

A woman with curly hair is looking out of a car window, her hands resting on the ledge. The scene is illuminated by the warm, golden light of a sunset or sunrise, creating a soft, contemplative atmosphere. The car's interior and side mirror are visible in the foreground.

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ANNUAL REPORT

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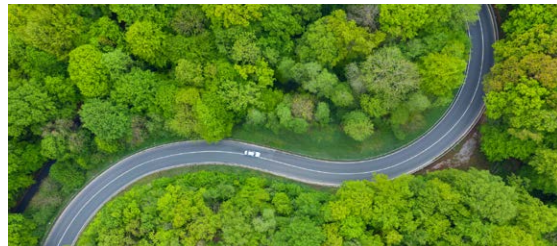
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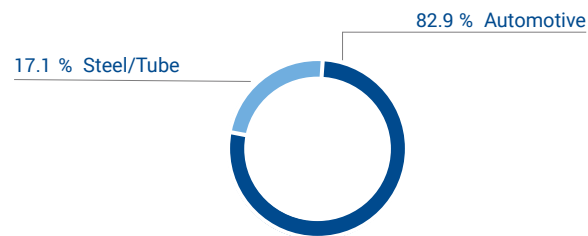
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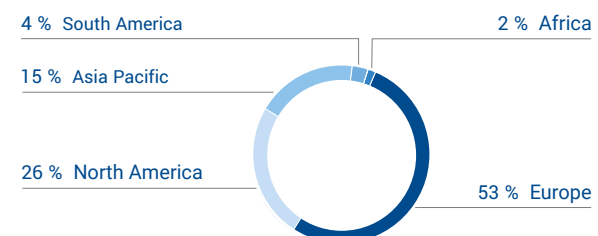
FINANCIAL YEAR JANUARY 1 TO DECEMBER 31

		2023	2022
External revenue	€ MILLION	8,787	8,954
EBITDA	€ MILLION	782	703
EBIT	€ MILLION	517	726
Investments	€ MILLION	360	244
Free cashflow	€ MILLION	509	86
Cash and cash equivalents	€ MILLION	642	697
Working capital	€ MILLION	120	360
Equity	€ MILLION	539	544
Equity ratio	%	11.3%	10.8%
Net financial debt	€ MILLION	1,291	1,544
Total assets	€ MILLION	4,765	5,050
Employees incl. trainees ¹	FTE	20,990	21,349
Trainees ¹	FTE	475	495
R&D budget	€ MILLION	65	67

REVENUE BY SEGMENT



REVENUE BY REGION



1) Annual average, measured as full-time equivalents, excluding temporary workers.

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INTO 2024 WITH MOMENTUM

**Dear readers,
dear friends of BENTELER,**

2023 was a landmark year for our company. We secured our refinancing at an early stage, and thereby successfully completed the restructuring of the group; we celebrated the world premiere of our HOLON Mover at the Consumer Electronics Show in Las Vegas; and we intensified our sustainability ambitions, including with the launch of our new CliMore® product brand. But most importantly, we gave our utmost for our customers every day for 365 days. And so, in a challenging market environment characterized by structural change in the automotive industry, a generally unsettled economic landscape and geopolitical tensions, we once again exceeded our record results of the previous year.

First and foremost, we therefore extend heartfelt thanks to our customers, suppliers, partners, investors, and especially our approximately 23,000 employees worldwide.

2023: A record year. Restructuring completed ahead of schedule, continuous improvement

The figures speak for themselves. In 2023, we once

again exceeded the result of the previous year. Despite a slight decline in sales last year, we increased our EBITDA by €79 million to €782 million. We also significantly improved our free cash flow again compared to 2022. You will find all the business figures in detail in this report.

We owe this success to our teamwork, our pioneering spirit and our guiding principle of continuous improvement, which we adhere to in all our activities. We have adapted our structures, optimized costs and processes and driven forward process and product innovations. Our competitiveness strengthened; our future viability secured. And thus proven the success of our BENTELER 2025+ strategy.

Automotive business on an upward trend

The increase in the result of our automotive business is particularly pleasing. Despite the global volatility, we capitalized on the upturn in the automotive market in 2023. We won over established and new customers with our products, efficient processes and innovative services.



Executive Board duo: Ralf Göttel (left), CEO, and Dr. Tobias Braun (right), CFO, are leading the BENTELER Group into the future together.



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“The BENTELER Group won’t forget 2023. We implemented our strategy consistently and can therefore look back very positively on a challenging year.”

Revenue in our BENTELER Automotive Division increased by around €200 million despite lower inflationary effects. EBITDA of €452 million also significantly exceeded the previous year’s figure by around €100 million.

With our broad, drivetrain-agnostic portfolio, which ranges from products for conventional engines to electric vehicles, we are well positioned to benefit from the growth opportunities in this market. Our geographically broad positioning has once again proven to be advantageous. Our strong presence in growth markets such as China in particular and the Asia-Pacific region in general, the only region that is already exceeding vehicle production from the pre-COVID year 2019, is helping offset challenging market conditions in Southern and Western Europe, among others.

Steel/Tube Division builds on record result from the previous year

Our Steel/Tube Division has also once again achieved a high level of profitability, a fact that is important to emphasize. Our North American business was affected by the ongoing exceptional economic situation in the first quarter and a subsequent normalization of demand and price levels. As expected, it was unable to repeat the results of the previous year. Nevertheless, we coped well with the fluctuations by flexibly adjust-

ing our capacities. Our European steel tube business, on the other hand, exceeded the previous year’s very good result despite falling demand and also posted a record year.

Along with our good economic performance, we continued to focus on sustainability. We expanded our green product portfolio and thus maintained our pioneering role in the field of sustainable steel and steel tube solutions. Our CliMore® range, introduced in 2023, groups our CO₂-reduced steels and steel tubes into

three different sustainability categories. This creates transparency and helps our customers decarbonize their own supply chains. EcoVadis, the world’s largest provider of sustainability ratings, awarded our Steel/Tube Division its gold medal at the end of the year. This puts us in the top five percent in our industry. A success that we are proud of and which continues to motivate us.

Our Automotive Division also improved its EcoVadis rating in 2023 and was awarded the silver medal. In ad-



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“Achieving good results is important. Consolidating them is an even greater achievement. This will continue to be our aspiration for the future.”

dition, we have already reduced our Scope 1 and Scope 2 emissions at group level by 22% compared to 2019.

Success through customer orientation, process efficiency and innovative strength

All this progress shows that we are on the right track with our strategic triad of customer orientation, process efficiency and innovative strength.

- › Customer orientation: We are a reliable partner for our customers and offer them tailor-made

solutions from a single source. We maintain good relationships and build new ones. Similarly, we have expanded our locations in Schwandorf (Germany) and Kariega (South Africa) and established a new one in Bratislava (Slovakia).

- › Process efficiency: We continuously improve our processes. We optimize administrative processes through standardization and our shared-service approach. At an operational level, we are focusing on digitalization; with the help of automated quality

control, artificial intelligence and big data analytics, we have become even more efficient in our production in 2023.

- › Innovative strength: We are an innovative technology leader, anticipating and shaping trends in our markets. This is particularly evident with HOLON, our mover business. In addition, we successfully established product innovations such as BENTELER HYRESIST® hydrogen line pipes in 2023.

At the same time, we have distinguished ourselves as a responsible employer. The health and safety of our employees is our top priority. Our commitment ranges from subsidized sports offerings to the “Healthy Leadership” initiative, with which we are further strengthening self-care and an employee-oriented management culture in the BENTELER Group.



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Our promise to you for the future

In short, BENTELER is well positioned both financially and strategically. That's vital because 2024 promises to be challenging. The economic outlook is bleak in several markets that are relevant to us. The conditions for industry threaten to remain difficult, particularly in our main market of Europe, and especially so in Germany as the largest economy.

However, we have impressively demonstrated in recent years that we can master unexpected situations quickly and effectively. We have set ourselves ambitious goals and are convinced that we will achieve them again in the current year. To this end, we are consistently adhering to our strategy and continuing with our successful transformation. We will operate sustainably and make a positive contribution to society and the environment. And we will continue to inspire our customers with safe and sustainable mobility solutions. That is our promise to all of you.

We are delighted to have you with us on this journey.

The BENTELER Group Executive Board

Ralf Göttel, CEO

Dr. Tobias Braun, CFO

2023 AT A GLANCE

- › **2023 set the course for the BENTELER Group. We secured our refinancing at an early stage and thereby successfully completed the restructuring of the group.**
- › **We achieved good results in both areas of our business. The automotive business recorded a significant increase on the previous year. The steel tube business is stable at a high level. Overall, this means another record result.**
- › **Our strategy is working – we will carry on improving continuously. As in 2023, we will continue to focus on customer orientation, process efficiency and innovative strength in future.**
- › **At the same time, we made further progress in the area of sustainability and reduced our Scope 1 and Scope 2 emissions by 22% compared to 2019. We will continue on this path with consistency, supported by the commitment of our 23,000 employees.**
- › **We remain a strong partner for industry. The bleak outlook in our core market of Europe is an incentive for us to further increase efficiency, continuously improve and develop new solutions. That's our promise!**

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**WE MAKE
MOBILITY SAFER AND
MORE SUSTAINABLE**

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BENTELER GROUP OVERVIEW

BENTELER is a global group of companies that develops, produces and distributes products, systems and services for the automotive, industrial and energy sectors. Our employees symbolize first-class engineering, outstanding materials expertise and total vehicle competence along the entire value chain.

Company profile: What sets us apart

Thanks to its global and diversified business model, the BENTELER Group is in an excellent position to succeed in volatile times through flexibility and agility. The Group is managed by BENTELER International AG, based in Salzburg, Austria. The company employs 23,000 people and is represented at 86 locations in 26 countries.

The BENTELER Group's portfolio is predominantly drivetrain agnostic. It comprises components and modules for the automotive industry in the areas of chassis, bodywork, engine and exhaust systems as well as future-oriented technologies, such as battery storage systems for electric vehicles. We also develop technical engineering solutions for leading automotive suppliers and the glass processing industry. We also use our almost 150 years of experience to develop steel and quality seamless and welded steel tubes, from material development to tube applications.



OUR VALUES

COURAGE	AMBITION	RESPECT
Break new ground with curiosity and assume responsibility for making decisions.	Strive for excellence every day.	Work together respectfully and communicate openly and honestly.

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Our business model creates a number of cross-group strengths that make a positive contribution to the efficiency, stability and flexibility of the BENTELER Group. There are four strengths in particular that set us apart from the competition:

MULTI-TECHNOLOGY GROUP	DIVERSIFIED BUSINESS MODEL	RESILIENCE THROUGH TRANSFORMATION
<div data-bbox="801 533 896 635" data-label="Image"> </div> <p data-bbox="602 667 1087 938"> > Our innovative and efficient solutions are possible because, as experts in the field of metal processing, we work continuously on the development of new processes and the optimization of existing technologies. This is how we have evolved from a company that originally specialized in the manufacture of tubes into a diversified technology group. </p> <p data-bbox="602 979 1087 1251"> Our customers benefit from a wide range of metal processing technologies that cover the entire value chain. We supply solutions from in-house steel production at our electric steel mill in Lingen (Germany) to final finishing using various forming and assembly processes. All from a single source, all tailored to the customer's requirements. </p>	<div data-bbox="1349 528 1548 619" data-label="Diagram"> </div> <p data-bbox="1213 667 1697 903"> > As a result of our business model, we are broadly positioned at product, regional and customer levels. We therefore have a diversified product portfolio. Serving the predominantly diverse automotive and steel/tube markets gives us a high degree of stability, even in volatile times. </p> <p data-bbox="1213 944 1697 1145"> Furthermore, our global presence means we aren't dependent on individual regions. This contributes to additional risk diversification for the BENTELER Group. Our future-oriented approach means that we are trusted by both established and new customers. </p>	<div data-bbox="1993 520 2127 647" data-label="Image"> </div> <p data-bbox="1821 667 2305 970"> > In recent years, we have repeatedly proven our ability to overcome external crises and have steadily strengthened our resilience. Numerous measures contribute to this. These include working capital management; customer compensation for cost increases; more flexible personnel costs; situation-related task forces; and active supply chain monitoring. </p> <p data-bbox="1821 1011 2305 1212"> We have consistently implemented our transformation since the start of 2018. Up to 6,000 individual measures have been implemented annually, enabling us to achieve another record year in 2023 despite market disruptions. </p>



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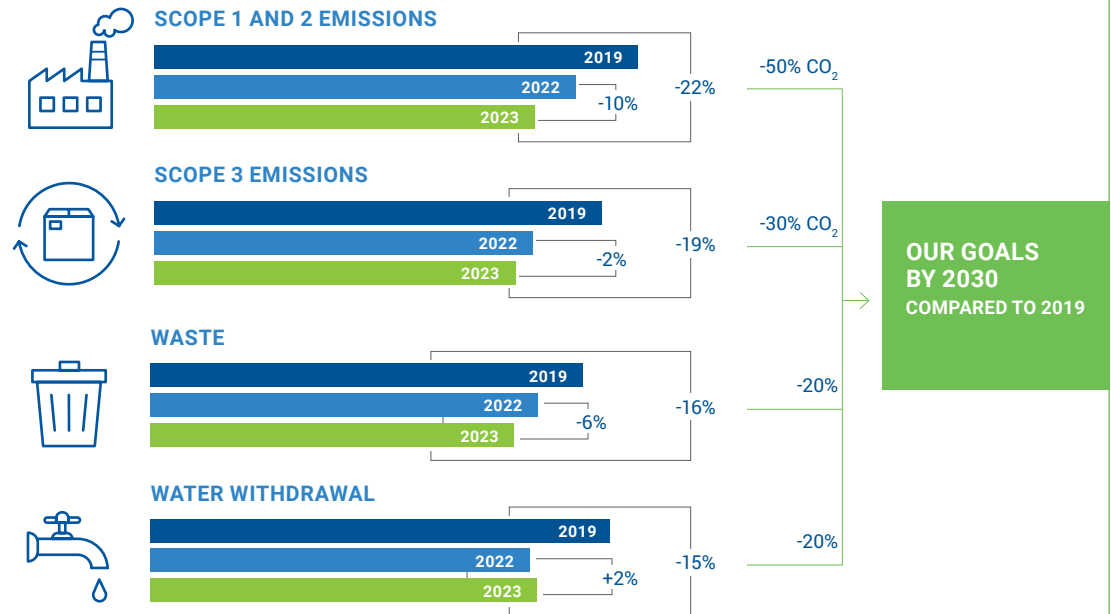
ESG AS DNA



> As a company with close to 150 years of tradition, long-term thinking is part of BENTELER's DNA. Our goal is to create a more sustainable future for all of us – our employees, our customers, society. In 2023, we once again demonstrated our industry-leading commitment to sustainability. Among other things, we significantly reduced our energy consumption. We also concluded declarations of intent for the purchase of CO₂-reduced raw material. Plus, our Steel/Tube Division was awarded the gold medal by EcoVadis, the world's largest provider of sustainability ratings. The success of our activities is also reflected in the CDP (Carbon Disclosure Project) rating. We have been participating with the Automotive Division since 2012 and have improved continuously since then. In 2023, we achieved an "A" rating in the Climate Change category for the first time.

