (4) WpÜG.

## **6.6 Stock-exchange trading in Tendered Klöckner & Co Shares**

According to no. 13.8 of the Offer Document, the Bidder intends to make the Tendered Klöckner & Co Shares tradable under ISIN DE000KC01V16 starting on the third stock exchange trading day after the commencement of the Acceptance Period. For further details regarding trading of the Tendered Klöckner & Co Shares on the stock exchange, reference is made to no. 13.8 of the Offer Document.

## **6.7 Applicable law**

According to no. 22 of the Offer Document, the Bidder's Offer and the agreements entered into between the Klöckner & Co Shareholders and the Bidder as a result of the acceptance of the Offer will be governed by German law. To the extent legally permissible, the exclusive place of jurisdiction for all legal disputes arising from, or in connection with, the Offer (and any agreements entered into as a result of the acceptance of the Offer) is Frankfurt am Main, Germany.

## **6.8 Publications**

In no. 12.4 of the Offer Document, the Bidder states that it will announce without undue delay on the internet at <https://www.offer-swoctem.com> and in the German Federal Gazette if (i) an Offer Condition has been validly waived, (ii) an Offer Condition has been fulfilled, (iii) all Offer Conditions have either been fulfilled or have been validly waived in advance or (iv) the Offer will not be consummated because an Offer Condition will definitively not occur or has definitively not been fulfilled. Likewise, the Bidder has announced that it will communicate without undue delay after the Acceptance Period ends, by way of a publication pursuant to Sec. 23 (1) sentence 1 no. 2 WpÜG, which of the Offer Conditions set out in no. 12.1 of the Offer Document have been fulfilled by that point in time.

In addition, the Bidder has also announced that in each week of the Acceptance Period it will publish, pursuant to Sec. 23 (1) sentence 1 no. 1 WpÜG, *inter alia*, the number of shares for which declarations of acceptance have been received; the publication will be made (i) on the internet at <https://www.offer-swoctem.com> (in German and in a non-binding English translation) and (ii) additionally in German in the German Federal Gazette. According to the Bidder, during the last week of the Acceptance Period, those publications will be made on a daily basis. The Bidder has also announced that publications made by the Bidder pursuant to Sec. 23 (1) and (2) WpÜG and all other publications and announcements to be made under the WpÜG in connection with the Offer will be

published on the internet at <https://www.offer-swoctem.com> in German and in a non-binding English translation and that notices and announcements to be made by the Bidder will be published in German in the German Federal Gazette.

## 7. **Financing of the Offer**

According to no. 14.2 of the Offer Document, the Bidder has taken the measures necessary to ensure that the funds required for complete fulfillment of the Offer will be available to it in due time. According to the Bidder, the maximum costs for the Offer (including fulfillment of the payment obligations under the Offer and transaction costs) amount to approximately EUR 690 million in total. In accordance with the information provided in no. 14.1 of the Offer Document, the potential issue of up to 11,713,464 additional New Klöckner & Co Shares from Conditional Capital 2013 and Conditional Capital 2022 is not taken into account in this context because the Bidder does not expect that holders of Convertible Bonds will exercise their conversion right.

According to the information stated by the Bidder in no. 14.3 of the Offer Document, in addition, Deutsche Bank Aktiengesellschaft, with its registered office in Frankfurt am Main, Germany, ("**Deutsche Bank**") has confirmed in accordance with Sec. 13 (1) sentence 2 WpÜG that the Bidder has taken the necessary measures in order to ensure that the funds required for complete fulfillment of the Offer will be available to it on the due date of the claim for payment of the Offer consideration. The financing confirmation of March 20, 2023 is attached to the Offer Document as Annex 4. The Management Board and the Supervisory Board have no reason to doubt the correctness of the financing confirmation issued by Deutsche Bank.

Further information on the financing measures is provided by the Bidder in no. 14 of the Offer Document.

## 8. **Decisiveness of the Offer Document**

For further information and details regarding the Offer (especially details regarding the Offer Conditions, the Acceptance Periods, the acceptance and settlement modalities and the statutory rights of withdrawal), the Klöckner & Co Shareholders are referred to the statements in the Offer Document. The above information merely summarizes some of the information contained in the Offer Document. Therefore, the description of the Offer in this Statement does not purport to be complete, and, for an assessment of the Bidder's Offer, the Statement should be read together with the Offer Document. As regards the terms and conditions of the Offer and its implementation, only the provisions of the Offer Document are relevant. It is the responsibility of each Klöckner & Co Shareholder to take note of the Offer Document and to take the actions that they deem necessary.

## IV. THE TYPE AND AMOUNT OF THE CONSIDERATION OFFERED

### 1. The type of consideration

The Offer is a voluntary public takeover offer which provides for consideration in cash only. No consideration in the form of liquid shares is envisaged.

### 2. Amount of consideration (Offer Price)

The Bidder offers the Klöckner & Co Shareholders to acquire their Klöckner & Co Shares not already held directly by the Bidder, in each case including all ancillary rights, at the time of settlement of the Offer in accordance with the terms and conditions of the Offer Document against payment of a cash consideration in the amount of EUR 9.75 per Klöckner & Co Share (Offer Price). The Bidder is therefore offering an Offer Price, i.e., a consideration within the meaning of Section 31 para. 1 sentence 1 WpÜG, of EUR 9.75 in cash per Klöckner & Co Share, including all ancillary rights existing at the time of settlement of the Offer. If settlement of the Offer occurs after the day of the annual general meeting of Klöckner & Co SE, each shareholder will still be entitled to any dividend for the fiscal year 2022.

### 3. Statutory minimum consideration

To the extent that the Management Board and the Supervisory Board are able to verify this on the basis of the available information, the Offer Price of EUR 9.75 in cash per Klöckner & Co Share complies with the provisions of Section 31 WpÜG and Sections 3 et seqq. WpÜG-AngebotsVO regarding the statutory minimum price, which is determined on the basis of the higher of the following two thresholds ("**Statutory Minimum Consideration**"):

#### 3.1 Stock market price

Pursuant to Section 31 para. 7 WpÜG in conjunction with Section 5 WpÜG-AngebotsVO, the Offer Price must correspond to at least the weighted average domestic stock exchange price of the Klöckner & Co Shares during the last three months prior to the publication of the Bidder's decision to make the Offer pursuant to Section 10 para. 1 sentence 1 WpÜG on March 13, 2023 ("**Three-Month Average Price**").

According to Section 10.1 (a) of the Offer Document, BaFin informed the Bidder by letter dated March 20, 2023, that the Three-Month Average Price of the Klöckner & Co Share as of March 10, 2023, the last trading day prior to the publication of the decision pursuant to Section 10 para. 1 sentence 1 WpÜG, equals EUR 9.70.

### 3.2 Previous acquisitions

Pursuant to Section 31 para. 7 WpÜG in conjunction with Section 4 WpÜG-AngebotsVO, the Offer Price for the Klöckner & Co Shares must also be at least equal to the value of the highest consideration granted or agreed by the Bidder, a person acting jointly with the Bidder within the meaning of Section 2 para. 5 sentence 1 and sentence 3 WpÜG or its subsidiaries for the acquisition of Klöckner & Co Shares within the last six months prior to the publication of the Offer Document pursuant to Section 14 para. 2 sentence 1 WpÜG on March 27, 2023.

According to the information provided by the Bidder in Section 10.1 (b) of the Offer Document, the Bidder purchased 300 futures on the Klöckner & Co Share for a price of EUR 955.69 per contract, which implies a price per Klöckner & Co Share to be delivered under these contracts of EUR 9.56.

Beyond these purchases, neither the Bidder nor any person acting jointly with the Bidder within the meaning of Section 2 para. 5 sentence 1 and sentence 3 WpÜG or their subsidiaries have acquired Klöckner & Co Shares and entered into agreements to acquire Klöckner & Co Shares within the last six months prior to the publication of the Offer Document on March 27, 2023.

### 4. Assessment of the adequacy of the consideration offered

The Management Board and the Supervisory Board have carefully and intensively analyzed and assessed the adequacy of the Offer Price of EUR 9.75 per Klöckner & Co Share from a financial point of view taking into account the stock market price of the Klöckner & Co Share and implied premia, premia paid in precedent transactions, the share price targets reported by selected brokers of the Company, the current strategy and financial planning of the Company as well as additional assumptions and information with the support of its financial advisors.

The Management Board and the Supervisory Board expressly point out that they have each carried out an independent assessment of the adequacy of the Offer Price.

In connection with their independent review, analysis and evaluation, the Management Board was advised by Goldman Sachs Bank Europe SE (and together with its affiliates, "**Goldman Sachs**") and the Supervisory Board was advised by Macquarie Capital France SA, Niederlassung Deutschland ("**Macquarie**"). To this extent, Goldman Sachs and Macquarie have each issued an opinion on the adequacy from a financial point of view to the Klöckner & Co Shareholders (other than the Bidder and any of its affiliates) of the Offer Price.