Specific goals and all other aspects of our sustainability strategy can be found in detail in our Sustainability Report.

OUR SUSTAINABILITY EFFORTS AT A GLANCE



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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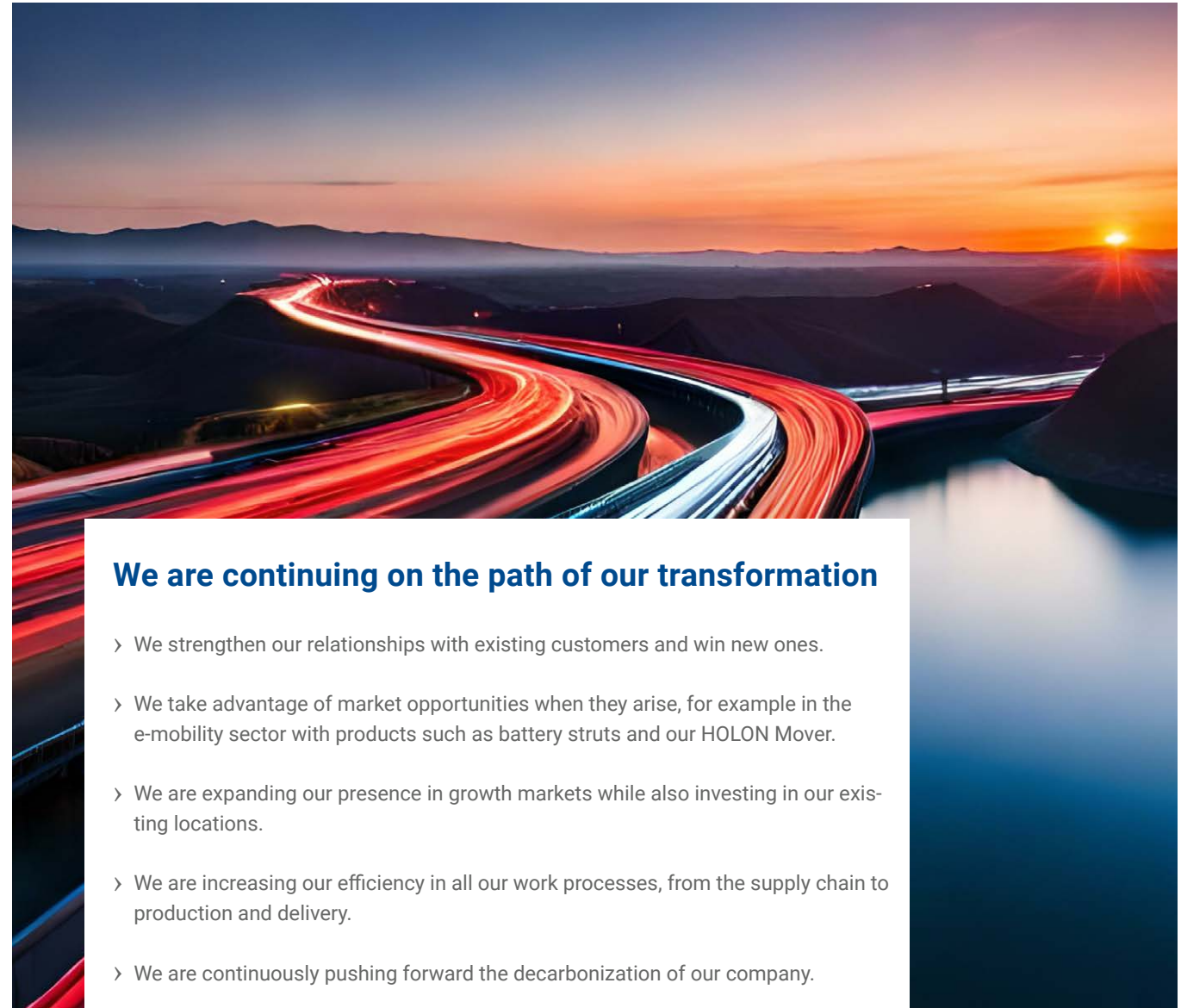
Transformation: How we continuously improve

We successfully completed our restructuring in 2023. Now, we will consistently continue our transformation. To become even more competitive and resilient and to remain a strong industrial partner for our customers.

A milestone in 2023: Refinancing secured early

2023 showed that the consistent implementation of our transformation is bearing fruit. Last spring, for example, we successfully placed secured bonds worth the equivalent of €975 million with international investors in Europe and the USA. Together with a new loan facility of €810 million, the restructuring financing in place since 2020 was replaced by regular financing secured until 2028. This was almost two years earlier than the originally planned date of the end of 2024.

In addition to positive conditions on the capital market, the very good earnings performance of the BENTELER Group contributed to this important milestone.



We are continuing on the path of our transformation

- › We strengthen our relationships with existing customers and win new ones.
- › We take advantage of market opportunities when they arise, for example in the e-mobility sector with products such as battery struts and our HOLON Mover.
- › We are expanding our presence in growth markets while also investing in our existing locations.
- › We are increasing our efficiency in all our work processes, from the supply chain to production and delivery.
- › We are continuously pushing forward the decarbonization of our company.

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MILESTONES IN 2023



WORLD PREMIERE

The HOLON Mover is unveiled for the first time at CES in Las Vegas. The response is overwhelming.

JANUARY

FEBRUARY

EXTRAORDINARY ECONOMY

The American tubes business booms in the first quarter of 2023. Our steel tube plant in Shreveport is running at full capacity.



RAW MATERIAL GUARANTEE

Our partner thyssenkrupp agrees to supply us with CO₂-reduced steel strip on a long-term basis, enabling us to further expand our sustainable product portfolio.

MARCH

APRIL

REFINANCING

We successfully complete our restructuring ahead of schedule and move into a phase of continuous improvement.



GROWTH

We expand our Schwandorf location again to create even more space for e-mobility.

MAY

JUNE

AUTOMATED

We increase factory automation in Asia through a partnership with the robot manufacturer FANUC.



HELLO HAMBURG!

The HOLON Mover makes its first stop in Germany.

JULY

AUGUST

PROCESS EFFICIENCY

We commission an innovative cold-forming line in Campinas, Brazil. The system achieves capacities of up to 3,200 tons and 30 strokes per minute.



LOCALLY LARGE

We expand our automotive plant in Kariega, South Africa. This strengthens our regional presence and co-operation with local customers.

SEPTEMBER

OCTOBER

MOBILITY COLLECTIVE

Together with its partners, HOLON receives millions in funding from the Federal Republic of Germany for an initiative on autonomous mobility in Hamburg.



CLIMORE®

The first trading partners secure quantities of our new product brand for more sustainable steels and steel tubes.

NOVEMBER

DECEMBER

GOLD MEDAL

BENTELER Steel/Tube increases its EcoVadis ranking and is among the most sustainable 5% in the industry.



OUR STRATEGY 2025+: CONTINUOUSLY IMPROVE THE BUSINESS MODEL

As part of our BENTELER Strategy 2025+, we are constantly developing our future-oriented and agile business model. In 2023, we continued to consistently pursue our vision as leading metal processing specialists. We focus on continuous improvement within our three strategic core elements, customer orientation, process efficiency and innovative strength.

Three columns: CUSTOMER ORIENTATION (with icon of people and arrows), PROCESS EFFICIENCY (with icon of gears and arrow), INNOVATIVE STRENGTH (with icon of a lightbulb). Each column contains a paragraph of text describing the strategic focus area.

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FOCUS ON CUSTOMER ORIENTATION

We are committed to providing our customers around the world with innovative, top-quality solutions tailored to their needs. We attach great importance to direct exchange and take customer proximity literally. We will continue to drive this customer focus in future.

We are strengthening our global presence. And are even closer to our customers. As evidenced, for example, in China and Slovakia.

We established a joint venture with Beijing Hainachuan Automotive Parts (BHAP) in the reporting year to pool our expertise. Like us, BHAP is a leading automotive supplier with production sites worldwide. Together, we are even more efficient and have an improved production capacity. The focus of our cooperation is on chassis modules and services for Chinese vehicle manufacturers. The cooperation promises innovative solutions and strengthens our position in the Asia-Pacific region. Series production is scheduled to begin in 2025.

There is a new BENTELER plant in Bratislava (Slovakia). Our production site there covers more than 5,000 m² and is only 1.5 km away from the customer sites that it supplies. This local presence strengthens our competitiveness in the European region. Rear modules have been manufactured at the Bratislava plant since October 2023. Around 90 employees will work there at full capacity.



The new joint venture between BENTELER and BHAP will combine the expertise of two leading companies in the automotive industry.

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Optimized product portfolio for our customers

Times are changing, and so are customer requirements. At BENTELER, our aim is to actively shape this change. In 2023, the Steel/Tube Division made several optimizations to its own product portfolio. These included, for example, expanding its portfolio at the Shreveport site (USA). New to the range: Dimensions up to six inches. This allows us to offer our customers around the world even more choice, and perfectly tailored to their needs.

Local-for-local approach for our customers and the environment

As a global partner to the automotive industry, our aim, in line with our local-for-local strategy is to produce where our customers are. This has several advantages: We can reliably supply our customers even in times of fragile supply chains. And in the spirit of sustainability, we source our raw materials, goods and services predominantly from the area where we ourselves produce. 39 locations of the Automotive Division are located directly at or in close proximity to customers and suppliers.

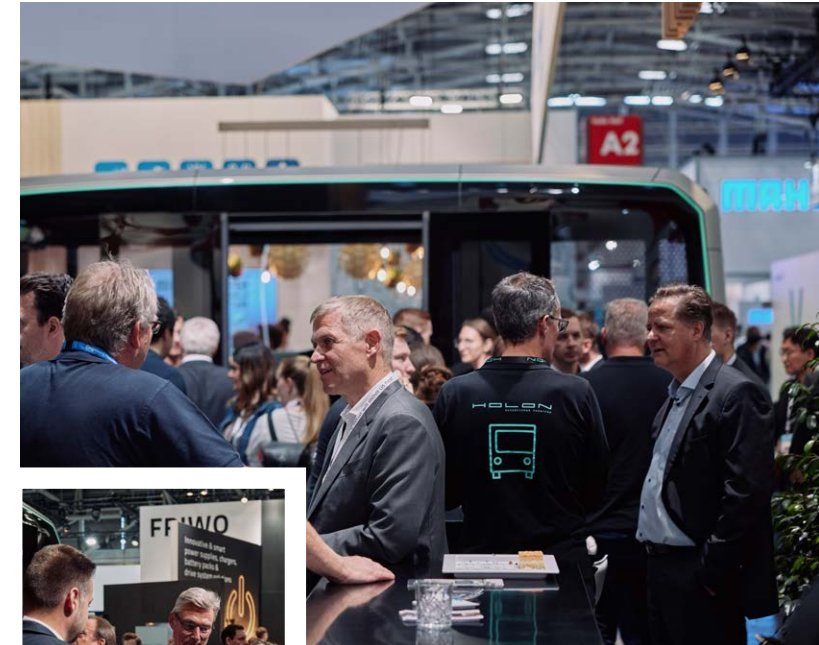
Customer relationship strengthened; capacity utilization increased

We have won important and long-term contracts with both existing and new customers. For example, for chassis components in Spain, rear axles in the growing Indian market, fuel rails in Germany and structural components in Mexico, Asia and the USA.



More transparency for customers

BENTELER Steel/Tube improves the calculation of the Product Carbon Footprint (PCF) and provides customers with precise data on the CO₂ footprint. This initiative helps our customers make even more informed decisions on the use of more environmentally friendly



Personal contact is important to us: Last year, for example, we were present at IAA Mobility in Munich, the Carbody Symposium in Sao Paulo and the Detroit Auto Show.

steel tube solutions with the help of better data. We have also made progress in this area in the Automotive Division: We have integrated the calculation of the PCF into our processes and make it available to our customers on request.

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**EVEN BETTER AND MORE EFFICIENT:
OUR QUALITY PROMISE
TO OUR CUSTOMERS**

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FOCUS ON PROCESS EFFICIENCY

BENTELER delivers in quality, on time and in cost. To this end, we continuously improve our operational and administrative efficiency – for example through digitalization, standardization and our shared-service approach.