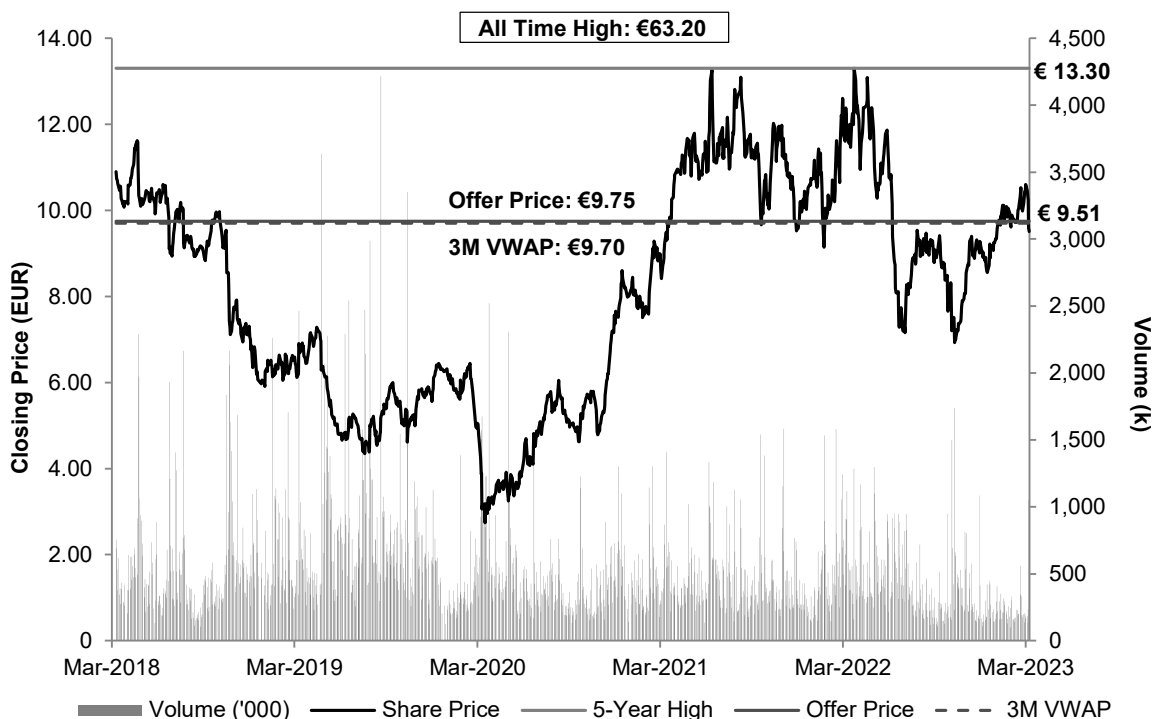
#### 4.1 Stock market price and premia

The Management Board and the Supervisory Board are of the opinion that the stock exchange price of the Klöckner & Co Share is an essential criterion for examining the adequacy of the Offer Price. The Klöckner & Co Shares are admitted to trading in the *Prime Standard* sub-segment of the regulated market of the Frankfurt Stock Exchange and are included, as of March 21, 2016, in the SDAX. The Management Board and the Supervisory Board are further of the opinion that during the relevant reference period a functioning stock exchange trading with sufficient trading activity for Klöckner & Co Shares existed creating a meaningful market price for Klöckner & Co Shares.

For the assessment of the adequacy of the Offer Price, the Management Board and the Supervisory Board have therefore also taken into account, inter alia, the historical stock exchange prices of the Klöckner & Co Share which is also reflected in Section 10 of the Offer Document.

Based on the stock exchange price of the Klöckner & Co Share prior to the publication of the Bidder's decision to make the Offer on March 13, 2023, the Offer Price of EUR 9.75 includes the following premia:

- The stock exchange price (XETRA closing price) on March 10, 2023, the last trading day prior to publication of the decision to make the Offer, amounted to EUR 9.51 per Klöckner & Co Share. Based on this stock exchange price, the Offer Price of EUR 9.75 includes a premium of EUR 0.24 or 2.5%.
- The volume-weighted average stock exchange price (XETRA closing price) in the last three months prior to (and including) March 10, 2023, the day prior to the publication of the decision to make the Offer, amounted to EUR 9.70 per Klöckner & Co Share. The Offer Price of EUR 9.75 thus includes a premium of EUR 0.05 or 0.5% based on this average price.



Source: Capital IQ Market Data as of 10 March 2023

- The all-time high closing share price prior to the publication of the decision to make the Offer on March 13, 2023, amounted to EUR 63.20 per Klöckner & Co Share (closing share price on July 12, 2007). The Offer Price of EUR 9.75 includes a discount of EUR 53.45 or 84.6% to such all-time high closing share price.

## 4.2 Premia paid in precedent transactions

The median of the historical premia paid in the German public takeover transactions compared to the last trading day prior to the publication of the decision to make the takeover offer is approximately 37.2% (refers to transactions since 2013, excluding financial services, real estate transactions and failed offers, no control offers, or certain low premia offers; only public takeovers with cash considerations considered). The Klöckner & Co Share price on March 10, 2023, the last trading day prior to publication of the decision to make the Offer, amounted to EUR 9.51. The Offer Price thus implies a premium of approximately 2.5% on this closing price. Thus, the premium offered is significantly lower than the historical median of the offer premia of German takeovers.

The median of the historical premia paid in the German public takeover transactions, which were paid in comparison to the volume-weighted average stock market price of the last three months prior to the publication of the decision to make a takeover offer is approximately 42.1% (refers to

transactions since 2013, excluding financial services, real estate transactions and failed offers, no control offers or certain low-premia offers; only public takeovers with cash considerations considered). The volume-weighted average domestic stock market price of Klöckner & Co Shares for the three-month period ending on March 10, 2023, was EUR 9.70 for Klöckner & Co Shares. The Offer Consideration therefore implies a premium of approximately 0.5% on this average stock market price. Thus, the offer premium is significantly lower than the historical median of the offer premia of the comparable transactions.

Therefore, the premia for Klöckner & Co Shares implied by the Offer Price are significantly lower than historical premia paid in German public takeover situations.

### 4.3 Goldman Sachs Opinion

The Management Board commissioned Goldman Sachs to act as their financial advisor, including the preparation of an opinion to assess the adequacy of the Offer Price to the Klöckner & Co Shareholders (other than the Bidder and any of its affiliates) from a financial point of view.

In its opinion, Goldman Sachs concludes that, subject to the assumptions and limitations contained therein, on which the opinion is based at the time it was prepared, that as of March 31, 2023 the Offer Price of EUR 9.75 per Klöckner & Co Share is inadequate from a financial point of view to the Klöckner & Co Shareholders (other than the Bidder and any of its affiliates) ("**GS Opinion**"). The GS Opinion dated March 31, 2023 is attached to this Statement as **Annex 1**.

The Management Board has intensively reviewed the GS Opinion, discussed its results in detail with representatives of Goldman Sachs and subjected it to an independent critical assessment.

The Management Board points out that the GS Opinion is intended solely for the information and assistance of the Management Board in connection with its consideration of the Offer, and the GS Opinion does not constitute a recommendation as to whether or not any Klöckner & Co Shareholder should tender their Shares in connection with the Offer or any other matter. The GS Opinion is neither addressed to third parties (including the Klöckner & Co Shareholders) nor is it intended to protect third parties. No contractual or other legal relationship is established in this regard between Goldman Sachs and third parties who read the GS Opinion. Neither the GS Opinion nor the mandate agreement between Goldman Sachs and the Company, on which it is based, contain protection for third parties (including the Klöckner & Co Shareholders) or lead to an inclusion of third parties (including the Klöckner & Co Shareholders) into their respective scope of protection, and Goldman Sachs assumes no liability towards third parties with regard to the GS Opinion.



In particular, the GS Opinion is not a recommendation to the Klöckner & Co Shareholders to accept or not to accept the Offer or to tender or not to tender their Klöckner & Co Shares. The consent of Goldman Sachs to attach the GS Opinion to this Statement does not constitute an extension or addition to the group of persons to whom the GS Opinion is addressed or who may rely on the GS Opinion, nor does it result in the inclusion of third parties in the scope of protection of the GS Opinion or the mandate agreements on which it is based.

The GS Opinion does not express or imply any opinion on any relative merits of the Offer as compared to any strategic alternatives that may also be available to the Company nor does the GS Opinion address any legal, regulatory, tax or accounting matters. The decision to reject or accept the Offer must be made by Klöckner & Co Shareholders according to their individual circumstances.

In the context of their assessment of the adequacy of the Offer Price from a financial point of view, Goldman Sachs has performed a series of financial analyses that are performed in comparable transactions and appear appropriate, in order to support the Management Board in its assessment of the adequacy of the Offer Price from a financial point of view. In the process, Goldman Sachs has considered a number of assumptions, procedures, limitations and judgments, which are described in the GS Opinion. The exact approach is described in detail in the GS Opinion attached as **Annex 1**. In particular, Goldman Sachs did not perform an independent evaluation, appraisal or geological or technical assessment of the assets and liabilities (including any contingent, derivative or other off-balance -sheet assets and liabilities) of the Company, the Bidder and/or any of their respective affiliates, nor has such valuation or appraisal been provided to Goldman Sachs. For the purposes of rendering the GS Opinion, Goldman Sachs has, with the Management Board's consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with, or reviewed by, it, without assuming any responsibility of independent verification thereof, and relied upon and assumed, the representations made by the management of the Company that it is not aware of any facts or circumstances that would cause such information to be materially incorrect or misleading. Goldman Sachs has further assumed, with the consent of the Management Board, that the Forecasts (as defined below) have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Management Board.

In connection with the GS Opinion, Goldman Sachs has reviewed, among other things, (i) a finalized draft of this Response Statement in the form approved by the Management Board and the Supervisory Board, (ii) the Offer Document, (iii) the annual reports (*Geschäftsberichte*) of the Company (including the respective audited consolidated annual financial statements of the Company (*Konzernjahresabschlüsse*) contained therein) for the five fiscal years ended 31 December 2022, (iv) certain interim reports from the Company to its shareholders, (v) certain other communications from the Company to its shareholders, (vi) certain publicly available research analyst reports for the

Company, and (vii) certain internal financial analyses and forecasts for the Company prepared by its management on a stand-alone basis, as approved by the Company for the use by Goldman Sachs (the "**Forecasts**"). Goldman Sachs has also (i) held discussions with members of the senior management of the Company regarding their assessment of the strategic rationale of the Bidder for, and the potential benefits for the Bidder of, the Offer and the past and current business operations, financial condition and future prospects of the Company, (ii) reviewed the reported price and trading activity for the Klöckner & Co Shares, (iii) compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded, (iv) reviewed the financial terms of certain recent takeover offers and business combinations in the German market, and (v) performed such other studies and analyses, and considered such other factors, as Goldman Sachs deemed appropriate.

The GS Opinion is subject to certain assumptions and reservations explained in more detail in the GS Opinion. The Management Board advises that a full reading of the GS Opinion is required in order to understand it and the analyses underlying the GS Opinion and its conclusions. The GS Opinion is based on the economic, monetary, market and other conditions as in effect at the time the GS Opinion was submitted, and the information made available to it at that time. Events occurring after this date may have an impact on the assumptions made when the GS Opinion and its conclusions were prepared. Goldman Sachs is not required to update, revise or reaffirm the GS Opinion due to circumstances, developments or events occurring after the date on which the GS Opinion was submitted.