Precise optical measuring methods for the highest quality

Our primary goal is to exceed quality standards through precise, data-driven processes. An outstanding example of this is our optical measurement system, in which 3D scans of components are created. In contrast to time-consuming tactile methods, which take around 20 to 25 minutes per component, the optical measurement for a B-pillar, for example, only requires three to five minutes. This not only saves time, but also provides remarkable flexibility. We can add measuring points as required, for example, and (replacement) parts can be manufactured even if no suitable CAD data is available.

We have a long tradition of optical quality control. Optical measuring tools such as the BENTELER Laser Gauge, an in-house optical development, have been in use since 2005. We have continuously implemented state-of-the-art optical measurement



systems at many of our international sites since 2016. These ensure first-class results in quality control and optimization.

A quantum leap in quality control: Five times faster with optical measurement than with tactile methods.

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We rely on Industry 4.0 for smooth production processes.

Increase in billet size at the Dinslaken plant

By increasing the billet size at the Dinslaken plant (Germany), we have increased productivity and expanded our product range. With larger billets, we can produce more sophisticated and diverse tube products to better meet the needs of the oil and gas sector. This step will enable us to produce more efficiently and at the same time improve our range of products and services for customers in the energy sector.

Customer satisfaction increased through digitalization

Digitalization has revolutionized processes in our company. Investments made early on enable prompt optimization of workflows and production. By using IoT technologies in predictive maintenance, we avoid production stoppages. Automated quality control and the use of artificial intelligence save a significant amount of time and increase efficiency. And in the area of Big Data analytics, we have been using

our own Smart Production Data Platform (SPDP) for several years now. This helps us with predictive maintenance, for example. In 2023, the platform was implemented at 16 additional locations worldwide.

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Digital supplier management

We are reducing our administrative workload through increased digital, and therefore improved, collaboration. Our supplier information management tool introduced in 2023 allows us and our suppliers to work together to ensure that master data is up to date.

Strengthening shared services

Shared-service centers help us work even more efficiently. With these, we consolidate previously decentralized administrative areas. This enables us to standardize processes, improve data quality and further increase our efficiency.

Industry 4.0 in logistics – with CARGO 4U

CARGO 4U by BENTELER is an innovative Software-as-a-Service (SaaS) solution for improving transportation management. This enables us to handle courier, express and parcel services at our German locations even more efficiently.

AI-supported weld seam analysis

As part of our “Macrocut 2.0” project, we use AI software to automate the analysis and evaluation of weld seam quality and improve quality.

By comparison, the manual process currently requires 2.8 million operations per year in Northern Europe alone. A pilot line was set up at the Rumburk plant (Czech Republic) in 2023. This innovative technology will now be introduced across the whole group in the coming years and expanded to other areas of application.



Optimal automation in Asia.

Our partnership with robot manufacturer FANUC in the Asia Pacific region optimizes factory automation: Welding and laser cutting work is carried out by robots in our Chinese plants. 2023, the first year of the cooperation, already provided initial impetus. In this way, we ensure the highest quality.

Trust is good, certificates guarantee it

We certified 31 TISAX locations in spring 2023. A further 16 locations were added at the end of the year.

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**PIONEERING SPIRIT KEEPS US
AHEAD OF THE GAME**

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FOCUS ON INNOVATIVE STRENGTH

New times call for pioneers: We work continuously on optimizing our product portfolio with innovative and future-oriented solutions to make mobility safer and more sustainable.

HOLON: Autonomous movers for the mobility of tomorrow

Mobility as we know it today will change considerably in the future. In addition to ecological aspects, increasing urbanization, rising energy costs and the availability of resources will play a decisive role. This is where HOLON comes into play: As an OEM for autonomous vehicles, we are placing a special focus on the rapidly growing demand for electrified, inclusive and autonomous mobility with our mover subsidiary.

In 2023, we once again made significant progress, further optimized our processes and structures and are thus consistently pushing forward towards series development. We celebrated several milestones: The HOLON Mover was presented for the first time at the Consumer Electronics Show (CES) in Las Vegas at the beginning of the reporting year. This was followed by the German premiere of the vehicle in Hamburg in cooperation with Hamburger Hochbahn AG and an appearance at IAA Mobility in Munich, together with



Inspiring with its iconic design: the HOLON Mover, one of the first built to automotive standards.



our partner Cognizant Mobility. We're not the only ones who are enthusiastic about the progress of our mover business: Visitors, the media and the German

Federal Minister for Digital and Transport Volker Wissing also showed great interest in the mobility of the future.

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SMARTCUT®. HYRESIST®. CliMore®.

BENTELER Steel/Tube once again added new innovative tube solutions to its portfolio in 2023. With BENTELER SMARTCUT®, for example, customers can now purchase tubes made from free-cutting steel. These combine the advantages of highly machinable free-cutting steels with the geometric advantages of a tube and thus optimize the machining process. Material savings of more than 50% compared to steel bar are not uncommon.

With BENTELER HYRESIST® we offer the optimum line pipe for hydrogen applications. Our development team has once again significantly expanded the product portfolio in this area. The range now also includes cold-drawn tubes as well as unalloyed and low-alloy carbon steels in new material classes. In this way, we are supporting industry in establishing a hydrogen infrastructure.

We also continued to work on even more sustainable products. This resulted in the introduction of the new CliMore® product brand for more sustainable steels and steel tube products. We use our electric steel mill in Lingen (Germany) to manufacture these sustainable products. This saves around 75% of CO₂ emissions compared to the conventional blast furnace route that dominates today. For certain CliMore® product categories, we also use green electricity and are planning to use green hydrogen or electrified production facilities in future. In this way, we make a significant contribution to the sustainable transformation of our customers.

Already available shortly after launching the brand: In Hoberg & Driesch and the Van Leeuwen Pipe and Tube Group, two important trading partners have already added CliMore® tubes to their ranges.



Green investment budget for efficiency measures

In 2023, we set up a special company-wide budget for sustainable improvement measures for the first time: Green Capex. This enables us to implement additional projects related to energy efficiency beyond the measures that are already included in the regular budget process.

The initial figures speak for themselves: 56 projects were submitted in 2023, of which we will realize around 19 in the first stage or have already done so. In this way, we ensure that we achieve our own sustainability goals and support our customers in realizing their ambitions. In 2024, we will continue to promote energy efficiency projects and expand Green Capex to include measures to reduce water extraction and waste volumes.

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More room for innovation

We inaugurated a new production building in Schwandorf (Germany) in summer 2023 for innovative automotive technologies. With over 11,000 m², 120 employees and 140 robots, we produce high-quality lightweight solutions for the mobility of the future.

Shaping the mobility of the future

For mobility to work, you need to keep moving. That's why we constantly work on new products and manufacturing processes. The goal: To offer our customers solutions that accelerate their business.

The steadily growing market for electromobility in particular offers us great opportunities. We exploit these by consistently developing our portfolio, which is largely drivetrain agnostic. And we supplement it with customized solutions for e-mobility, such as battery struts or particularly lightweight battery boxes.

Sustainable partnerships

We rely on partnerships to expand our sustainable product portfolio. While BENTELER Steel/Tube itself produces low-CO₂ steel, the Automotive Division secured additional volumes from our long-standing partners thyssenkrupp, ArcelorMittal and POSCO.

Partner in hydrogen project

New partnership for CO₂-reduced steel production: the world's largest hydrogen direct reduction plant for the production of green iron was opened in Lingen (Germany). We are planning to test the use of the primary material in our steel production from 2024.

Smart hot forming

Twin hot-forming furnaces from BENTELER Maschinenbau set the industry benchmark. These are used in confined spaces and consist of two shorter oven lines with efficient operation and low maintenance costs. They are also available with electrical heating to reduce the CO₂ footprint.

Autonomous transportation

We are not only focusing on autonomous transport with HOLON. We are also increasingly using automated guided vehicles (AGVs) at our production sites to increase the automation and flexibility of our logistics, and for the safety of our employees.

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EMPLOYEES AND CORPORATE SOCIAL RESPONSIBILITY

Our approximately 23,000 employees around the world are the key to our success. We are proud of their sustainable commitment, both at work and away from it.

The family of driven professionals

Our employees are the most important element in setting us apart from the competition. What distinguishes them? Their attitude. To remain successful in the long term in a rapidly changing market environment, we need employees who think entrepreneurially, act on their own initiative and respond flexibly to change. Our corporate values of courage, ambition and respect are also based on this aspiration.

The past few years have shown that global volatility is one of the biggest business challenges. In addition to the right attitude and the relevant know-how, diversity is another essential success factor for us. At BENTELER, people from 108 nations combine a wide range of skills to achieve long-term success. We continue to promote the diversity of our employees by practicing diversity management, from recruiting to coaching and mentoring. We are convinced that diversity makes a company richer in terms of perspectives, creative freedom and opportunities.



The BENTELER Group stands for diversity. People from 108 different nations work side by side in our group. This diversity sets us apart and makes us strong.



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Long-term trust

A considerable number of our employees have been with us for many years. We thank them regularly for their loyalty. Through extensive, appreciative communication as well as through events. At our South African site in Kariega, for example, we expressed special thanks to more than 70 employees last year. After the ceremony, everyone involved agreed that our plant in South Africa had never experienced such an emotional event!

We are actively committed to employee satisfaction to ensure that as many of them as possible remain part of the family of driven professionals for a long time to come. For example, we subsidize fitness activities and have launched the “Healthy Leadership” initiative, which promotes self-care and employee-oriented leadership. With new working time models, mobile working and job sharing, we offer opportunities for the individual organization of private and professional life.

Training for further education and development

Especially in times of a shortage of skilled workers, it’s essential to turn young people into the skilled workers of tomorrow through qualified training. We are therefore focusing on training and nurturing young talent within our own ranks. In 2023, around 100 people started an apprenticeship in the BENTELER Group in Germany alone.

But it’s not just the young generation that is welcome here. We also focus on retraining and the fur-



BENTELER is committed to retraining: It’s not just those starting out who are welcome here.

ther qualification of our employees, paying particular attention to recognizing and promoting individual strengths. For this reason, there are customized training courses that are available to our colleagues online in the specially developed digital toolbox. The toolbox contains around 130 suggestions to promote continuous learning and further development. The most popular formats are learning videos on



Always at the center of attention: Our employees. Here at a banquet during the anniversary celebration in South Africa.

topics such as giving feedback, preparing development meetings and dealing with change. This enables our employees to use learning content in an agile and demand-oriented manner and to actively integrate it into their everyday work.

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CELEBRATING A CENTURY AT SCHLOSS NEUHAUS

Our location in Paderborn’s Schloss Neuhaus (Germany) district celebrated its 100th anniversary in September 2023. A long success story that we owe first and foremost to our employees. Over the past century, they have repeatedly driven our company forward, changed it and adapted it to market requirements. To say thank you, the company and plant management invited the workforce to a family party.

Around 4,300 guests attended the party on the factory premises. Where tubes are normally drawn amongst the hustle and bustle of truck and forklift traffic, attractions for the whole family were the focus of the colorful celebration.



Reason to celebrate: Our Schloss Neuhaus site became a day of festivities for our employees and their families.



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SOCIAL COMMITMENT

Our employees inspire every day with their outstanding commitment and constantly new solutions. But that’s not the only reason to be proud of them: Many of them are also committed to social issues alongside their professional activities.

Garbage collection campaign on World Cleanup Day

World Cleanup Day is the world’s largest garbage collection campaign. Every year in September, people around the world clear the environment of waste.

Team building that’s not only fun for us but also for the environment – BENTELER employees have been taking part in World Cleanup Day since 2021. Whether in teams around our sites or in the private sphere; in China, the USA, Brazil, South Africa, Spain, Germany, the Czech Republic and many other countries, we are committed to the environment. For example, around 240 kg of waste was collected by our locations in Germany alone.

BENTELER’s volunteers

We want to make a difference where we operate. In North and South America, for example, our colleagues volunteer as part of the “BENTELER’s Volunteers” program and regularly collect blankets, clothing and toys. These are donated to local organizations that support people in need.



Full commitment to the environment: The commitment to World Cleanup Day clearly shows that we make sustainability happen.

Aid for earthquake victims

Many people lost their homes in the catastrophic earthquake in Türkiye and Syria in early February 2023. The Hatay region is one of the worst affected areas. BENTELER was involved in a special initiative there: Thanks to numerous donations from our employees in Türkiye and Spain as well

as support from the company, a tent city was built in Hatay-Samandağ. Each tent is 24 m² in size and offers space for up to eight people. In addition to the tents, food, drink and urgently needed clothing were also brought to Hatay-Samandağ. Some of our colleagues were on site distributing the donations and helping to set up the tents.

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Paint Your Heart Out Initiative

It's May 13, 2023 - Saturday morning. A time that many use to sleep in. Not so for around ten colleagues from the steel tube plant in Shreveport (USA). They met to take part in the "Paint Your Heart Out" campaign. The initiative was launched in Shreveport over 30 years ago to spruce up the homes of those in need. Since then, 1,700 houses have been repainted and gardens have been maintained. BENTELER Steel/Tube once again supported this initiative.

On the Saturday in question, our employees repainted a house, mowed the owner's lawn, spruced up the flower beds and tidied up the garden. In this way, they give something back to the community in which they work.

THANK YOU!



> We would like to thank our employees around the world for their outstanding commitment! Because that's what makes a company what it is: the people who work there.



Great commitment to the community: Once again, colleagues from the steel tube plant in Shreveport (USA) supported the local "Paint Your Heart Out" campaign.



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EVOLUTION OF THE BENTELER ORGANIZATION

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STRATEGIC OUTLOOK: EVOLUTION OF THE BENTELER ORGANIZATION

Our successful refinancing ahead of plan gives us momentum to continue actively shaping the future of mobility. We are consistently pursuing the transformation path of our BENTELER Strategy 2025+. Our aim is to continuously expand our existing activities in future to enable profitable growth.

Our focus in the coming years will be on continuously strengthening the three core elements of our Strategy 2025+: Customer orientation, process efficiency and innovative strength. One of our key objectives is to optimize BENTELER's organizational design in

a time of changing customer needs and dynamic markets. Our evolved organizational design forms the basis for tapping further efficiency potential, faster decision-making processes and a stronger customer focus.

Our core idea:

A centralized one-size-fits-all approach is no longer effective in today's world. For this reason, the evolved organizational design of the BENTELER Group pursues five core objectives:



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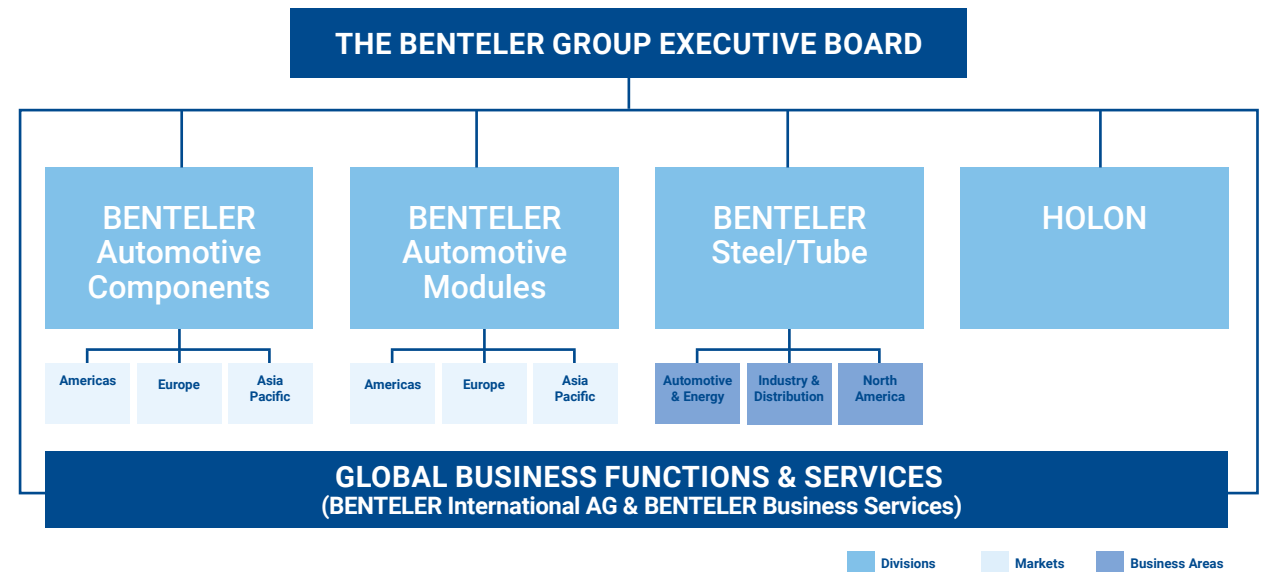
THE FUTURE STRUCTURE OF THE BENTELER GROUP – FOUR DIVISIONS, THREE MARKETS, ONE NAME

By evolving the structure of our organization in a targeted way, we are creating the conditions for even more effective and independent development of our business divisions. To this end, we are creating four high-performance divisions that focus independently on their respective core tasks:

- › BENTELER Automotive Components
- › BENTELER Automotive Modules
- › BENTELER Steel/Tube
- › HOLON

Each of our four divisions pursues a differentiated business model that is specifically geared to the requirements of its respective market. This individual approach, specific management skills and a customized focus will enable us to provide our clients with the best possible support. Our four divisions continue to be supported by our Global Business Functions & Services. These are primarily bundled in BENTELER International AG (BIAG) and BENTELER Business Services (BBS) with their associated shared-service centers. These overarching functions are essential for the optimal alignment and support of the four divisions. We will continue to strive to utilize the synergies and advantages of a global group, even if the individual business units operate more independently in the future. In concrete terms, this means that we

ENHANCED ORGANIZATIONAL DESIGN OF THE BENTELER GROUP



will continue to work on the standardization of processes, particularly in the areas of IT, HR and Finance, supported by increased digitalization. It is crucial that we continue to successfully share knowledge and best practices across geographical markets and our four business units for the benefit of our customers.

In this way, we are further expanding our position as a leading specialist in metal processing and securing our long-term success. Implementation of the evolved organizational design began on January 1, 2024 and is being implemented progressively around the world.

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BENTELER AUTOMOTIVE COMPONENTS: COMBINED EXPERTISE IN THREE MARKETS

The BENTELER Automotive Components Division combines our component manufacturing activities and central functions. This division also includes the companies BENTELER Mechanical Engineering, BENTELER Maschinenbau and BENTELER Light-weight Protection. Overall, the division includes around 18,000 employees in 19 countries.

The new division covers the entire value chain and will operate in three geographical markets: Americas, Europe and Asia-Pacific. This focus on the three central markets strengthens customer proximity and focus. Local management teams are given more responsibility: Decisions are made where they are most relevant and where the information necessary for the decision is available. This enables more targeted and faster decision-making and implementation paths, which is crucial in a dynamic market environment. While the evolved organizational design has already been successfully implemented in the Asia-Pacific market, it will be rolled out in Americas and Europe in 2024.

Like the entire group, BENTELER Automotive Components is also driving forward the three core elements of our BENTELER 2025+ strategy.



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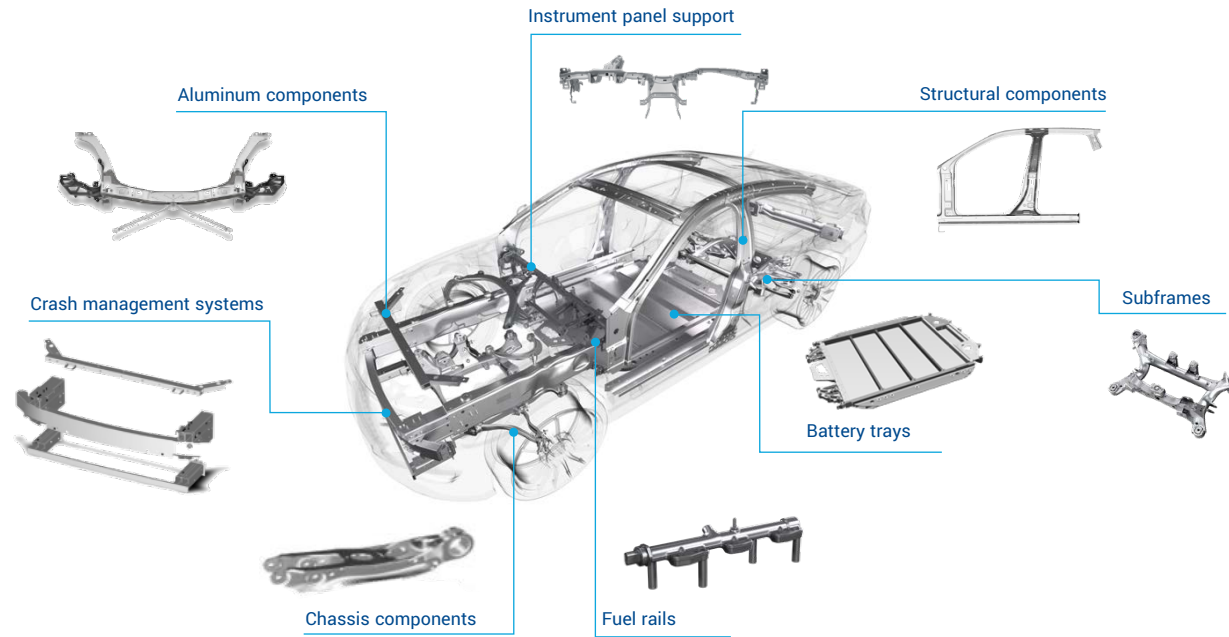
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Do Do In the coming years, we will continue to pursue the goal of growing with our customers in future markets - proactively and profitably. To achieve this, we want to further expand our leading position in growth markets at a regional level. Among other things, we will increasingly rely on our successful joint venture approach with local OEMs and on our local sales organization in order to best respond to regional and cultural market requirements. We are not focusing solely on existing markets, but are also constantly analyzing entry into new markets, for example Saudi Arabia.

At the same time, our aim is to increase the capacity utilization of our existing plants efficiently and profitably through targeted incoming orders. In future, we will adapt our sales strategies even more closely to local needs and conditions. Based on this, we want to further strengthen the components business in Eastern Europe and Mexico, for example, by acquiring new customers and supporting our customers in their global expansion. We will also continue the process and product specialization of our plants in order to produce similar product groups as efficiently and as bundled as possible in dedicated production hubs.

Focus on sustainable mobility solutions: Accompanying the phase out of combustion engines

At the product level, we will continue to expand our market share in the area of e-mobility. To this end, we want to increase the proportion of our drive-train-agnostic products in electric vehicles and acquire further projects for our innovative e-mobility products. In the Asia Pacific market, the majority of new projects being launched in 2024 will be for electrically powered vehicles. In addition, another project for battery trays is starting with a local OEM at our Jian'an Chongqing plant (China). In this way, we are actively participating in the electrification of the drivetrain.

For us, customer orientation also means supporting our customers as they phase out their combustion engine business. To this end, we will rely on a "last man standing" strategy for our combustion-engine products. For example, we are increasing the capacity utilization of our European and American plants by taking on orders from our market competitors. At the same time, we are gradually working on the transformation of our plants towards electric or drivetrain-agnostic products.



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In relation to process efficiency, BENTELER Automotive Components relies on established and new efficiency programs. For example, the “Gross Margin Improvement” work package will help to optimize the gross margin of selected projects by specifically leveraging optimization potential. The renegotiation of steel prices and the optimization of material procurement remain important focal points.

We also invest in advanced and efficient production technologies. One example is our new 3,200-ton cold-forming press at the plant in Campinas (Brazil). In this way, we are strengthening our presence in growth markets and expanding our expertise in metal processing in the region.

We are also pushing ahead with digitalization throughout the BENTELER Group. To this end, we will implement various standardization, simplification and automation measures in 2024. Specifically, this includes the introduction of SAP S/4HANA, the further optimization of project management and the harmonization of our operational IT solutions and processes. With these steps, we will increase our competitiveness and continue to keep costs as low as possible for our customers in the future.



As a leading automotive supplier, at BENTELER Automotive Components we strive for growth through product innovation. In future, we will focus in particular on the continued development of our product portfolio to increase our share of sales per vehicle. In the coming years, this will include the further development of existing products as well as an increased focus on the development of new products, particularly in the area of e-mobility.

We also work constantly on process innovations. For example, we are continuing to develop our processes with the help of innovative AI applications. In addition, we will systematically investigate the implementation of process improvements through AI in other processes as part of our “AI Infused BENTELER” project.

Driving innovation – reducing emissions

We know that progress without sustainable management in vain. We will continue to assume responsibility in the area of sustainability in the coming years. We continue to pursue our sustainability goals ambitiously with the help of innovative products, processes and targeted measures. Here, we include our entire value chain. In order to also reduce our emissions in the supply chain, we signed a declaration of intent with



Partnership for climate protection: BENTELER secures supply of CO₂-reduced steel from thyssenkrupp Steel.

thyssenkrupp Steel Europe in the reporting year to purchase climate-friendly bluemint® Steel for the production of vehicle components in future. The partnership will be intensified from 2026 by producing steel from direct reduction plants using green hydrogen and green electricity. Further details on our planned future activities can be found in the sustainability section of the annual report.

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BENTELER AUTOMOTIVE MODULES: EVEN CLOSER TO THE CUSTOMER

A full-service supplier with complete customer orientation – that’s our new BENTELER Automotive Modules Division. Around 2,000 employees in eight countries take care of the production and assembly of modules for OEMs worldwide. The division’s strategic direction is also shaped by our BENTELER 2025+ strategy.

 With our direct proximity to our customers, we minimize logistics costs and can therefore react quickly to product and call-off adjustments. Having even greater independence, our module business can react faster to dynamic market changes and customer requirements. We are also adapting our footprint to the needs of our customers. Just as in the components business, we are also continuing to invest in growth markets in the modules segment. For example, we will start series production at the new module plant in Beijing (China) in 2025 as a joint venture with Beijing Hainachuan Automotive Parts (BHAP). In addition, we will complete the second expansion of our module plant in Shenyang (China) by 2025. Both plants are helping to significantly increase our sales in the Asia-Pacific market.



BENTELER AUTOMOTIVE MODULES

8 countries

~ 2,000 employees



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In Europe and America, maximum customer orientation means adapting our footprint to both our customers' growth and consolidation efforts. For example, our new module plant in Bratislava (Slovakia) will develop its full potential in the coming years and provide our customers with the just-in-time supply chain they need. At the same time, we are investigating further growth potential and supporting established and new customers in their global expansion.

We are also focusing on the capacity utilization of our existing plants, particularly through high-volume platforms. In this context, we secured the continuation of our module plant in Ghent (Belgium) until 2027. At the same time, we will continue to consolidate our footprint where this is not possible. In Brazil, we are merging our two factories at the Joinville site into one plant in order to achieve further synergies.

We will continue to focus on the flexibility of our footprint in the future and will further increase this by investing in highly flexible and scalable production facilities. The aim is to optimally meet our customers' high requirements for variant diversity and just-in-sequence or just-in-time production. This is facilitated by improving internal interfaces and shortening decision-making paths thanks to our evolved organizational design.