Goldman Sachs did not express any view on, and the GS Opinion does not address, any other term or aspect of the Offer Document or the Offer or any term or aspect of any other agreement or instrument contemplated by the Offer Document or entered into or amended in connection with the Offer or potentially pursued after the consummation of the Offer. Further, Goldman Sachs did not express any view on the adequacy or fairness of the Offer Price or any other term or aspect of the Offer or Offer Document, to, or any consideration received in connection therewith by, the Offeror and any of its affiliates, the holders of any securities other than the Klöckner & Co Shares, creditors, or other constituencies of the Company. Goldman Sachs did also not assess or express any view as to the adequacy or fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or class of such persons, in connection with the Offer (if any), whether relative to the Offer Price offered to be paid to the Klöckner & Co Shareholders pursuant to the Offer or otherwise, and did not examine or express any view on whether any such consideration or compensation has been paid. Goldman Sachs did not express any opinion as to the prices at which Klöckner & Co Shares will trade at any time, or as to the potential effects of volatility in the credit, financial and stock markets on the Company or Bidder or the Offer.

The GS Opinion is not, is not intended to be, and shall not be construed as, a valuation report (*Wertgutachten*) of the type typically rendered by qualified auditors (*Wirtschaftsprüfer*) or independent valuation experts. Accordingly, the GS Opinion has not been prepared in accordance with the standards and guidelines for valuation reports prepared by qualified auditors as set by the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer in Deutschland e.V.*, IDW, “IDW”). In particular, the GS Opinion has neither been prepared in accordance with the standards and guidelines set forth by the IDW for the preparation of a company valuation (commonly referred to as IDW S 1) nor the standards and guidelines set forth by the IDW for the preparation of a fairness opinion (commonly referred to as IDW S 8). An opinion like the GS Opinion pertaining solely as to whether a consideration is adequate from a financial point of view differs in material respects from a valuation report or a fairness opinion prepared by qualified auditors or independent valuation experts, as well as from accounting valuations generally.

In addition, Goldman Sachs does not express any view on, and the GS Opinion does not address, whether or not the terms and conditions of the Offer are consistent with the requirements of the WpÜG, and the regulations promulgated thereunder, or comply with any other legal requirements.

Goldman Sachs expects to receive fees for its services in connection with its engagement, including advisory fees payable upon consummation of the Offer, that is in line with the market standard from the Company for their work as financial advisors to the Management Board, who commissioned it to issue an opinion on the adequacy of the Offer Price from a financial point of view, in connection with the Offer. In addition, the Company has agreed to reimburse certain expenditures and to indemnify and hold Goldman Sachs harmless from certain liability risks that may arise out of its engagement. It should be noted that Goldman Sachs, as stated in the GS Opinion, has provided certain financial advisory and/or underwriting services to the Company and/or its affiliates from time to time for which Goldman Sachs has received, and may receive in the future, compensation including having acted as exclusive advisor on possible takeover offers since June 2021 and financial advisor to the Company in relation to the pending acquisition of National Material of Mexico S. de R.L. de C.V. by Kloeckner Metals Corporation, a subsidiary of the Company, that was announced in December 2022. Goldman Sachs may also in the future provide financial advisory and/or underwriting services to the Company, the Bidder, Prof. Dr.-Ing. E.h. Friedhelm Loh, the sole shareholder of the Bidder and an indirect significant shareholder of the Company, and any of each of the foregoing's respective affiliates or controlled entities, as applicable, portfolio companies or third parties, for which Goldman Sachs may receive a compensation.

The Management Board has convinced themselves of the plausibility and appropriateness of the procedures, methods and analyses applied by Goldman Sachs on the basis of their own experience.

#### 4.4 Macquarie Opinion

In the context of the preparation of this Response Statement, the Supervisory Board of Klöckner & Co SE has engaged Macquarie to provide an opinion on the fairness of the Offer Price from a financial point of view to the Klöckner & Co Shareholders to whom the Offer is made ("**Macquarie Opinion**"). Macquarie has rendered such opinion and has provided to the Supervisory Board the opinion letter dated March 31, 2023 that is attached to this Response Statement as **Annex 2** ("**Macquarie Opinion Letter**"). The Macquarie Opinion Letter must be read in full to understand the Macquarie Opinion as well as the analysis on which it is based and its conclusions.

The Supervisory Board has considered the Macquarie Opinion carefully and critically evaluated it. Based on its own judgment, the Supervisory Board of Klöckner & Co SE has convinced itself of the plausibility and adequacy of the procedures, methods and analyses used by Macquarie in arriving at the Macquarie Opinion.

The Supervisory Board points out that the Macquarie Opinion serves exclusively to advise the Supervisory Board of Klöckner & Co SE and to support the Supervisory Board in connection with its own assessment of the adequacy of the Offer Price and is not intended to replace such assessment. The disclosure of the fact that the Supervisory Board has obtained the Macquarie Opinion serves the sole purpose of disclosing the information basis on which the Supervisory Board issues this Response Statement; it does not serve the purpose of providing Klöckner & Co Shareholders with an additional basis for decision-making.

Accordingly, the Macquarie Opinion is addressed to and for the sole benefit of the Supervisory Board. It is neither addressed to the Klöckner & Co Shareholders or third parties nor are they included in the scope of protection of the mandate to render the Macquarie Opinion, nor can they otherwise rely on the statements made in the Macquarie Opinion. No contractual or other legal relationship is established in this regard between Macquarie and Klöckner & Co Shareholders or third parties who read the Macquarie Opinion Letter, and Macquarie assumes no liability towards Klöckner & Co Shareholders or third parties with regard to the Macquarie Opinion. Therefore, the Klöckner & Co Shareholders and third parties cannot derive any claims or rights against Macquarie, its affiliates or their representatives from the Macquarie Opinion and the fact that it is being referenced by this Response Statement. In particular, the Macquarie Opinion does not constitute a recommendation to the Klöckner & Co Shareholders to accept or not to accept the Offer.

The Macquarie Opinion does not address the relative merits of the Offer compared to alternative transactions or strategies that might be available to Klöckner & Co (or the effect thereof on any other transaction in which Klöckner & Co may engage), nor does it address the business decision or

underlying commercial reasoning of the Management Board or Supervisory Board in respect of the Offer.

The engagement of Macquarie is limited to the evaluation of the fairness of the Offer Price from a financial point of view and, in particular, does not include the assessment of any other statements made in this Response Statement or their completeness or correctness.

As part of its assessment of the fairness of the Offer Price from a financial point of view, Macquarie has carried out a number of investigations that Macquarie considers customary to be carried out in comparable transactions and that appear adequate to Macquarie in order to provide the Supervisory Board with a sound basis for its own assessment of the fairness of the Offer Price from a financial point of view. The analysis underlying the Macquarie Opinion is based on methods which, in the opinion of Macquarie, are typically used by investment banks for comparable transactions and which differ substantially from valuations typically performed by auditors in accordance with the requirements of German corporate and commercial law or applicable standards. In particular, Macquarie has not performed a valuation according to the Principles for the Performance of Business Valuations of the IDW (IDW S 1) and the Macquarie Opinion has not been prepared in accordance with IDW's Principles for the Preparation of Fairness Opinions (IDW S 8). Instead, Macquarie has used various financial, macroeconomic and market factors as well as assumptions, procedures, limitations and valuations which are described in more detail in the Macquarie Opinion Letter.

The analysis underlying the Macquarie Opinion is in particular based on (i) business plan of Klöckner & Co and current financial results for the year to date as well as long-term goals, including discussions held with members of the senior management of the Company, (ii) the published Offer Document, (iii) certain financials and market data (websites, annual/ quarterly reports, investor/ company presentations, FactSet, Bloomberg, etc.) with respect to Klöckner & Co and other listed companies considered relevant by Macquarie, and (iv) publications/ reports by equity research analysts on Klöckner & Co SE and other comparable companies considered relevant by Macquarie.

Macquarie has neither audited nor reviewed the information or documents made available to it by the Company nor any other information or documents on which the Macquarie Opinion is based. The Macquarie Opinion is based, in particular, on the economic and market conditions prevailing at the time the Macquarie Opinion was rendered and the information available to Macquarie at that time, and events occurring after that time may affect the assumptions made in preparing the Macquarie Opinion and the conclusions. Macquarie is under no obligation to update the Macquarie Opinion or to reconfirm the conclusions of the Macquarie Opinion in the light of events occurring after the date of the Macquarie Opinion.

Macquarie has been engaged by Klöckner & Co to act as financial adviser to the Supervisory Board and receives a market standard remuneration from Klöckner for its services and for rendering the Macquarie Opinion. In addition, Klöckner & Co has agreed to cover expenses of Macquarie in connection with, and indemnify Macquarie for certain liabilities arising out of, its engagement by Klöckner & Co, including in connection with the rendering of the Macquarie Opinion. Macquarie and its affiliates may in the future provide financial advisory and/or underwriting or other services to Klöckner & Co SE, the Bidder and/or their respective affiliates for which Macquarie and/or its affiliates may receive compensation. Macquarie and/or its affiliates may in the future hold, trade or otherwise engage in transactions concerning securities of Klöckner, for their own account or for the account of others.

In the Macquarie Opinion Letter, Macquarie has informed the Supervisory Board that as of the date of the Macquarie Opinion Letter, based upon its analysis and subject to the assumptions and limitations contained in the Macquarie Opinion Letter, the Offer Price of EUR 9.75 per Klöckner Share is in Macquarie's opinion not fair from a financial point of view to the Klöckner & Co Shareholders to whom the Offer is made.

#### **4.5 Overall assessment of the adequacy of the consideration**

The Management Board and the Supervisory Board have carefully and thoroughly examined the adequacy of the Offer Price independently of each other and have intensively analyzed and evaluated it. In doing so, the Management Board and the Supervisory Board have, among other things, taken note of the content of the Opinions of Goldman Sachs and Macquarie and, on the basis of their own experience, convinced themselves of the plausibility of Goldman Sachs's and Macquarie's approaches and the appropriateness of the procedures, methods and analyses applied by Goldman Sachs and Macquarie, but have also conducted their own investigations.