Automated guided vehicles help to optimize in-plant logistics.



A large proportion of the process efficiency measures and innovations planned for the coming years in the BENTELER Automotive Components Division will also be applied in the BENTELER Automotive Modules Division. In addition, we are pursuing a series of dedicated measures in this division that focus in particular on smart production, digitalization and logistics. For example, we are expanding the use of new optical systems for quality control and the use of driverless transport systems to other locations. We will also establish our MProcS system (Manufacturing Process and System Landscape) in additional plants

at BENTELER Automotive Modules. All functional processes and systems such as supply chain management, production, quality assurance and maintenance will be harmonized and integrated with the help of uniform IT solutions. In the logistics area, we are relying on the increased use of software to further optimize our transport routes and automate the monitoring of the supply chain. We are also expanding the product portfolio of our plants by increasing the use of high-voltage components and building up the associated expertise to meet the requirements of electric vehicles.

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BENTELER STEEL/TUBE: FOCUS ON SUSTAINABLE PROFITABILITY

BENTELER Steel/Tube is economically robust and has maintained its position as a quality leader. In the year under review our 3,000 employees in six countries once again set industry-wide standards in the field of sustainable tube solutions. We are consistently pursuing this successful strategy. The overarching objectives continue to focus on our three strategic core elements.

Do+Do In close cooperation with our customers in the industrial, energy and automotive market segments, we at BENTELER Steel/Tube strive to achieve profitable growth. Our plant in Shreveport (USA) continues to play a special role in this. Following the successful ramp-up, the Shreveport plant is one of the most modern and efficient steel tube plants in North America. This strengthens our position in a promising market environment. We also anticipate positive effects from combining sales and operations activities, which we completed in 2023 to strengthen local business, shorten decision-making channels and create synergies. This strategic step will take full effect in 2024. We are also underlining our commitment to the North American market and our customers there by investing in two new lines for the production of threaded pipes for the oil and gas market.



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We are also strengthening our customer focus in Europe by consistently applying and optimizing our focused sales approach. Among other things, we will be the first company in the market to roll out our "TubeEngineer", a tube configurator for hydraulic and fluid line pipes, to manufacturers, tube processors and distributors in 2024. This supports customers in finding the optimum tube solution for their hydraulic application.



From material selection to processing: Customized tube solutions, exactly according to customer requirements.

We will also be adding new solutions to our product portfolio in Europe. These include the expansion of the OCTG product portfolio at our plant in Dinslaken (Germany) with the addition of 6-inch casing pipes and 6.3-inch pipes for threaded sockets. In the automotive sector, we intend to further expand the trailer axle business and our global growth trajectory with airbag sleeves and rotor shafts for electric drives. This will be achieved by means of a new forming line at the Schloss Neuhaus site (Germany) in the coming years.

We will continue to consolidate our strong competitive position in future with the help of an improved cost structure and optimized processes. To this end, we are continuing to consistently implement our transformation programs, which are now at a

very advanced stage. In future, we will be focusing even more strongly on the seamless tube sector. As announced last year, we plan to close our plant in Rothrist (Switzerland) in summer 2024. We are also looking into transferring further administrative activities to our shared-service centers.












To increase our process efficiency, we will continue pushing forward the digitalization of our processes across the division in the coming years. To this end, for example, the digital Supplier Information Management (SIM) system introduced in the division in 2023 to manage supplier information will be rolled out across the group. This will significantly reduce the administrative effort involved in master data management. In future, customer requirements, legal requirements and multifunctional dependencies of this information will be standardized within the BENTELER Group. We are also pursuing the goal of increasing the availability, quality and data transparency of our systems by installing additional sensors for real-time evaluation. We plan to complete this measure for our tube welding systems in 2024.




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CliMore®: CO₂-REDUCED STEEL TUBES IN THREE CATEGORIES

	CliMore® Advantage* ★	CliMore® Ambition ★★	CliMore® Excellence* ★★★
Steel route	 Electric steel (from recycled steel scrap)	 Electric steel (from recycled steel scrap)	 Electric steel (from recycled steel scrap)
Electricity mix	 Standard gray electricity	 Green electricity	 Green electricity
Process heat	 Natural gas	 Natural gas	 green hydrogen/electrification

*currently not available

 At BENTELER Steel/Tube, we continue to focus consistently on sustainable and innovative products in order to achieve our ambitious sustainability goals. In particular, we are striving to drive forward the decarbonization of production through renewable energies, green hydrogen and electrification. We are also focusing on our new CliMore® product brand for CO₂-reduced steels and steel tubes. We are the industry leader with our sustainable product range and have already concluded our first agree-

ments with major customers. We are also strengthening our commitment to hydrogen, for example through the “Hylron” project with the company RWE to use “Direct Reduced Iron” in our steel production, while our HYRESIST® pipes contribute to the safe distribution of hydrogen. We also demonstrate our commitment to sustainability and environmental protection across the entire value chain. For example, we have signed a letter of intent with thyssenkrupp Hohenlimburg to supply the company with CO₂-re-

duced slabs from our electric steel mill in Lingen (Germany). The amount of material produced with green electricity will be gradually increased by 2027. Together with the other measures described in more detail in the sustainability report, we are gradually moving closer to our goal of carbon neutrality.

BENTELER Steel/Tube sustainability goals

BY 2030, WE WILL HAVE ALREADY HALVED OUR CO₂ EMISSIONS COMPARED TO 2019

- > CO₂ neutrality in direct (Scope 1) and indirect emissions (Scope 2)
- > 30% reduction in emissions on the procurement side (Scope 3)

BY 2045, WE AIM TO BE CARBON NEUTRAL!

- > CO₂ neutrality in direct (Scope 1) and indirect emissions (Scope 2)
- > CO₂ neutrality on the procurement side (Scope 3, excluding use phase and end-of-life phase)

BENTELER makes it happen

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HOLON: STEP BY STEP TO SERIES PRODUCTION

Our HOLON division focuses on the business of fully electric, autonomous movers. In other words, safe, comfortable and inclusive mobility – the answer to social megatrends such as urbanization, climate change and demographics.

Focus on series development: We are continuously developing both our innovative company and our vehicle with a focus on future series production along a predefined roadmap.

Subject to all regulatory approvals, we will continue to accelerate the development of our autonomous vehicle this year in collaboration with our new strategic partner TASARU Mobility Investments. The aim is to establish ourselves early on in the rapidly growing market for self-driving shuttles. This marks a significant step in HOLON's development towards becoming a pioneer in the design of safe and sustainable mobility.

Based on this, we plan to complete our first LabCar in 2024, followed by the development of the first prototypes. In addition, we want to complete the search for the first suitable production sites and initiate all necessary steps for the implementation of industrialization. At the same time, we will be imple-



Million-euro financing to expand the autonomous mover business: TASARU Mobility Investments intends to acquire a minority stake in our subsidiary HOLON for a nine-digit sum. Series development and industrialization are now assured.

menting the first pilot projects with partners in 2025. These include, for example, Hamburger Hochbahn, Germany's second-largest public transport company. Series production is planned to start in 2026.

Due to the significant progress made in customer and investor acquisition, we are planning to further adapt the HOLON organizational structure to the requirements of an OEM organization in 2024. This means

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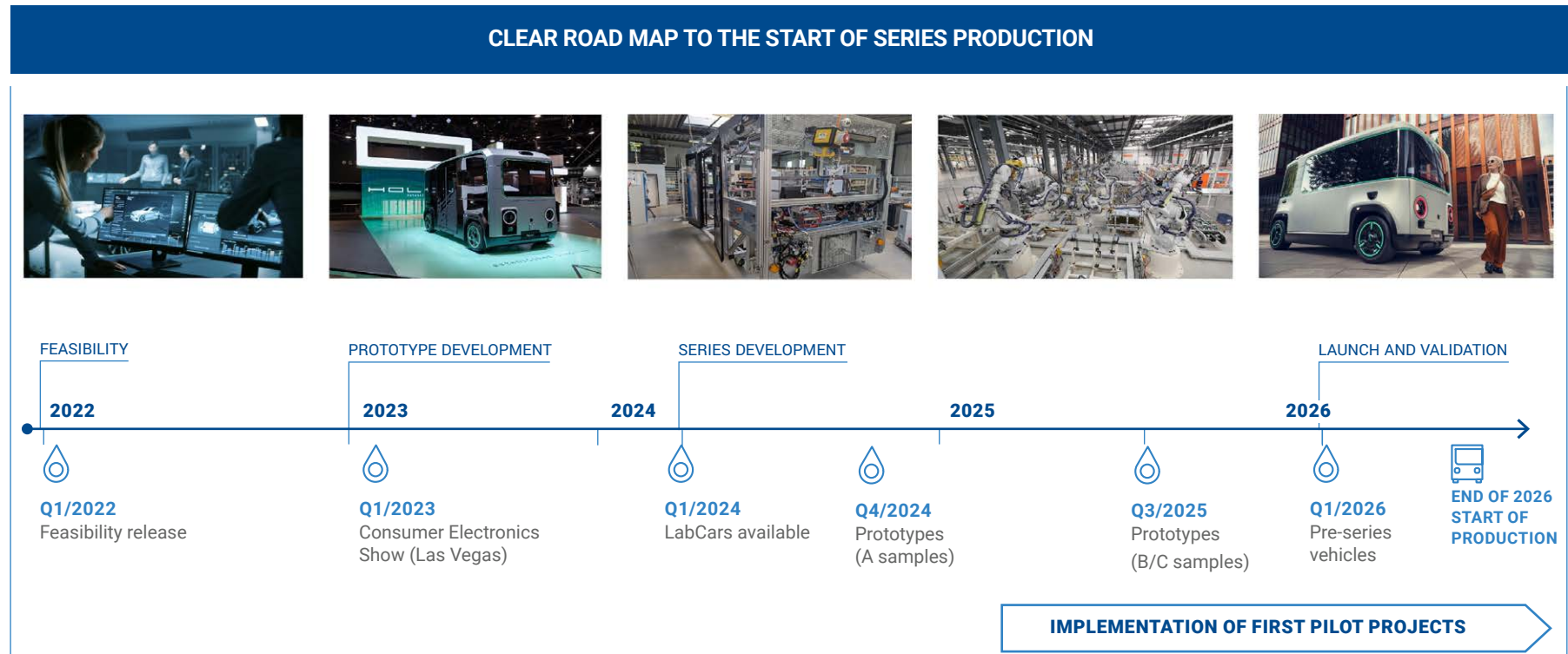
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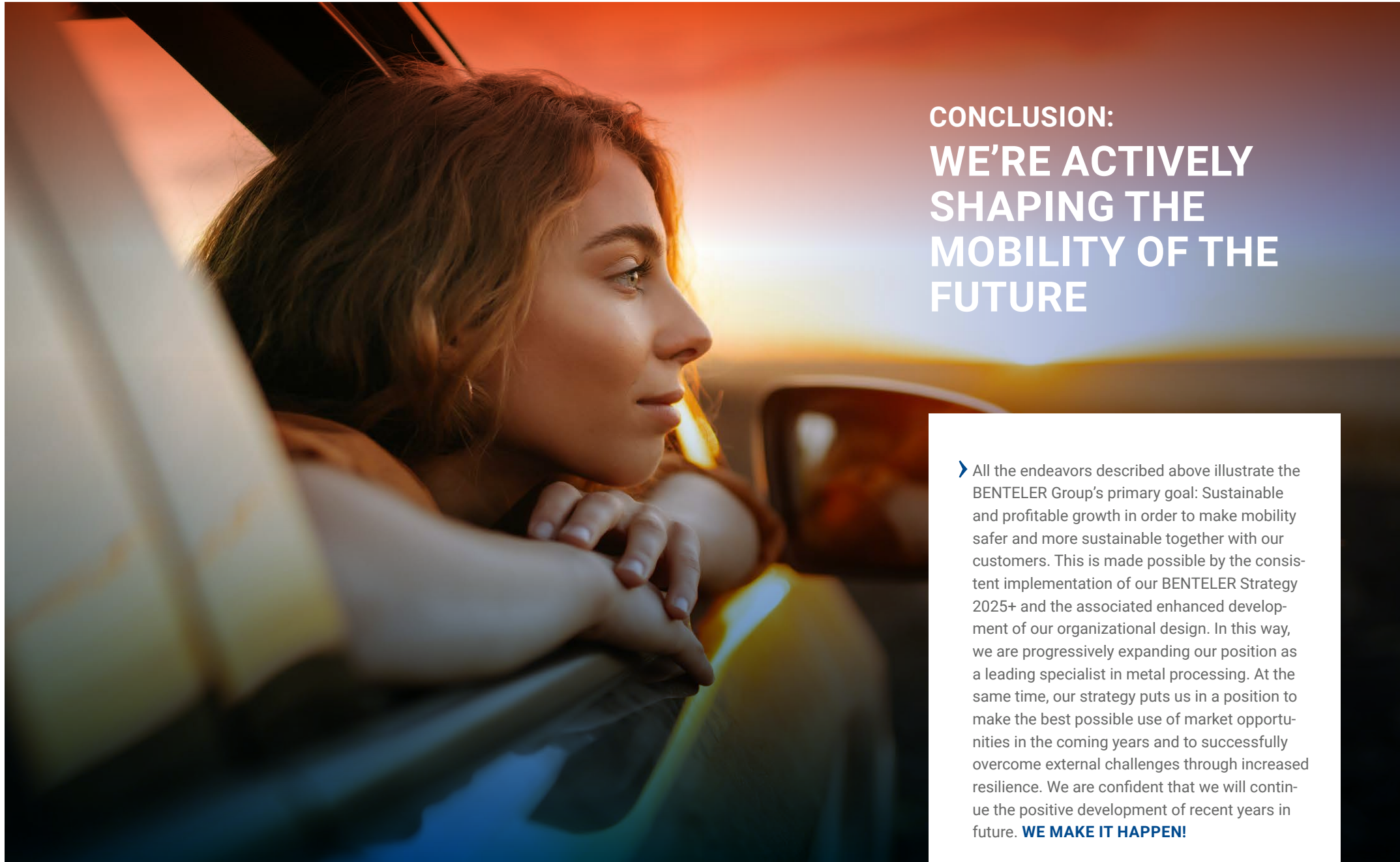
that HOLON will assume full responsibility for the development, manufacture and provision of the entire autonomous mover. As the manufacturer, HOLON will develop, produce and market the entire vehicle “from A to Z”. This requires an expansion of services and resources in terms of vehicle development, production and customer support. The transition to an OEM organization will enable us to actively drive forward the vision for the mobility of the future in collaboration with our established partner network.

Along with the organizational structure described above, we will also adapt HOLON’s process landscape to the requirements of an OEM in 2024. We will implement it with a special focus on system integration at vehicle level as well as cybersecurity and functional safety in the vehicle, and supplement it where appropriate with BENTELER’s existing established automotive processes. The new process landscape therefore includes tried-and-tested processes together with the specific requirements of

the development and production of autonomous vehicles. This approach allows HOLON to benefit from BENTELER’s extensive automotive expertise while creating customized processes for autonomous vehicle development and production.

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CONCLUSION: WE'RE ACTIVELY SHAPING THE MOBILITY OF THE FUTURE

› All the endeavors described above illustrate the BENTELER Group's primary goal: Sustainable and profitable growth in order to make mobility safer and more sustainable together with our customers. This is made possible by the consistent implementation of our BENTELER Strategy 2025+ and the associated enhanced development of our organizational design. In this way, we are progressively expanding our position as a leading specialist in metal processing. At the same time, our strategy puts us in a position to make the best possible use of market opportunities in the coming years and to successfully overcome external challenges through increased resilience. We are confident that we will continue the positive development of recent years in future. **WE MAKE IT HAPPEN!**

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BUSINESS AND GENERAL CONDITIONS

Stable growth in the global economy in 2023

According to the Kiel Institute for the World Economy¹, the global economy maintained the previous year's growth rate with 3.1% in 2023 (2022: 3.3%). Nevertheless, the year was characterized by various factors that contributed to ongoing volatility and uncertainty.

One of the most important factors affecting global growth in 2023 was the ongoing geopolitical instability, which manifested itself in the numerous global military conflicts. The war in Ukraine and Hamas' attack on Israel, for example, dampened global economic development. Another dampening factor was undoubtedly inflation, which continued to be a significant burden on the global economy and its individual economies. In response, the central banks raised interest rates again in 2023. This curbed economic activity and at the same time further fueled fears of recession. Countering this, the ongoing recovery from the COVID pandemic in particular played a role in driving global growth. This was reflected, among other things, in the easing of global supply chains and positive developments in the labor market.

Economic growth in the eurozone in 2023 was, at 0.5%, significantly more modest than in the previous year (2022: 3.5%). The reasons for the low growth

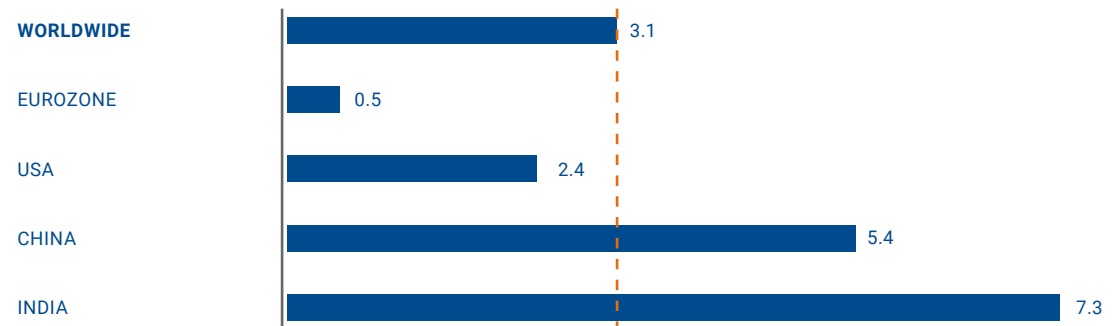
are high inflation rates combined with weak demand outside Europe. In addition, the ongoing geopolitical conflicts, particularly in Ukraine, increased economic uncertainty.

In contrast, growth in the US economy improved slightly compared to the previous year with an overall increase in production of 2.4%. The employment situation in the US labor market improved steadily, driven by the Inflation Reduction Act. Plus, inflation rates in the USA fell much faster than in Europe, which increased economic stability.

The 19 most important emerging economies recorded an increase in their overall economic production of 4.8% in 2023. The main drivers of this growth were China, with an increase of 5.4%, and India with 7.3%. Positive drivers of this development were the recovery from the coronavirus pandemic, reduced inflation rates and easing supply chains. Nevertheless, the emerging markets were burdened by lower demand in Europe and America, geopolitical conflicts and local challenges.

GROWTH IN GROSS DOMESTIC PRODUCT 2023

IN %



Source: Kieler Konjunkturbericht Nr. 109 (2023/Q4),

¹ Kieler Konjunkturbericht Nr. 109 (2023/Q4), Institut für Weltwirtschaft, Kiel, Germany.

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BENTELER Automotive market: Recovery in global automotive production continues

Despite the numerous uncertainty factors both globally and locally, the global automotive industry continued to recover from the decline in production experienced in 2020. According to S&P², vehicle production rose by 9.0% in 2023 compared to the previous year, reaching a level of 89.8 million units. This growth is above the previous year's level when the market grew by 6.7% compared to 2021. 2019's production level of 89.0 million units was therefore exceeded again for the first time.

There were no changes in the ranking of the top three producing car manufacturers: Toyota and Volkswagen took the top two places in 2023 with 11.3 million (+6.5%) and 8.9 million (+5.3%) vehicles produced respectively. Hyundai-Kia retained third place with 7.3 million units produced and growth of 4.5%. The top 3 manufacturers were therefore still responsible for almost a third of global vehicle production (2023: 30.6%; 2022: 31.6%).

After the significant decline in production in the previous year, Europe recorded a considerable increase in production in 2023 of 12.3%, resulting in 17.8 million vehicles produced. Western Europe was the main driver of this growth, where automobile production increased by 12.9%. Germany was the strongest single market with growth of 18.6%. However, France (+8.8%), Spain (+10.5 %) and the United Kingdom (+17.7%) also recorded high growth rates. In Eastern

DEVELOPMENT OF VEHICLE PRODUCTION PER REGION 2023

IN % VS. 2022



Source: S&P Global Mobility Light Vehicle Production Forecast (12/2023)

Europe, production increased by 11.2%, with countries such as the Czech Republic (+13.2%) and Poland (+32.7%) contributing the most. Nevertheless, the production level in Europe is still well below the 2019 level (21.2 million vehicles produced).

North America recorded year-on-year growth of 9.0% in 2023, which represents production of 15.6

million vehicles. As a result, the 2019 level of 16.3 million vehicles produced has almost been reached again. Furthermore, the United States represented the largest single market in North America, with a share of approximately two-thirds and a total of 10.2 million vehicles produced. A comparatively moderate increase in production volumes was recorded in the USA with growth of 5.0% compared to 2022. Reasons

² S&P Global Mobility LV Production Forecast (12/2023) and S&P Global Mobility LV Powertrain Forecast (12/2023)

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for this include increased dealer stocks and strikes in the automotive industry. This situation was offset by the sharp rises in automotive production in Mexico and Canada, which increased by 14.9% and 25.2% respectively compared to the previous year.

The automotive industry also continued to recover in South America in 2023. The growth rate has, however, fallen significantly with an increase of 3.2% to 2.9 million vehicles as vehicle stocks have already mostly normalized. Production volume in Brazil, which was responsible for 76% of production, increased by 1.3% to 2.2 million vehicles. In total, this was not enough to reach South America's 2019 production figures (3.3 million vehicles produced).

The largest global automotive market, Asia-Pacific, increased production by 8.6% to 51.2 million vehicles in 2023. This represents more than 57% of global production. The 2019 level of 46.2 million vehicles produced in this market has long since been exceeded. China remained the world's largest single market with 28.4 million vehicles produced and growth of 8.5%. There were also significant increases in production in Japan and South Korea of 15.8% and 12.3% respectively. Growth in India was slightly below average with an increase of 6.8%. In Thailand, vehicle production actually declined by 1.1%.

BENTELER Steel/Tube market: Solid demand for steel tubes

In the global tube market relevant to BENTELER Steel/Tube, market activity was dominated by the oil and gas sector, particularly in the USA. The industry experienced a turbulent year in 2023, which was characterized by several partly contradictory events: geopolitical tensions, production cuts by the OPEC+ countries, weak global demand and record oil production in the USA during the year led to high price volatility.

In a year-on-year comparison, the price of US West Texas Intermediate (WTI) crude oil fell by more than USD 17, or more than 18%, to trade at an annual average of USD 77.6 per barrel. After a good start to 2023, in which optimism still prevailed, the WTI oil price continued to lose ground over the course of the first quarter and slipped to an average of just under USD 73 per barrel in March compared to the previous quarter. Reports of a possible banking crisis following the surprising bankruptcy of Silicon Valley Bank and Credit Suisse, which was also in trouble and has since been taken over by UBS, led to uncertainty on the market. This was exacerbated by fears of recession as a result of the war in Ukraine and the sharp interest rate hikes by many central banks. The OPEC+ oil alliance led by Saudi Arabia then announced further cuts in oil production to counteract a further drop in prices. The hoped-for stabilization effect was however short-lived. Although the monthly average WTI oil price reached an annual high of USD 89.4 per barrel in September, new economic fears from China

and record oil production in the USA caused the price to fall to an average level of USD 71.9 per barrel³ in December.

The rig count, which affects demand for oil country tubular goods (OCTG)-related steel tubes stood at 622 rigs at the end of the year. This was 19% below the figure at the start of the year. High drilling costs and the volatile or falling WTI oil price caused US oil producers to focus increasingly on capital discipline and productivity increases over the course of the year. The predominant use of high-efficiency rigs in the most prolific oil shale areas and, in particular, the drilling of longer horizontal wells resulted in higher OCTG consumption per rig. As a result, the consumption rate by rigs⁴ increased by more than 8% from 524 in 2022 to 568 at the end of 2023. This compensated for the negative effect of the declining rig count and led to a slight overall improvement in the market.

The European steel tube industry was unable to repeat the growth of the previous year. Although the mechanical engineering sector continued to report an increase in production in the first half of the year, a continuous decline in incoming orders and orders on hand led to a fall in the second half of the year. The BENTELER Steel/Tube Division's key industrial segments of agricultural and construction machinery also showed both positives and negatives in their economic development. After reaching a peak at the beginning of the year, the order backlog for agricultural machinery fell significantly as the year progressed. Construction machinery manufacturers

³ Cushing, OK WTI Spot Price FOB (Dollars per Barrel) (eia.gov)

⁴ OCTG consumption (metric ton) per rig per month.

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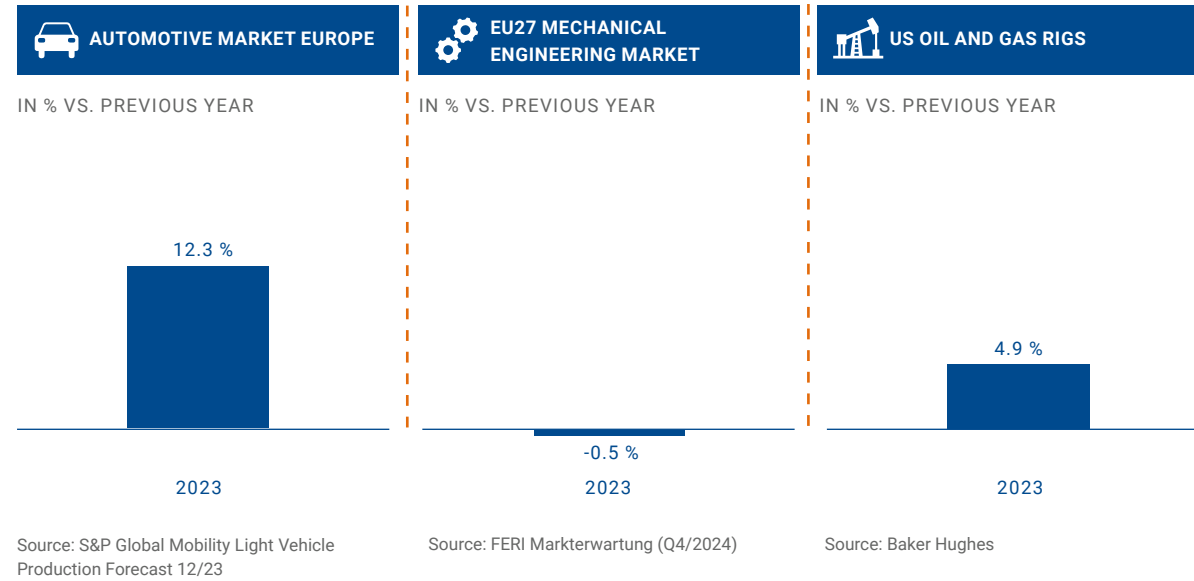
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reported a significant deterioration in the order situation, especially in the last quarter. The reluctance to invest across all industrial segments worldwide and particularly in Europe can largely be attributed to the restrictive monetary policy worldwide.

Our BENTELER Steel/Tube Division, however, received a boost from the automotive industry. 2023 can be described as positive for the division in Europe. Following a significant decline in production in the previous year, the industry started the new year with a backlog of orders, which it was able to gradually reduce thanks to improved supply chains. Production growth of 12.3% was achieved compared to the previous year.