In their respective considerations, the Management Board and the Supervisory Board have also taken into account in particular, but not exclusively, the following aspects, which are explained in detail in Sections IV.4.1 to IV.4.3 above of this Response Statement:

- The Offer Price of EUR 9.75 per Klöckner & Co Share includes a premium of approximately 2.5% over the last XETRA closing price of the Klöckner & Co Share on 10 March 2023, the last trading day prior to the publication of the decision by the Bidder to make the Offer.
- Based on the Three-Month Average Price of EUR 9.70 reported by the BaFin on the reference date of 10 March 2023, the Offer Price contains a premium of approximately 0.5 %.

- The Offer Price of EUR 9.75 per Klöckner & Co Share is EUR 0.25 or 2.6% above the median of the last price targets of selected brokers that were published prior to March 13, 2023.
- The premium implied by the Offer Price to the last XETRA closing price of the Klöckner & Co Share on March 10, 2023, and to the volume-weighted average stock market price of the last three months prior to the announcement of the Offer is significantly below the average and the median of historical premia.
- The Opinions come to the conclusion on March 31, 2023 and based on and subject to the various assumptions set out therein that as of this date the Offer Price is inadequate to Klöckner & Co Shareholders other than the Bidder and any of its affiliates) from a financial standpoint. The Management Board and the Supervisory Board have concluded that the procedures, methods and analyses used in the Opinions are plausible and expedient.

On the basis of an overall assessment of the investigations, reviews, analyses and evaluations carried out by the Management Board and the Supervisory Board, the aspects outlined above, the overall circumstances of the Offer and taking into account, inter alia, the Opinions of Goldman Sachs and Macquarie, the Management Board and the Supervisory Board consider the amount of the Offer Price to not be fair. The Management Board and the Supervisory Board of Klöckner, therefore, recommend to the shareholders of Klöckner & Co not to accept the Offer.

In the opinion of the Management Board and the Supervisory Board, the Offer Price does not reflect the fundamental value of Klöckner & Co based on its growth and profitability potential. The Management Board and the Supervisory Board point out that the realization of these potentials involves risks. Accordingly, the Management Board and the Supervisory Board acknowledge that there may be reasons that short-term investors might decide to accept the Offer in view of the increase in the share price following the publication of the Bidder's intention to submit an offer, even though, in the view of the Management Board and the Supervisory Board, the Offer Price is inadequate.

Therefore, each shareholder of Klöckner is responsible for making their own decision on whether or not it will accept the Offer, taking into consideration the overall circumstances, the shareholder's individual situation (including its individual tax situation), and its personal assessment of the possibilities of the future development of the value and stock exchange price of the Klöckner & Co Shares.

## **V. OBJECTIVES AND INTENTIONS OF THE BIDDER AND OF PROF. DR.-ING. E.H. FRIEDHELM LOH AND FORESEEABLE CONSEQUENCES FOR KLÖCKNER & CO**

### **1. Objectives and intentions as set out in the Offer Document**

In the following, the Management Board and the Supervisory Board comment on the intentions described by the Bidder in no. 9 of the Offer Document as the shared intentions of the Bidder and Prof. Dr.-Ing. E.h. Friedhelm Loh as at the date of the publication of the Offer Document. In addition, the Offer Document also contains information in other sections that is stated as objectives or intentions of the Bidder; the Management Board and the Supervisory Board will hereinafter comment on this information indicating in each case the relevant section of the Offer Document.

According to the information provided by the Bidder in no. 2.3 of the Offer Document, it is possible that the Bidder changes its intentions and evaluations expressed in the Offer Document after the publication thereof. In no. 2.4 of the Offer Document, the Bidder points out that it will update the Offer Document (also with regard to any changed intentions of the Bidder) only to the extent required by the WpÜG. The Management Board and the Supervisory Board therefore point out that they are not in a position to verify the intentions specified by the Bidder in the Offer Document and that it cannot be ruled out that the intentions and evaluations are already obsolete at the time of the publication of this Statement.

#### **1.1 Commercial and strategic reasons of the Bidder**

In no. 8 of the Offer Document, the Bidder outlines that, by submitting the Offer and by acquiring the Klöckner Futures, it is aiming at increasing the stake in Klöckner & Co to more than 30% of the Klöckner & Co Shares and voting rights and, thus, at reaching and exceeding the threshold of 30% of the voting rights which is relevant for the Bidder to be deemed to have gained control under German takeover law; however, the Bidder's aim is not to acquire a majority of the voting rights. In the Offer Document, Prof. Dr.-Ing. E.h. Friedhelm Loh is described as a long-term oriented investor with the aim of sustainably strengthening Klöckner & Co's position as a producer-independent distributor of steel and metal products and steel service company in international competition in the long term. According to the information provided, the objective was for Klöckner & Co to have a legally compliant and financially sound basis to deal with the macroeconomic environment. It is also stated in the Offer Document that Prof. Dr.-Ing. E.h. Friedhelm Loh intends to promote the further strategic and business development of Klöckner & Co in the best interest of the Company and all stakeholders, and to support the Management Board in implementing its "Klöckner & Co 2025: Leveraging Strengths" strategy.



## **1.2 Future business activities, appropriation of assets and future obligations of Klöckner & Co**

In no. 9.1 of the Offer Document, the Bidder states that it does not expect to hold a stake after consummation of the takeover offer that would enable the Bidder to conclude a domination and profit and loss transfer agreement that would entitle the Bidder to give instructions to the Management Board. The Bidder also states that it does not intend to conclude a domination and profit and loss transfer agreement. Based on the information provided, the Management Board, accordingly, will continue to manage the business of Klöckner & Co independently on the basis of the powers granted to it by law and on its own responsibility; the Management Board is merely subject to requirements of consent by the Supervisory Board, as provided for in the German Stock Corporation Act (*Aktiengesetz*) and in the Rules of Procedure for the Management Board. The Bidder states that it will not actively intervene in the ongoing business activities in any way.

In no. 9.1 of the Offer Document, the Bidder describes the effects of acquiring more than 50% of the shares in Klöckner & Co with regard to certain financing instruments of Klöckner & Co. With regard to the Bidder possibly reaching or exceeding the threshold of 50% of the voting rights in connection with the takeover offer, change of control clauses requiring early repayment would be triggered, as a result of which financing instruments of Klöckner & Co might have to be refinanced as of December 31, 2022, in the maximum amount of EUR 691 million in total. The Bidder also states that it cannot rule out that other financing instruments of Klöckner & Co, too, might contain change of control clauses or that creditors might become entitled to early repayment for other reasons. According to the information provided, however, the Bidder does not expect to hold more than 50% of the voting rights in Klöckner & Co SE after the consummation of the Offer.

## **1.3 Registered office of the Company and locations of key parts of the business of the Company**

According to the information set out in no. 9.2 of the Offer Document, the Bidder does not intend to cause Klöckner & Co SE or another company of Klöckner & Co SE to relocate or close its registered office (*Satzungssitz*), head office or the location of any key parts of the business of the Company.

## **1.4 Management Board and Supervisory Board**

In no. 9.4 of the Offer Document, the Bidder states that it does not intend to change the composition of the Management Board. It is the intention of the Bidder that the Management Board is to continue to manage Klöckner & Co SE independently and on its own responsibility in compliance with the applicable legal provisions.

In the Offer Document, the Bidder also states that it does not intend to change the size of the Supervisory Board. Prof. Dr.-Ing. E.h. Friedhelm Loh currently intends to remain a member of the Supervisory Board of the Klöckner & Co SE. His regular term of office runs until the end of the

annual general meeting that resolves on the ratification of the actions of the members of the Supervisory Board for the fourth fiscal year after the beginning of his term of office in 2021 (with the fiscal year in which his term of office starts not being taken into account in the calculation), i. e., probably until the end of the 2026 Annual General Meeting. According to information provided by the Bidder, the question as to whether Prof. Dr.-Ing. E.h. Friedhelm Loh is going to remain on the Supervisory Board in the long term, who will sit on the Supervisory Board in the future and whether, as has been the case in the past, the Bidder is going to appoint several members of the Supervisory Board again if and as necessary can be answered only after the Offer has been consummated and the result has been considered.

### **1.5 Possible structural measures**

According to the information set out in no. 9.5 of the Offer Document, the Bidder does not intend to enter into a domination and/or profit and loss transfer agreement with Klöckner & Co SE or to implement a squeeze-out pursuant to Secs. 327a et seqq. AktG or Secs. 39a et seqq. WpÜG after the consummation of the Offer.

The Bidder also states in the Offer Document that it does not intend to arrange or apply for a revocation of the admission to trading of the Klöckner & Co Shares on the regulated market (*regulierter Markt*) with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange in accordance with the rules of the WpÜG and the German Stock Exchange Act (*Börsengesetz*, "BörsG") (delisting).

### **1.6 Future business activities of the Bidder and of Prof. Dr.-Ing. E.h. Friedhelm Loh**

According to the information provided by the Bidder in no. 9.6 of the Offer Document and except for the effects on the assets, financial and earnings position of the Bidder with respect to the Offer set forth in no. 15 of the Offer Document, the Bidder and Prof. Dr.-Ing. E.h. Friedhelm Loh, as at the time of publication of the Offer Document, have no intentions that, for the Bidder, could affect the registered offices of the companies or the location of key parts of the business of the Company, the appropriation of the assets or the future obligations of the Bidder and of Prof. Dr.-Ing. E.h. Friedhelm Loh, the members of the corporate bodies of the Bidder or the employees and their representative bodies or the employment conditions of the Bidder.

## **2. Evaluation of the objectives of the Bidder and of Prof. Dr.-Ing. E.h. Friedhelm Loh as well as of the expected consequences of the Offer**

### **2.1 Commercial and strategic reasons of the Bidder and of Prof. Dr.-Ing. E.h. Friedhelm Loh**

The Management Board and the Supervisory Board particularly welcome the fact that, according to information provided in no. 8 of the Offer Document, the Bidder shares the long-term objectives of the Management Board and wishes to support the Management Board in implementing its "Klöckner & Co 2025: Leveraging Strengths" strategy. What the Bidder seeks to achieve, i.e., the strengthening of Klöckner & Co's position as a producer-independent distributor of steel and metal products and steel service company in international competition, is already a key component of Klöckner & Co's strategy (see Part II.1.7 of this Statement).

The Management Board and the Supervisory Board consider the Bidder to be a good partner for the further development of Klöckner & Co, also in view of the support provided in the past.

The Management Board and the Supervisory Board are convinced that Klöckner & Co is already pursuing a value creating and sustainable growth strategy and making good progress as regards the intended transformation processes. However, the Management Board and the Supervisory Board are always willing to discuss any proposals made by shareholders to further improve the organization, business and processes. To the extent that the Bidder aims to promote the further strategic and business development of Klöckner & Co in the best interest of the Company and all stakeholders, the Management Board and the Supervisory Board expressly welcome this.

### **2.2 Future business activities, appropriation of assets and obligations of Klöckner & Co**

The Management Board and the Supervisory Board particularly welcome the fact that, based on the information provided by the Bidder in nos. 8 and 9.1 of the Offer Document, the Bidder intends to support the Management Board in implementing its "Klöckner & Co 2025: Leveraging Strengths" strategy without actively intervening in the ongoing business activities.

### **2.3 Registered office of the Company and locations of key parts of the business of the Company**

The Management Board and the Supervisory Board particularly welcome the fact that the Bidder does not intend to cause Klöckner & Co SE to relocate its registered office or head office in Duisburg. As the Company's traditional identity-forming location, Duisburg has proven to be ideal for Klöckner & Co as a distributor of steel and metal products. In addition, the Management Board and the Supervisory Board particularly welcome the fact that the Bidder does not intend to cause other Klöckner & Co Companies to relocate or close their registered offices, head offices or key

business parts either. Both the Management Board and the Supervisory do not see any need for such measures.

## 2.4 Management Board and Supervisory Board

The Supervisory Board particularly welcomes the fact that the Bidder does not intend to change the composition of the Management Board of Klöckner & Co SE. The current Management Board enjoys the full confidence of the Supervisory Board.

Likewise, the Supervisory Board particularly welcomes the fact that the Bidder does not intend to change the size of the Supervisory Board and also that Prof. Dr.-Ing. E.h. Friedhelm Loh intends to remain on the Supervisory Board. The Supervisory Board acknowledges the Bidder's intention to review, after the Offer has been consummated and its result has been considered, whether, where appropriate, the Bidder wants to be represented on the Supervisory Board by members to be nominated for election by the Bidder, as has been the case in the past. Depending on the result and the shareholding and capital interest of the Bidder upon consummation of the Offer, this appears to be appropriate, in general, and is also in line with the recommendation of the German Corporate Governance Code according to which the shareholder structure should be taken into account in the composition of the Supervisory Board.

## 2.5 Possible structural measures and their ramifications

The Management Board and the Supervisory Board particularly welcome the fact that, according to information provided in no. 9.5 of the Offer Document, the Bidder does not intend to enter into a domination and/or profit and loss transfer agreement with Klöckner & Co SE, to implement a squeeze-out pursuant to Secs. 327a et seqq. AktG or Secs. 39a et seqq. WpÜG or to arrange or apply for a revocation of the admission to trading of the Klöckner & Co Shares on the regulated market (*regulierter Markt*) with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange in accordance with the rules of the WpÜG and the BörsG (delisting) after the consummation of the Offer.

## 3. Consequences for the financing of Klöckner & Co

From the perspective of the Management Board and the Supervisory Board, the Offer may have significant consequences for the financing of Klöckner & Co: Although the Bidder does not assume in the Offer Document that it will hold more than 50% of the voting rights in Klöckner & Co SE after completion of the Offer, this cannot be ruled out. Such a scenario may occur if, despite the low premium compared to the share price on March 10, 2023, the Offer becomes more attractive to Klöckner & Co Shareholders as a result of a significant decline in the broader stock market and in the share prices of peer companies by the end of the Offer Period compared to March 10, 2023. In

such a case, there is also no guarantee that the threshold for a significant deterioration of the SDAX, which is set as an Offer Condition, will be exceeded, as the share price of comparable companies could significantly underperform the SDAX. The Bidder itself points out in Section 9.1 of the Offer Document that, if the Bidder reaches or exceeds the threshold of 50% of the voting rights in connection with the Takeover Offer, certain change of control clauses aimed at early repayment could take effect, which, according to the Bidder's calculation, could result in a refinancing requirement for Klöckner & Co in the total amount of up to EUR 691 million with regard to financing instruments as of 31 December 2022. This is correct in principle. To the extent that extraordinary termination rights are exercised in such a scenario, the relevant financing instruments would have to be renegotiated. Klöckner & Co can influence the outcome of negotiations on the continuation of the agreements and their terms and conditions only to a limited extent as it is to be expected that the relevant contractual partners must reassess the risks and, in so doing, will also consider the Bidder's financial situation and conduct. At the same time, changed conditions on the banking and/or capitals markets may influence a renegotiation of the financing instruments concerned. Furthermore, as of the date of the Response Statement, it cannot be excluded that the refinancing requirements at the time of a possible crossing of the threshold of 50% of the voting rights will exceed the amount of EUR 691 million.

**4. Objectives and intentions as well as possible consequences regarding the employees, their employment conditions and their representative bodies at Klöckner & Co and regarding Klöckner & Co's sites**

The Management Board and the Supervisory Board generally appreciate the fact that the Bidder acknowledges under no. 9.3 of the Offer Document that the consummation of the Offer will not have any effects on employees, working conditions, collective bargaining agreements (*Tarifverträge*) or works councils of Klöckner & Co. Even in the event of a successful consummation of the Offer, there is no reason in the opinion of the Management Board and the Supervisory Board for any changes or other consequences regarding the employee representative bodies as well as the constructive co-operation with the employee representative bodies and the employment conditions within Klöckner & Co.

The Management Board and the Supervisory Board consider it generally positive that the Bidder does not intend to take any action which would result in a material adverse change in the working conditions or terms of employment or the conditions within the organization of the employee bodies of Klöckner & Co. The Management Board and the Supervisory Board believe that reasonable working conditions and a co-operation with the employee representative bodies based on mutual trust are the very foundation of Klöckner & Co as an attractive and reliable employer and, thereby, an important basis for Klöckner & Co's entrepreneurial success.

## VI. POSSIBLE CONSEQUENCES FOR KLÖCKNER & CO SHAREHOLDERS

The following explanations are intended to provide Klöckner & Co Shareholders with the necessary information to evaluate the consequences of accepting – or not accepting – the Offer. The following information contains aspects that the Management Board and the Supervisory Board deem relevant to the decision to be made by the Klöckner & Co Shareholders regarding the acceptance of the Offer. Such a list can never be complete, however, because individual circumstances and special characteristics cannot be taken into consideration. Klöckner & Co Shareholders have to make their own decisions as to whether and to what extent they wish to accept the Offer. The following aspects can only serve as a guideline. All Klöckner & Co Shareholders should take their own personal circumstances, including their individual tax situation and individual tax consequences of accepting the Offer or not, adequately into account when making the decision. The Management Board and the Supervisory Board recommend that each individual Klöckner & Co Shareholder obtains expert advice if and to the extent necessary.

### 1. Possible consequences upon accepting the Offer

Taking into account the above, all Klöckner & Co Shareholders that intend to accept the Offer should note, *inter alia*, the following:

- Klöckner & Co Shareholders that accept or have accepted the Offer will no longer benefit from any positive development of the stock exchange price of the Klöckner & Co Shares or from any favorable business development of Klöckner & Co as regards their Tendered Klöckner & Co Shares. Should closing occur before the record date relevant for the dividend payment (which the Management Board and the Supervisory Board cannot access), Klöckner & Co Shareholders who have accepted the Offer would lose their dividend entitlement for the fiscal year 2022, as this ancillary right would be transferred to the Bidder.
- The consummation of the Offer and the payment of the Offer Price will not take place until all Offer Conditions have either been fulfilled or the Bidder has waived fulfillment thereof, to the extent that this is possible. The Bidder has indicated February 29, 2024, as the latest possible date for consummation of the Offer in no. 13.6 of the Offer Document. Until such point in time, consummation of the Offer or the final decision on its non-consummation may be delayed. The consummation of the Offer may, in particular, be delayed on account of regulatory approvals and procedures that must be obtained or completed, as applicable, prior to consummation of the Offer. In the meantime, the Klöckner & Co Shareholders that have accepted the Offer may be restricted in their possibilities to dispose of the Klöckner & Co Shares for which they have accepted the Offer. In such instances, the shareholders have no contractual right of withdrawal.

- Klöckner & Co Shareholders that accept or have accepted the Offer are required to unwind the agreements that have been entered into as a result of the Offer being accepted if and to the extent that the Offer Conditions have not been fulfilled or have not been validly waived by the Bidder by the end of the Acceptance Period (see no. 12.4 of the Offer Document for further details).
- The Tendered Klöckner & Co Shares will be traded under a separate ISIN, and therefore will not be fungible with the shares not tendered for sale. If the level of acceptance is low, liquidity may be low within these separate classes of shares. Trading Tendered Klöckner & Co Shares under the separate ISIN may take place at a different price than the trading of Klöckner & Co Shares not tendered for sale.
- After the completion of the Offer and the expiration of the one-year period pursuant to Sec. 31 (5) WpÜG, the Bidder is allowed to acquire additional Klöckner & Co Shares at a higher price off the exchange, without being required to adjust the Offer Price for the relevant class of share for the benefit of those Klöckner & Co Shareholders that have already accepted the Offer. The Bidder may also purchase Klöckner & Co Shares at a higher price via the stock exchange already within the above mentioned one-year period without being required to adjust the Offer Price for the relevant class of share for the benefit of those Klöckner & Co Shareholders that have already accepted the Offer.
- Klöckner & Co Shareholders that accept the Offer will not participate in any Compensation Payments that are payable by law (or based on case law interpreting the applicable laws) in the event of certain structural measures realized after the consummation of the Offer (in particular the conclusion of a domination agreement, a squeeze-out or transformation measures). These Compensation Payments will be calculated based on the Enterprise Value of Klöckner & Co SE and, where applicable, the stock exchange prices of the Klöckner & Co Shares at a future point in time and may be reviewed by the courts in the course of appraisal rights proceedings (*Spruchverfahren*). Compensation Payments may be higher or lower than the Offer Price.