BENTELER STEEL/TUBE MARKET GROWTH 2023



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RESULT OF OPERATIONS

Decline in BENTELER Group revenues

In 2023, the BENTELER Group generated revenues of €8,787 million, which represents a decline in sales of €167 million compared to the previous year. Sales in the Automotive Division amounted to €7,331 million, €193 million higher than in the previous year due to positive volume effects and accounted for 82.9% of group sales. The Steel/Tube Division recorded a decline of 19.6%, down €368 million to €1,514 million, with its share of group revenue falling to 17.1%. The decline in sales compared to the previous year can be attributed to two reasons: lower volumes in both regions and the passing on of lower input material prices, particularly for energy and steel, to end customers, which is margin neutral.

tive foreign currency effects from a euro perspective, reduced overall sales growth. Non-series production revenues were €35 million below those of a year earlier. Adjusted for these effects, sales in 2023 were significantly higher than in the previous year.

The Module business generated total sales of €2,912 million in 2023, €119 million or 4.3% higher year-on-year. The shuttering of the Kaluga, Russia plant and closure of the Cologne, Germany plant, together with the further increase in sales at the plant in Spartanburg, USA, and Września, Poland, led to a geographical shift in business.

The Components business with the Chassis, Structures, Thermal & Tubular business units and the smaller Mechanical Engineering business unit

generated total sales of €4,419 million in 2023, €74 million or 1.7% higher than a year earlier. Adjusted for material price and exchange rate effects, the Components business was even higher than the previous year. The higher revenues in the Components business resulted from higher call-offs in the first half of the year. The second half of the year was affected by weaker call-offs from a core customer. 2022 was also characterized by the closure or sale of plants. These include, for example, the sale of the Douai plant in France and the closure of the plants in Weidenau, Germany, Alberton, South Africa, and Migennes, France. The Mechanical Engineering business unit reported a slight decline in sales. Glass Processing Equipment maintained the previous year's sales level.

Revenue development in the Automotive Division

The Automotive Division recorded sales of €7,331 million in 2023, around €193 million or 2.7% higher than in 2022. The year-on-year increase in sales resulted primarily from higher call-offs from our customers. The higher volumes were offset by the declining price of raw materials, particular for steel, aluminum, and precious metals, which are mainly contained in purchased catalytic converters. This, together with nega-

SALES BY DIVISIONS

IN EUR MILLION	2023	2022	Change	
Automotive	7,331	7,138	+193	+2.7 %
Steel/Tube	1,514	1,882	-368	-19.6%
Division revenues	8,845	9,020	-175	-1.9 %
Internal revenues, other	-58	-66		
External revenue	8,787	8,954	-167	-1.9 %

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Revenue development in the Steel/Tube Division

The Steel/Tube Division generated sales of €1,514 million in the 2023 financial year, down €368 million or 19.6% on the previous year's figure of €1,882 million. At 697 thousand tons, tonnage was down 137 thousand tons on the previous year. The year-on-year decline in sales is attributable to lower volumes in Europe and North America on the one hand and the passing on of lower raw material prices, particularly for energy and steel, to end customers, which is margin neutral.

In Europe, sales fell by 13.8% year-on-year to €892 million. The market environment was tense in 2023 due to inflation and fears of recession together with the correspondingly restrictive investment behavior of customers. The order situation for tubes was lower in the industrial sector due to high inventories and a weaker economy, particularly in the second half of 2023. This resulted in lower volumes. In addition, lower raw material and energy prices were passed on to end customers without affecting margins. The same approach was used in the automotive sector. Tonnage in Europe was 496,000 tons, 51,000 tons down on the previous year's level of 547,000 tons.

Sales in North America amounted to €622 million, a decrease of 26.6% compared to the previous year. At 201,000 tons, tonnage was 87,000 tons down on the previous year. Demand for American oil and gas, including from Europe, remained at a high level in the first quarter due to the Russia-Ukraine conflict and the sanctions against Russia. This resulted in

high demand for oil field tubes in the USA, which was covered by both domestic and foreign supply. As demand and prices for oil and gas fell in the second and third quarters, OCTG inventories were at record levels, driven in particular by import volumes. As a result, prices and demand for OCTG tubes fell. In addition to the external influence due to the aforementioned market dynamics, the business was also influenced by a BENTELER Steel/Tube-specific issue. The announcement and subsequent cancellation of our Shreveport steel tube mill sale earlier this year led some customers to look for other suppliers. The customer recovery measures launched following the conscious decision not to sell the plant started taking effect in the fourth quarter.

Record group earnings mainly driven by BENTELER Automotive despite challenging market conditions

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) set another record at €782 million and were €79 million higher than in the previous year (2022: €703 million).

EBIT adjusted for restructuring effects amounted to €526 million in 2023, which was €24 million higher than the previous year's figure of €502 million. EBIT amounted to €517 million, €208 million below the previous year (2022: €726 million). The previous year's EBIT includes positive restructuring effects of €223 million, which were mainly driven by the write-

up of the Shreveport plant, which amounted to the value of €351 million.

After 2022, 2023 was still strongly influenced by external factors. Overall, 2023 was characterized on the one hand by a partial recovery from the high inflation rates and on the other by ongoing and emerging challenges. Despite the challenging market conditions, earnings improved compared to the previous year. Consistent implementation of the transformation programs and improved cost management, particularly in the Automotive Division, compensated for the negative effects caused by the normalization of prices and volumes in the North American OCTG market that were experienced by the Steel/Tube Division.

The increase in cost of sales of €83 million to €7,827 million was mainly due to higher volumes in the Automotive Division with higher material costs in relation to sales. This was offset by falling raw material prices. The cost of sales rose by 2.6 percentage points in relation to revenue. This was due to the higher share of sales generated by the Automotive Division.

The €21 million reduction in selling expenses was primarily due to lower shipment volumes by the Steel/Tube Division in the USA. The adjustment of the overhead to the current production volumes is reflected in the reduced administrative costs compared to the previous year. Overall, selling, administrative, research and development costs were well below the previous year's level at €513 million, despite the increase in personnel costs.

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PROFIT AND LOSS STATEMENT

IN EUR MILLION	2023	2022	Change	
Revenues	8,787	8,954	-167	-1.9 %
Cost of sales	-7,827	-7,744	-83	-1.1 %
Gross profit	960	1,211	-250	-20.7 %
Selling expenses	-156	-177	+21	+11.8 %
Administration costs	-292	-296	+4	+1.3 %
Research and development costs	-65	-67	+2	+3.7 %
Other operating income	94	93	+1	+1.4 %
Other operating expenses	-25	-38	+13	+35.3 %
Consolidated earnings before interest and taxes (EBIT)	517	726	-208	-28.7 %
Financial result	-227	-152	-76	-49.9 %
Earnings before taxes	290	574	-284	-49.5 %
Tax expense	-3	-35	+31	+90.3 %
Consolidated net income/loss	287	539	-253	-46.8 %

While other operating income remained at the previous year's level, other operating expenses fell by €13 million. This was due in particular to lower currency losses.

The increase in the financial result of €76 million is primarily due to refinancing costs in the course of the new financing in May 2023 and the generally higher interest rate level.

The BENTELER Group recorded a consolidated net profit of €287 million in 2023, €253 million, below the previous year, which was mainly affected by the reversal of impairment losses of €351 million for the Shreveport plant.

Restructuring costs included in EBIT amounted to a negative effect of €9 million in the 2023 financial year.

BENTELER Automotive achieves record result despite challenging market conditions

The Automotive Division recorded EBIT of €249 million in 2023, around €148 million higher than in 2022. Due to positive restructuring effects, adjusted EBIT amounted to €243 million, which was €76 million higher than the comparable previous year's figure. The global recovery in the automotive industry in 2023 led to a continued upturn in call-offs by OEMs. The positive effect on earnings was supported by a stabilization of operating costs and successful pricing measures.

Falling raw material prices also contributed to the improvement in earnings. The war in Ukraine and the disruption to global supply chains caused by the coronavirus pandemic were again major challenges in 2023. The previous year's trend towards rising energy prices has now come to a halt. These are now even declining, especially in Europe. The same applies to the development of freight costs. The previous year's significant rise in costs, particularly in North America, is now declining again. The above-average cost increases for personnel and maintenance had an impact on the result. Successful negotiations regarding the reimbursement of these additional costs by customers counteracted this.

The division benefited from numerous measures to increase operational efficiency, which were also driven by the transformation programs initiated and systematically continued since 2018.

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The Module business recorded EBIT of €110 million in 2023, around €48 million higher than in the prior year. Stronger sales, particularly at the module plant in Spartanburg, USA, led to a clearly positive effect on earnings. The reversal of a tax provision at the Joinville plant in Brazil and activities to optimize operating costs contributed to this improvement in earnings. An opposite effect resulted from the ongoing Russia-Ukraine war, which led to a cessation of business at the BENTELER plant in Russia. A plan to sell the module plant is being prepared.

The Component business recorded EBIT of €139 million in 2023, around €100 million higher than in the prior year. Increased earnings were recorded primarily in Northern and Southern Europe. However, the ongoing war in Ukraine and disruptions in global supply chains continued to weigh on the market. Overall, the improved cost structures and successful (price) negotiations led to an improvement in the gross margin and thus to an improvement in earnings.

BENTELER Steel/Tube achieved the second-best result in the company's history

At €288 million, EBIT adjusted for restructuring effects was €48 million below the previous year's figure of €335 million, but the adjusted EBIT margin increased by a further 1.2 percentage points to 19.0%. In Europe, earnings were higher than in the previous year, despite the difficult market environment. At

13.4%, the adjusted EBIT margin was 4.1 percentage points higher than the previous year. The year-on-year improvement was primarily due to the fact that price quality and the corresponding margin were further improved. Negative volume effects caused by shortages were fully compensated for by the high price quality, with the result that Europe achieved positive gross margin effects. In North America, the adjusted EBIT margin of 27.1% was 1.2 percentage points below the previous year's figure but remained at a high level. BENTELER Steel/Tube achieved the second-best result in its history in 2023, driven by good earnings performance in both regions.

The restructuring program initiated in 2018 was successfully completed in 2023. This resulted in extensive cost savings and ensured a sustainable improvement in cost structures, even in weak and cyclical markets. Alongside necessary structural capacity adjustments, the package of measures included strategic initiatives such as the optimization of the product portfolio and the sales organization with the aim of securing the future of the Steel/Tubes Division in a challenging market environment. Even though the program has ended, it has had a lasting positive impact on the Steel/Tube Division.

Compared to the previous year, the BENTELER Steel/Tube EBIT fell by €360 million to €276 million. (2022: €636 million). This is due to the €351 million impairment reversed last year for the plant in Shreveport, USA. This write-up is the main driver of the lower EBIT in 2023 compared to the previous year.

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ASSETS AND FINANCIAL POSITION

Selective investments

In the 2023 financial year, the BENTELER Group invested €360 million, €116 million more than the previous year's figure of €244 million. As in the previous year, the focus of investment activities was on selected customer projects and profitable growth projects in both divisions, together with operationally necessary replacement investments, investments for occupational safety and the safeguarding of legal requirements.

Total investments by the Automotive Division amounted to €317 million in 2023. The significant increase of €114 million compared to the previous year's figure was partly due to capitalized development costs of €37 million relating to the ongoing development of the HOLON project. Investments in the Steel/Tube division totaled €38 million.

Cash & cash equivalents were introduced as part of the successful refinancing and subsequently decreased – a new record for free cashflow

In the 2023 financial year, the BENTELER Group generated cash flow from earnings of €485 million, around €15 million lower than previous year, mainly

INVESTMENTS

IN EUR MILLION	2023	2022	Change	
Automotive	317	203	+114	+56.3 %
Steel/Tube	38	38	+1	+2.0 %
Other companies	5	4	+1	+29.2 %
Investments¹	360	244	116	+47.5 %

1) Additions to intangible assets and property, plant and equipment including leases and subsidies received for fixed assets amounted to €1.0 million in 2023 (previous year €0.8 million).

due to higher interest and refinancing costs as a result of the successful refinancing. Other non-cash transactions were significantly below the previous year's level, mainly due to lower currency translation differences. These partially offset the higher interest and income taxes paid.

The cash inflow from working capital as of December 31, 2023 was €242 million. In contrast, the cash inflow in the previous year amounted to €122 million. The change resulted primarily from lower trade receivables from sales and services due to higher accounts receivable at the end of the year, and on the other hand, higher liabilities from sales and services as well as increased advance payments received.

The cash conversion cycle (average working capital before factoring / total sales x 365) was 29 days in the 2023 financial year. This was the same level as the previous year and remains a "top-in-class" level.

The cash flow from the change in other balance sheet items amounted to €34 million as at December 31, 2023, €115 million higher than in the previous year. The change was mainly due to lower tax receivables and higher other liabilities from material price negotiations.

This resulted in a cash flow from operations of €761 million. Cash flow showed a clear increase of €464 million above the figure for the previous year.

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CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

IN EUR MILLION	2023	2022
Cash flow from operating activities	761	296
(of which, cash flow from profit)	485	499
(of which, change in working capital)	242	-122
(of which, change in other balance sheet items)	34	-81
Cash flow from investment activities	-251	-210
Free cash flow	509	86
Cash flow from restructuring	-60	-91
Free cash flow before restructuring	570	177
Cash flow from financing activities	-560	180
Change in cash and cash equivalents	-50	266
Effect of exchange rate changes on cash and cash equivalents	-5	2
Cash and cash equivalents at the beginning of the period	697	429
Cash and cash equivalents at the end of the period	642	697

The cash outflow from investing activities increased by €41 million year-on-year to €251 million. As in the previous year, the focus of investment activities was on selected customer projects and profitable growth projects in both divisions, together with operationally necessary replacement investments, investments for occupational safety and the safeguarding of legal requirements.