## 2. Possible consequences upon not accepting the Offer

Klöckner & Co Shareholders that do not accept the Offer and do not otherwise sell their Klöckner & Co Shares remain Klöckner & Co Shareholders, but should, *inter alia*, note the following:

- Klöckner & Co Shares that have not been tendered into the Offer will continue to be traded on the respective stock exchanges. Klöckner & Co Shareholders bear the risk of the future

performance of Klöckner & Co and therefore also of the future performance of the stock exchange price of Klöckner & Co Shares. The current stock exchange price of the Klöckner & Co Shares may, *inter alia*, reflect the fact that the Bidder has published the Offer. It is uncertain whether the stock exchange price of the Klöckner & Co Shares will increase or decrease in the future or whether it will remain at a similar level.

- The implementation of the Offer may at least temporarily result in a reduction of the free float of Klöckner & Co Shares. For that reason, the liquidity of the Klöckner & Co Shares may decrease at least temporarily, and it may not be possible to execute purchase or sell orders relating to Klöckner & Co Shares, or at least not in a timely manner. Furthermore, the decreasing liquidity of the Klöckner & Co Shares could result in lower market prices and greater price fluctuations than in the past.
- By increasing the Bidder's shareholding to more than 30% of the Klöckner & Co Shares and the voting rights and thus reaching or exceeding the threshold relevant for the acquisition of control under takeover law, the Bidder may further increase its shareholding in Klöckner & Co SE in the future or expand it to a majority position of the Klöckner & Co Shares and voting rights without a mandatory offer having to be made to the shareholders.

## VII. OFFICIAL APPROVALS AND PROCEDURES

The Management Board and the Supervisory Board point out that the Bidder explains in no. 11 of the Offer Document that the planned acquisition of Klöckner & Co Shares by the Bidder in accordance with the terms and conditions of the Offer ("**Transaction**") is subject to merger control clearance by the European Commission, the Brazilian Antitrust Authority (Administrative Council for Economic Defense) and/or the expiration or termination of certain waiting periods in the USA if the Bidder, as a result of the consummation of the Offer, obtains control over Klöckner & Co in accordance with the merger control laws as applicable from time to time in the relevant jurisdiction. Furthermore, in the event that the intended acquisition of National Material of Mexico by Klöckner & Co is completed prior to the consummation of the Offer, the Transaction will be subject to merger control clearance by the competent authority in Mexico where control is acquired pursuant to the laws of Mexico through the consummation of the Offer and, in any event, where a stake reaches or exceeds a threshold of 35%.

In the Offer Document, the Bidder stated that it initiated the pre-merger procedure with the European Commission on March 23, 2023. According to the information provided in the Offer Document, the Bidder does not believe that the Transaction requires the assumption of obligations or that the European Commission will initiate a phase II investigation ("**Phase II**"). The Bidder deems it unlikely that a Member State of the European Union will file an application for referral. According



to the Bidder, the time limit for clearance is expected to end within 25 working days from formal submission of the merger control notification (after conclusion of the pre-notification period), provided there is no referral, extension or initiation of Phase II. Regarding the status of the other merger control procedures described and further merger control procedures, if any, the Bidder states that it will initiate them depending on the achieved acceptance level, as applicable, after the end of the Acceptance Period or the Additional Acceptance Period.

According to the information provided by the Bidder in the Offer Document, the application for foreign investment control approval by the competent authorities in the United Kingdom, France and (if the Investment Screening Bill (ISB) takes effect in the Netherlands prior to the closing of the Transaction) the Netherlands is required or at least recommended in the event that the Bidder, through the consummation of the Offer, triggers a change of control pursuant to the respective definitions laid down in the relevant British, French or Dutch foreign investment control laws since, according to the information available to the Bidder, one or more of the Klöckner & Co companies possibly engages in certain business activities in the United Kingdom, France and/or the Netherlands that fall within the scope of application of the relevant foreign investment control laws. Foreign investment control approvals may also be required in further jurisdictions. Regarding the status of the shareholder control procedures, the Bidder states that it will initiate them depending on the achieved acceptance level, as applicable, after the end of the Acceptance Period or the Additional Acceptance Period.

For further details on official approvals and procedures required according to the information provided by the Bidder, please refer to the Bidder's statements in no. 11 of the Offer Document.

## **VIII. INTERESTS OF THE MEMBERS OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD**

### **1. Specific interests of members of the Management Board and of the Supervisory Board**

#### **1.1 Specific interests of members of the Management Board**

All members of the Management Board hold Klöckner & Co Shares.

Members of the Management Board in office are required to invest a share of their variable remuneration for the past fiscal year in shares in the Company (referred to as the personal investment). These shares are subject to a lock-up period. This procedure will also be applied to the variable remuneration components for the fiscal year 2022. The Supervisory Board confirmed this by resolution dated March 3, 2023. The purchases will be made in April 2023 in accordance with an already defined plan. In the sense of an LTI component, the requirement for a share of variable remuneration to be invested in shares in the Company with a specified lock-up period ties the value

of benefits received by the members of the Management Board to the share price and, because of the multi-year lock-up period, to the long-term development of the Company. The remuneration system that applies to each of the Management Board members determines the percentage and the length of the lock-up period. The figures are calculated for administrative purposes assuming 50% tax on the gross bonus amount. In exceptional instances, to reward special performance and successes on the part of members of the Management Board, the Supervisory Board may, at its reasonable discretion and subject to the rules of the remuneration system, grant an extraordinary bonus (discretionary bonus). The Supervisory Board may make the granting of a discretionary bonus to a member of the Management Board conditional upon the Management Board member using part or all of the discretionary bonus to purchase shares in the Company. No extraordinary bonus was awarded for fiscal year 2022.

The former virtual stock option program for members of the Management Board was discontinued at the end of 2015. The members of the Management Board in office did not participate in the stock option program for the Management Board in place until the end of 2015, and no other stock options were granted or awarded to the current members of the Management Board in fiscal year 2022, either. However, the members of the Management Board Dr. Oliver Falk, John Ganem and Bernhard Weiß still hold virtual stock options from their service as CEOs of country organizations within Klöckner & Co.

The existing service contracts do not provide for a special termination right of the members of the Management Board in the event that a specific control threshold is exceeded in relation to voting rights in the Company (change of control clause).

## **1.2 Specific interests of members of the Supervisory Board**

Of the members of the Supervisory Board, only Prof. Dr. E.h. Friedhelm Loh holds 29,895,025 Klöckner & Co Shares indirectly via the Bidder, corresponding to approximately 29.97% of the total share capital and voting rights of Klöckner & Co SE. Furthermore, as per March 13, 2023, the Bidder holds Klöckner Futures that relate to the delivery of a total of 30,000 Klöckner & Co Shares, which corresponds to 0.03008% of the share capital and voting rights of Klöckner & Co SE.

The member of the Supervisory Board Prof. Dr. E.h. Friedhelm Loh did not take part in the consultation, resolution or flow of information relating to this Statement.

## **2. Agreements with members of the Management Board or of the Supervisory Board**

Neither the Bidder nor any persons acting jointly with the Bidder have entered into any agreements with members of the Management Board or the Supervisory Board, and they have not offered the

members of the Management Board the prospect of amendments or extensions of their service contracts.

**3. No non-cash or other benefits related to the Offer**

The members of the Management Board and the Supervisory Board have not been granted, promised or offered the prospect of non-cash benefits or any other benefits by the Bidder or any persons acting jointly with the Bidder.

**IX. INTENTIONS OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD TO ACCEPT THE OFFER**

All of the members of the Management Board intend to not accept the Bidder's Offer for all of the Klöckner & Co Shares held by them.

With the exception of Prof. Dr.-Ing. E.h. Friedhelm Loh, no members of the Supervisory Board hold Klöckner & Co Shares.

**X. RECOMMENDATION**

In consideration of the information in this Statement, the Management Board and the Supervisory Board are of the opinion that the consideration offered by the Bidder for the Klöckner & Co Shares is not adequate within the meaning of Sec. 31 (1) WpÜG.

The Management Board and the Supervisory Board are of the opinion that the Offer Price of EUR 9.75 for each Klöckner & Co Share substantially undervalues the enterprise in light of the earnings performance and the value prospects of Klöckner & Co.

For these reasons and considering the other explanations provided in this Statement, the Management Board and the Supervisory Board recommend to all Klöckner & Co Shareholders not to accept the Offer.

For the reasons explained in detail in Part IV.4. and elsewhere in this Statement, the recommendation given here is based on the assessment made by the Management Board and the Supervisory Board that the Offer Price does not reflect the fundamental value of Klöckner & Co based on its potential for growth and profitability. The Management Board and the Supervisory Board point out that the realization of this potential involves risks. Accordingly, the Management Board and the Supervisory Board acknowledge that there may be reasons that short-term oriented investors might decide to accept the Offer in view of the increase in the share price following the publication of the Bidder's

intention to submit an offer, even though, in the view of the Management Board and the Supervisory Board, the Offer Price is inadequate.

The individual Klöckner & Co Shareholders must therefore decide whether or not to accept the Offer considering the overall circumstances, their individual circumstances and their personal assessment of the future performance of the value and the stock market price of the Klöckner & Co Shares. Subject to mandatory applicable law, the Management Board and the Supervisory Board assume no responsibility in the event that the acceptance or non-acceptance of the Offer subsequently has any adverse economic consequences for any Klöckner & Co Shareholder.

Duisburg, March 31, 2023

**Klöckner & Co SE**

**The Management Board**

**The Supervisory Board**

**Annex 1:** Opinion of Goldman Sachs Bank Europe SE dated March 31, 2023

**Annex 2:** Opinion of Macquarie Capital France SA dated March 31, 2023

**Annex 1**

**Opinion of Goldman Sachs Bank Europe SE dated March 31, 2023**



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**PERSONAL AND CONFIDENTIAL**

31 March 2023

The Management Board (*Vorstand*)  
Klößner & Co SE  
Am Silberpalais 1  
47057 Duisberg  
Germany

Gentlemen:

You have requested our opinion (the “**Opinion**”) as to the adequacy from a financial point of view of the Per Share Consideration (as defined below) proposed to be paid by SWOCTEM GmbH (the “**Offeror**”) to the holders (other than the Offeror and any of its affiliates) of the outstanding no-par-value shares (*nennwertlose Stückaktien*), each with a notional value (*rechnerischer Anteil am Grundkapital*) of Euro 2.50 (each, a “**Share**” and together, the “**Shares**”) of Klößner & Co SE (the “**Company**”) in the Tender Offer (as defined below). Pursuant to the voluntary public takeover offer (*freiwilliges öffentliches Übernahmeangebot*) (the “**Tender Offer**”) made by the Offeror in accordance with the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) (the “**Takeover Act**”) and set forth in the offer document (*Angebotsunterlage*) published by the Offeror on 27 March 2023 (the “**Offer Document**”) in accordance with section 14 paragraph 3 of the Takeover Act, the Offeror offers to pay a consideration of EUR 9.75 in cash for each Share tendered into Tender Offer (the “**Per Share Consideration**”) by the holders of Shares (other than the Offeror and any of its affiliates).

Goldman Sachs Bank Europe SE and its affiliates (together “**Goldman Sachs**” or “**we**”) are engaged in advisory, underwriting, lending and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, the Offeror and any of each of the foregoing’s respective affiliates, including entities controlled by Prof. Friedhelm Loh, the sole shareholder of the Offeror and an indirect significant shareholder of the Company (the “**Significant Shareholder**”), as applicable, portfolio companies or third parties or any currency or commodity that may be involved in the Tender Offer. We have acted as financial advisor to the Company in connection with its consideration of the Tender Offer and other matters pursuant to our engagement by the Company. We expect to receive fees for our services in connection with our engagement, including advisory fees payable upon consummation of the Tender Offer, and the Company has agreed to reimburse certain of our expenses arising, and indemnify us against certain liabilities that may arise, out of our



engagement. We have provided certain financial advisory and/or underwriting services to the Company and/or its affiliates from time to time for which Goldman Sachs Investment Banking has received, and may receive, compensation, including having acted as exclusive anti-raid advisor to the Company since June 2021 and financial advisor to the Company in relation to the pending acquisition of National Material Of Mexico S. de R.L. de C.V. by Kloeckner Metals Corporation, a subsidiary of the Company, that was announced in December 2022. We may also in the future provide financial advisory and/or underwriting services to the Company, the Offeror, the Significant Shareholder and any of each of the foregoing's respective affiliates or controlled entities, as applicable, portfolio companies or third parties, for which Goldman Sachs Investment Banking may receive compensation.

In connection with this Opinion, we have reviewed, among other things, (i) a finalized draft of the joint reasoned statement of the management board (*Vorstand*) (the "**Management Board**") and the supervisory board (*Aufsichtsrat*) (the "**Supervisory Board**") of the Company (*Gemeinsame begründete Stellungnahme des Vorstands und des Aufsichtsrats*) prepared in accordance with section 27 paragraph 1 of the Takeover Act in the form approved by the Management Board and the Supervisory Board on the date hereof, (ii) the Offer Document, (iii) the annual reports (*Geschäftsberichte*) of the Company (including the respective audited consolidated annual financial statements of the Company (*Konzernjahresabschlüsse*) contained therein) for the five fiscal years ended 31 December 2022, (iv) certain interim reports from the Company to its shareholders, (v) certain other communications from the Company to its shareholders, (vi) certain publicly available research analyst reports for the Company, and (vii) certain internal financial analyses and forecasts for the Company prepared by its management on a stand-alone basis, as approved for our use by the Company (the "**Forecasts**"). We also have (i) held discussions with members of the senior management of the Company regarding their assessment of the strategic rationale of the Offeror for, and the potential benefits for the Offeror of, the Tender Offer and the past and current business operations, financial condition and future prospects of the Company, (ii) reviewed the reported price and trading activity for the Shares, (iii) compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded, (iv) reviewed the financial terms of certain recent takeover offers and business combinations in the German market, and (v) performed such other studies and analyses, and considered such other factors, as we deemed appropriate.

For purposes of rendering this Opinion, we have, with your consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with, or reviewed by, us, without assuming any responsibility for independent verification thereof. In that regard, we have assumed with your consent that the Forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Management Board. We have not made an independent evaluation, appraisal or geological or technical assessment of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of the Company, the Offeror and/or any of their respective affiliates and we have not been furnished with any such evaluation or appraisal.

This Opinion does not address the relative merits of the Tender Offer as compared to any strategic alternatives that may be available to the Company; nor does it address any legal, regulatory, tax



or accounting matters. This Opinion addresses only the adequacy from a financial point of view, to the holders of Shares (other than the Offeror and any of its affiliates), as of the date hereof, of the Per Share Consideration proposed to be paid to such holders of Shares pursuant to the Tender Offer. We do not express any view on, and our opinion does not address, the fairness, from a financial point of view, of the Per Share Consideration or any other term or aspect of the Tender Offer or the Offer Document. We also do not express any view on, and our opinion does not address, any other term or aspect of the Offer Document or the Tender Offer or any term or aspect of any other agreement or instrument contemplated by the Offer Document or that may be entered into or amended in connection with the Tender Offer or may potentially be pursued after the Tender Offer, the adequacy or fairness of the Per Share Consideration or any other term or aspect of the Tender Offer or Offer Document, to, or any consideration received in connection therewith by, the Offeror and any of its affiliates, the holders of any class of securities other than the Shares, creditors, or other constituencies of the Company; nor as to the adequacy or fairness of the amount or nature of any compensation that may be paid or become payable to any of the officers, directors or employees of the Company, or class of such persons, in connection with the Tender Offer, whether relative to the Per Share Consideration proposed to be paid to the holders (other than the Offeror and any of its affiliates) of Shares pursuant to the Tender Offer or otherwise. We are not expressing any opinion as to the prices at which Shares will trade at any time, or as to the potential effects of volatility in the credit, financial and stock markets on the Company or Offeror or the Tender Offer. Our Opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this Opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided solely for the information and assistance of the Management Board in connection with its consideration of the Tender Offer and this Opinion does not constitute a recommendation as to whether or not any holder of Shares should tender such Shares in connection with the Tender Offer or any other matter. This Opinion has been approved by a fairness committee of Goldman Sachs.

This Opinion is not, is not intended to be, and shall not be construed as, a valuation report (*Wertgutachten*) of the type typically rendered by qualified auditors (*Wirtschaftsprüfer*) or independent valuation experts. Accordingly, this Opinion has not been prepared in accordance with the standards and guidelines for valuation reports prepared by qualified auditors as set by the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer in Deutschland e.V., IDW, "IDW"*). In particular, this Opinion has neither been prepared in accordance with the standards and guidelines set forth by the IDW for the preparation of a company valuation (commonly referred to as *IDW S 1*) nor the standards and guidelines set forth by the IDW for the preparation of a fairness opinion (commonly referred to as *IDW S 8*). An opinion like this Opinion pertaining solely as to whether a consideration is adequate from a financial point of view differs in material respects from a valuation report or a fairness opinion prepared by qualified auditors or independent valuation experts, as well as from accounting valuations generally. In addition, we do not express any view on, and this Opinion does not address, whether or not the terms and conditions of the Offer are consistent with the requirements of the Takeover Act and the regulations promulgated thereunder, or comply with any other legal requirements.





Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Per Share Consideration proposed to be paid to the holders (other than the Offeror and any of its affiliates) of Shares pursuant to the Tender Offer is inadequate from a financial point of view to such holders.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tiber Kossu", written over a horizontal line.

Goldman Sachs Bank Europe SE  
Name: *Tiber Kossu*  
Title: *Managing Director*

*Fabian Riedel*

Goldman Sachs Bank Europe SE  
Name: Fabian Riedel  
Title: Managing Director

**Annex 2**

**Opinion of Macquarie Capital France SA dated March 31, 2023**

OpfernTurm  
Bockenheimer Landstrasse 2-4  
60306 Frankfurt am Main  
GERMANY

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31 March 2023

STRICTLY PRIVATE AND CONFIDENTIAL

The Supervisory Board  
Klöckner & Co SE  
Am Silberpalais 1  
47057 Duisburg  
Germany

Dear Sir or Madam,

We, Macquarie Capital France SA, Niederlassung Deutschland, refer to the voluntary public takeover offer (cash offer) by SWOCTEM GmbH ("**SWOCTEM**") to the shareholders of Klöckner & Co SE (the "**Target**" or "**Klöckner**"), a company listed on the Frankfurt Stock Exchange regarding the acquisition of all of the outstanding registered shares with no par value (*auf den Namen lautende Stückaktien*) of Klöckner not already directly held by SWOCTEM, each representing a pro rata amount of the registered share capital of EUR 2.50 (the "**Offer**") pursuant to an offer document published and dated 27 March 2023 (the "**Offer Document**"). Pursuant to the Offer Document, SWOCTEM is offering the payment of a cash amount of Euro 9.75 per Target share submitted for acceptance (the "**Offer Price**") under the Offer. The Offer Price applies to all Target shares including all ancillary rights, in particular the right to dividends, existing at the time of settlement of the Offer.

The transaction as described in the Offer Document (the "**Transaction**") envisages the acquisition of the Target shares under applicable German law (Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*)). The Offer remains subject to certain conditions, as set out therein, including granting of merger control and investment control clearances (or expiry of corresponding waiting periods).

Please be advised that while certain provisions of the Offer are summarised above, the terms of the Offer are more fully described in the Offer Document. As a result, the description of the Offer and certain other information contained herein is qualified in its entirety by reference to the more detailed information appearing or incorporated by reference in the Offer Document.

We understand that the management board (*Vorstand*) and the supervisory board (*Aufsichtsrat*) of Klöckner will provide the Target's shareholders with a joint reasoned opinion regarding the Offer pursuant to section 27 WpÜG (the "**Reasoned Opinion**"), which will, in particular, contain an opinion on the Offer Price.

## ENGAGEMENT OF MACQUARIE

Macquarie Capital France SA, Niederlassung Deutschland ("**Macquarie**", "**us**" or "**we**") has been engaged by Klöckner to act as financial adviser to its supervisory board ("**you**" or the "**Client**") pursuant to an engagement letter dated 21 March 2023 (the "**Engagement Agreement**"). Pursuant to the Engagement Agreement, you have requested that we provide

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Permanent Representatives of the German branch: Roland Schmidt, Florian Geiger

Macquarie Capital France SA is incorporated and registered as a Société anonyme in France (registered number 885 184 697 R.C.S Paris). MCF is authorised and regulated by the ACPR and AMF

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an opinion addressed to the supervisory board of the Target as to whether the consideration to be granted pursuant to the Offer is fair to the shareholders of the Target to whom the Offer is made from a financial point of view. This letter is provided pursuant to, and subject to the terms and conditions of the Engagement Agreement between Klöckner and Macquarie.

Macquarie has also acted as financial advisor to the supervisory board of Klöckner with respect to the Offer and will receive a market standard remuneration from Klöckner for its services and for providing this Opinion. In addition, Klöckner has agreed to cover expenses of Macquarie and its affiliates in connection with, and indemnify Macquarie and its affiliates for certain liabilities arising out of, its engagement with Klöckner, including in connection with the rendering of this Opinion. Macquarie and its affiliates may in the future provide financial advisory and/or underwriting or other services to Klöckner, SWOCTEM and/or their respective affiliates for which Macquarie and/or its affiliates may receive compensation. Macquarie and/or its affiliates may in the future hold, trade or otherwise engage in transactions concerning securities of the Target, for their own account or for the account of others.

## **SCOPE OF LETTER**

This letter addresses only the fairness to the shareholders of the Target to whom the Offer is made, from a financial point of view, of the Offer Price ("**Opinion**"). It does not address any other statement contained in the Offer Document or Reasoned Opinion or any other aspect or effect of the Transaction or Offer and does not verify the aggregate value of the Target. The Opinion does not consider special or individual circumstances of individual shareholders of the Target that may be relevant.

Macquarie has not been engaged to prepare, and has not prepared, either an independent expert's report or a valuation or appraisal of the Target or any of its assets, securities or liabilities, and this letter must not be construed as such. This letter is not and should not be considered a valuation opinion (*Unternehmensbewertung*) as usually rendered by qualified auditors based on the requirements of German corporate and commercial law or applicable standards, such as a company valuation performed according to the Principles for the Performance of Business Valuations of the Institute of Certified Accountants in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.; IDW*) (IDW S 1) and the Opinion or this letter have not been prepared in accordance with IDW's Principles for the Preparation of Fairness Opinions (IDW S 8). An opinion like this Opinion pertaining solely as to whether a consideration is fair from a financial point of view differs in material respects from a valuation report or a fairness opinion prepared by qualified auditors or independent valuation experts, as well as from accounting valuations generally. The exercise carried out by Macquarie in providing this letter also differs from any report or valuation that may be carried out in preparation of a potential implementation of a domination and/or profit and loss transfer agreement, squeeze-out or merger involving the Target, and the results of such valuation or report may therefore differ from the Offer Price.

This letter does not contain any assessment of whether a higher or lower price than the Offer Price would be considered fair or not fair to the shareholders of the Target to whom the Offer is made.

Neither does this letter seek to address the relative merits of the Transaction compared to alternative transactions or strategies that might be available to Klöckner (or the effect thereof on any other transaction in which Klöckner may engage), nor does it address the business decision or underlying commercial reasoning of the management or supervisory board of Klöckner in respect of the Transaction.

This letter is not intended to act in any way as a recommendation to the Target to proceed (or not to proceed) with the Transaction, which is a commercial decision for the management and supervisory boards of Klöckner to make, nor does it constitute a recommendation to the Target's shareholders to accept or not to accept the Offer.

We express no view as to the structure and content of the Offer or its conformity with applicable laws and regulations. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of Klöckner or any party to the Offer, or any class of such persons, relative to the Offer Price or with respect to the fairness of any such compensation. We are expressing no opinion herein as to the price at which the Target shares will trade at any future time.

## **BENEFIT AND USE OF OPINION**

The Opinion is provided solely for the supervisory board of Klöckner to assist with the evaluation of the Offer Price. In accordance with the terms of the Engagement Agreement, Macquarie herewith grants Klöckner's supervisory board permission to disclose the fact that Macquarie has provided its Opinion in connection with the Transaction and to disclose this letter in connection with the publication of the Reasoned Opinion, in each case subject to and in accordance with the terms of the Engagement Agreement.

This letter may not be used or relied upon by, in any matter and for any purpose, and does not confer any rights or remedies upon, holders of Klöckner shares or other securities, any creditor, supplier or customer of Klöckner or any other person (including for the avoidance of doubt, the Target and its contractors, directors and shareholders). This letter may not be quoted, referred to, reproduced, summarised, disseminated or otherwise disclosed provided that the supervisory board of Klöckner may refer to the fact that Macquarie has provided this letter and the Opinion contained herein, and may attach a copy of this letter in the Reasoned Opinion, provided that any description of, or reference to, us is in a form acceptable to us and, if a copy of this letter is included in the Reasoned Opinion and/or provided to any third party, this letter is disclosed in full including any additional disclaimers that Macquarie may reasonably require. A copy of the letter may also be provided to Klöckner's other professional advisers with Macquarie's prior written consent provided that the recipient expressly acknowledges that the letter is received on a non-reliance and confidential basis, for information purposes only, and that Macquarie shall have no liability to the recipient or any third party as a result of such provision. For the avoidance of doubt, no contractual relationship shall exist or arise under any circumstances between any shareholder, securities holder or third-party recipient and us in relation to this letter or the opinion contained herein. No shareholder, securities holder nor any third-party recipient shall be included in the scope of protection of this letter or the Opinion contained herein, even if this letter or the Opinion contained herein has been disclosed to a shareholder, securities holder or a third party recipient with our prior written consent.

## **SCOPE OF REVIEW CONDUCTED BY MACQUARIE**

In providing this letter, Macquarie has reviewed and relied upon (without verifying or attempting to verify independently the completeness or accuracy thereof), among other things, the following:

- Klöckner's business plan, current year trading and long-term guidance incl. discussion with senior management of the Target
- The published Offer Document
- Certain financials and market data (websites, annual/ quarterly reports, investor/ company presentations, FactSet, Bloomberg, etc.) with respect to Klöckner and other listed companies considered relevant by Macquarie
- Publications/ reports by equity research analysts on Klöckner and other comparable companies considered relevant by Macquarie

## **KEY ASSUMPTIONS AND LIMITATIONS**

Macquarie has prepared this letter following the review, to the extent considered relevant by Macquarie, of the financial and other information referred to above only. The letter is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Target as reflected in the information and documents reviewed by us (as referred to above) and as represented to us in our discussions with the team of Klöckner as of the date hereof. In our analysis numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters of significance to our letter, many of which are beyond the control of any party involved and we assume no responsibility for the accuracy of such assumptions.

Macquarie has assumed that the Offer will be completed substantially in accordance with its terms and without any amendments, waiver of conditions, delays or requirements (including divestiture requirements) that would have an adverse effect on the Target or its business.

Macquarie has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information which has been obtained from public sources or received from Klöckner and its consultants, advisers or otherwise pursuant to our

engagement, including the information referred to above (the “**Information**”). Macquarie has not and does not assume any responsibility or liability for the accuracy or completeness of the Information and the letter is conditional upon the completeness, accuracy and fairness of the Information and has been provided on the assumption (which Macquarie has not independently verified) that there is no additional information or other matter that has not been disclosed to Macquarie by Klöckner that could reasonably be considered to have a material effect on, or be relevant to, the letter. Subject to the exercise of our professional judgement, and except as expressly described herein, Macquarie has not attempted to verify independently the accuracy or completeness of any such information. Macquarie has not prepared or obtained any independent valuation or appraisal of any of the assets or operations of Klöckner, nor has Macquarie undertaken any inspection of the assets of the Target or evaluated the solvency or fair value of Klöckner under any applicable law relating to bankruptcy, insolvency or similar matters.

Further, our letter is necessarily based on economic, monetary, market, political, regulatory, current operational, and other conditions as in effect on, and on the information made available to us as of, the date hereof. Although we reserve the right to change or withdraw the views set out in this letter if we learn that any of the information upon which we relied in preparing the letter was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the letter for any reason after the date hereof. We note that our view was formed in times in which economic, financial and capital markets conditions are considered volatile subject to changing external conditions such as, *inter alia*, geopolitical and regulatory developments. Subsequent developments (including but not limited to developments in financial and economic conditions and in securities and resources markets, in the industry in which the Target operates, geopolitical developments, but also developments arising from potential regulatory action in connection with the Transaction) may significantly affect the opinion expressed in this letter.

Macquarie is not a legal, tax, accounting, regulatory or actuarial adviser. Macquarie has neither performed an audit as defined by German or any other law, nor undertaken any kind of due diligence on or in connection with the Information. We do not express any opinion as to any tax or other consequences that might result from the Transaction or any related transactions, nor do we express any opinion as to any legal, tax, regulatory, accounting, geological or environmental matters, as to which we understand that Klöckner obtained such advice as it deemed necessary from qualified professionals.

The letter does not assess in particular, but without limitation, any of the following points (i) the payment terms and other conditions of the Offer Price, (ii) any legal or fiscal assessment of the structure of the Transaction, (iii) any possible effects on any shareholders if the Offer is accepted or not accepted, or (iv) the future value of the Klöckner shares. Our letter addresses only the fairness of the Offer Price to Klöckner’s shareholders to whom the Offer is made, from a financial point of view and is provided exclusively to the supervisory board of Klöckner without regard to individual circumstances of any shareholders of Klöckner, and it is not a recommendation to shareholders to accept or not accept the Offer. We express no view or opinion as to any other terms or aspects or implications of the Transaction or any related transaction, including, without limitation, the form or structure of the Transaction or any related transactions, adjustments, any outstanding litigation or retained assets or liabilities or any other agreements or arrangements entered into in connection with, or otherwise contemplated by, the Transaction or any related transaction.

## **CONCLUSION**

Based upon our analysis and subject to all of the foregoing, having taken into account the assessment of Klöckner’s transaction team and advisers, we are of the view that, as of the date hereof, the Offer Price is not fair to Klöckner’s shareholders to whom the Offer is made from a financial point of view.

This Opinion is rendered in the English language. If this Opinion is translated into any language other than English and in the event of any discrepancy between the English language and such other language version, the English language version shall always prevail. This Opinion is governed by the laws of the Federal Republic of Germany.

Yours faithfully

**Macquarie Capital France SA**  
**Niederlassung Deutschland**



**Dr. Rainer Langel**  
Senior Managing Director  
Macquarie Capital



**Sung-Duk Kim**  
Managing Director  
Macquarie Capital