BENTELER converted its good earnings performance into a record free cash flow of €509 million, exceeding the previous year's figure by €423 million

(previous year: €86 million). Free cash flow included €60 million restructuring payments and amounted to €570 million after adjustment (previous year €177 million).

As part of the repayment of the restructuring financing, which was in place until May 2023, as well as repayments in accordance with the existing financing agreement, payments totaling €2,099 million were made from the repayment of loans, promissory note loans and lease liabilities. The financing concluded in May led to proceeds from the issue of bonds and the

raising of loans to the value of €1,795 million. The net cash outflow therefore amounted to €304 million (previous year: cash inflow of €175 million).

Dividend payments to shareholders of non-controlling interests resulted in cash outflows of €4 million. Dividend payments to the owners amounted to €212 million. Shareholder distribution was applied to satisfy certain payment obligations to certain existing lenders by shareholders, which were incurred in connection with the former restructuring indebtedness, and which was due upon successful refinancing of the restructuring indebtedness.

At €642 million, the cash and cash equivalents recorded for the reporting year were €55 million lower than in the previous year. As a result of central cash pool liquidity management, these are largely held by BENTELER International Aktiengesellschaft and are available on a daily basis. In addition, BENTELER has an available committed credit line of €225 million.

Total assets decrease

As of December 31, 2023, total assets amounted to €4,765 million, 5.6% lower than the previous year's figure. Non-current assets increased by €81 million to €2,333 million. The increase compared to 2022 was mainly due to the €63 million increase in deferred tax assets and higher property, plant and equipment as a result of investments.

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Current assets (excluding cash and cash equivalents) decreased by €310 million to €1,790 million in the 2023 financial year. The changes compared to the previous year resulted from a €215 million increase in trade accounts receivable, a €116 million decrease in other current receivables and assets and an €11 million increase in inventories. The lower trade receivables can be explained in particular by customers' prompt payment behavior at the end of the year.

The group's cash and cash equivalents at December 31, 2023 were €642 million, €55 million lower than in the previous year. The share of cash and cash equivalents in total assets thus increased to 13.5%, compared with 13.8% in the previous year.

The BENTELER Group intends to sell shares in BENTELER Holon GmbH (via a holding structure) in February 2024. This involves the granting of unanimous consent rights in favor of a third party, which will lead to a loss of control in significant relevant activities. In accordance with IFRS 5, the non-current assets of this company amounting to €37 million are therefore classified as "Assets held for sale" and reported separately as such in the balance sheet.

FINANCIAL METRICS

		2023	2022
Equity ratio (%)	1)	11.3	10.8
Net financial debt (€ million)	2)	1,291	1,544
Financial debt ratio (gearing rate)	2), 3)	2.4	2.8
Net financial debt to EBITDA	2), 4)	1.7	2.2
Net financial debt to EBITDA bef. restructuring	2), 4)	1.6	2.0
Working capital (€ million)	5)	120	360
Working capital in (%) sales	6)	1.4	4.0

1) Equity: total assets.

2) Net financial debt = non-current and current financial debt less current financial assets (excluding derivatives) and minus cash and cash equivalents.

3) Net financial debt²⁾: Equity.

4) Net financial debt²⁾: EBITDA.

5) Working capital = (inventories + trade receivables from third parties, affiliated and associated companies) ./.

(Trade payables to third parties, affiliated and associated companies from deliveries and services + advance payments received)

6) Working capital⁵⁾: External sales.

Financing structure

As of December 31, 2023, equity was positive at €539 million, down €6 million on the previous year. The distribution of dividends to the shareholders of the parent company amounted to €212 million in the financial year; the distribution to non-controlling interests amounted to €4 million. Shareholder distribution was applied to satisfy certain payment obligations to certain existing lenders by shareholders, which were incurred in connection with the former restructuring indebtedness, and which was due upon successful refinancing of the restructuring indebtedness.

At 11.3%, the equity ratio was slightly above the previous year's level of 10.8%.

Non-current liabilities amounted to €2,128 million at the end of 2023, a decrease of €242 million compared to the previous year. Non-current assets decreased by €280 million to €1,737 million. Other non-current provisions decreased by €17 million and provisions for pensions by €37 million. The remaining non-current liabilities increased by €18 million.

Current liabilities fell by €37 million to €2,098 million. Current financial liabilities amounted to €195 million,

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€29 million lower than in the previous year. At €1,296 million, trade payables were €42 million lower than in the previous year. Other current liabilities and provisions increased by €33 million.

Working capital fell by €240 million to €120 million at the end of the year. The significant reduction compared to 2022 is primarily due to customers paying earlier than expected at year-end. This resulted in lower receivables from sales and services to the value of €215 million, higher advance payments to the value of €52, and a reduction in inventory levels to the value of €11 million. This effect is offset by a €42 million decrease in trade payables.

Net financial debt amounted to €1,291 million and fell by €254 million compared to the previous year's figure of €1,544 million. The change resulted primarily from a reduction in financial liabilities of €309 million and a decrease in cash and cash equivalents of €55 million. The financial leverage ratio (net financial debt to equity or gearing ratio) improved from 2.8 in the previous year to 2.4 as a result of the lower net financial debt. The dynamic leverage ratio (net financial debt in relation to EBITDA) decreased in 2023 compared with the previous year from 2.2 to 1.7, due particularly to the lower net financial debt. The dynamic gearing ratio before restructuring effects (net financial debt in relation to EBITDA before restructuring) also improved from 2.0 to 1.6.

Central cash management

The BENTELER Group manages its financing centrally. Liquidity surpluses or shortages are pooled by BENTELER International Aktiengesellschaft by way of internal capital expenditure and borrowing capabilities. This allows surpluses from individual group companies to be used by other group companies as required.

As a rule, capital expenditure is financed out of cashflow for the long term, and working capital is financed mainly by short-term funding. Non-current assets are continuously financed out of cash flow and by taking out appropriate long-term financial instruments.

A cash balance of €642 million was available as a funding reserve as at December 31, 2023. In addition, BENTELER has an available committed credit line of €225 million.

A large proportion of the group's internal goods and services are cleared through BENTELER International Aktiengesellschaft so that payment transactions can be regulated cost-effectively (clearing).

Branches

There are no branches.

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RISK REPORT

Comprehensive risk management

As a global company, BENTELER is exposed to numerous risks. These are inevitable consequences of entrepreneurial activity, because the group can only take advantage of opportunities if it is also willing to take risks within an appropriate and manageable framework. Successful management of existing and emerging risks is crucial for the sustainable economic success of the company and the achievement of its strategic goals. Risk management is therefore an essential component of responsible and good corporate governance. Risk management in the BENTELER Group is a responsibility of the Executive Board, which reports regularly on the group's overall risk position to the Audit Committee and the Supervisory Board.

The business model reflects the procedures of the company, the way in which it administers the financial assets in order to generate cash flow, i.e. by holding, selling, or both holding and selling financial assets. Shares in non-consolidated companies and other equity instruments (securities) must be measured at fair value. The BENTELER Group has elected to measure these at fair value through OCI. Divisional reporting shows opportunities and risks with regard to the planned sales and results.

An aggregate risk status report is also submitted to the management bodies every six months, on the ba-

sis of an inventory of possible risks that could pose a threat to the company as a going concern. For this purpose, the status of risks is described and measured in a cascaded reporting system based on defined indicators for probability and financial damage potential measured in terms of EBITDA and liquidity effect. Officers are also appointed to take specific responsibility for each risk and the associated countermeasures. This systematic risk management process helps management detect existential risks in a timely manner and initiate suitable measures to prevent, avoid, or reduce the risks. Where necessary and appropriate with regard to current events, risks can also be reported outside this process to the Executive Board at any time.

Liabilities to banks, other loan liabilities, trade payables, liabilities for puttable equity instruments, and other liabilities are carried at amortized cost, using the effective interest method where applicable. Liabilities for puttable equity instruments include non-controlling interests in the equity of partnerships (limited partners' shares).

Some particularly significant risks are transferred to insurance companies by an internal service provider. In particular, claims resulting from any recalls or liability issues are covered, as are property damage and losses caused by disruption to operations. A limited and selectively managed portion of the coverage

for damages is reinsured back to external insurance companies through BENTELER Reinsurance.

Risks arising from the influence of economic demand

Economic conditions have a material effect on the commercial success of the BENTELER Group. The company's business planning identifies opportunities in terms of new products, customers, and markets. In contrast, there are risks related to sales, revenue, earnings, liquidity, and investments stemming from unplanned over or, especially, underutilization of production volumes. With vehicle production, this is particularly relevant for BENTELER's Automotive Division, and with investment and industrial goods for which BENTELER supplies products, it is especially relevant for the Steel/Tube Division.

In recent years, BENTELER has initiated numerous optimization projects and turned them into standard procedures. Cost structures are thereby adapted to demand in the various divisions and those structures managed within narrow bounds. In particular, the transformation programs initiated in both divisions in previous years have led to a significant improvement in the cost base. The initiatives derived from the programs were further intensified in the current financial

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year due to the short-term decline in sales caused by the supply chain bottlenecks. The results of the initiatives additionally serve as a basis for ensuring a flexible and swift response to weak and cyclical markets in the future.

In addition, the country-specific conditions are continuously monitored so that countermeasures can be taken at an early stage when necessary.

Material prices and inflation

As an industrial manufacturing company in the metal and aluminum processing sector, the BENTELER Group is exposed to price risks, particularly with regard to the resources required for production. This relates not only to price risks for raw materials, but also for energy, transport and personnel. Persistent material shortages due to reduced production capacities as well as inflation-related price increases may lead to additional price increases for necessary resources. For BENTELER Automotive, there is a risk that price increases due to materials and inflation cannot be fully passed on to customers. In the Steel/Tube Division, the material price and inflation risk are lower, as passing on is largely contractually agreed with customers via price escalator clauses.

Pandemic risk

Based on the experience gained during the coronavirus pandemic, a catalog of measures was derived with regard to the possible forced temporary shutdown of plants and administrative operations, and the safety of employees. Concrete measures include firmly defined procedures and guidelines for shutting down and starting up plants as well as close monitoring of sales volumes in order to be able to react quickly to changes, for example with short-term management of personnel requirements. In addition, enabling remote working in terms of technology and content also reduces the risk for employees as far as possible. The aim is to reduce not only the financial risks for the group, but also the health risks for employees to an absolute minimum.

Specific customer and supplier risks

Adverse economic performance among individual contracting partners, on both the sales and purchasing sides, can have consequences for the BENTELER Group's revenue and earnings. The continued recovery from the COVID-19 pandemic is leading to an easing of supply chains. The currently high volatility of sales volumes is leading to a higher risk of insolvency both on the customer and supplier sides. BENTELER limits this risk by diversifying its customer and supplier base as much as possible, and by constantly monitoring key market metrics and other early warning indicators. Given the high volatil-

ity of sales, the exchange with customers regarding planned call-offs was also significantly intensified in order to be able to respond flexibly and promptly to volume changes in ongoing projects at the plants.

The BENTELER Group could suffer financial disadvantages if the creditworthiness of individual customers were to deteriorate and give rise to payment delays or defaults, or a failure to generate planned sales volumes. The company operates intensive debtor management to counteract this risk. The divisional sales and financing officers regularly track customers' economic situations, their payment performance, and the possibility of protecting against risks, for example by insuring a portion of receivables.

The risk of production stoppages on the customer side due to supply chain bottlenecks has decreased. The ongoing high volatility of customer call-offs up to and including production stops leads to further risks for BENTELER. The reduced cost base as a result of the transformation programs and the experience gained from the coronavirus pandemic have increased resilience to these risks.

On the supply side, BENTELER can also be impacted by delivery problems due to financial difficulties among existing suppliers and suitable new partners might need to be found at short notice. This especially affects the Automotive Division which has a particularly large number of specialized suppliers. To counter this risk, the BENTELER Group procurement department assesses suppliers and their financial



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positions before orders are placed with them. Suppliers' financial positions are also monitored continuously and globally, in order to avoid supply bottlenecks and take targeted measures at an early stage.

Changes in supply markets

Fluctuations in the purchase prices of steel, aluminum, scrap and energy can have both positive and negative effects on profit. To minimize adverse effects, particularly in the case of steel, of which the BENTELER Group purchases substantial volumes, changes are passed on to customers as far as possible using industry-standard contractual clauses. Fixed-price adjustment clauses are agreed with customers and suppliers for aluminum purchasing. Any temporary differences that may arise in the price adjustment are also minimized through external hedging transactions with banks.

Project risks

The BENTELER Group is involved in extensive development and manufacturing projects, in particular in the Automotive Division. Technical difficulties in the division or among project partners may sometimes lead to higher series launch costs and/or higher capital expenditures than were originally planned. To avoid or reduce these risks, the division uses comprehensive standards for project control. Regular project reviews also take place to permit early countermea-

asures when needed. Suppliers are normally involved in this process.

Market risks in the North American oil and gas market

The financial performance of the Shreveport plant in the US state of Louisiana is a key component of the success of the Steel/Tube Division. Capacity utilization is the decisive factor. The focus on the OCTG segment means there is a correlation for the business model between the oil and gas price and, consequently, the number of active drilling rigs and the meters of tube run per well. This results in potential fluctuations in demand, which can be particularly exacerbated by geopolitical conflicts.

Special steering committees have been implemented to mitigate these risks and safeguard the plant's performance. In addition, a new role was created to manage the entire North American business in order to ensure competitiveness.

Production and product risks

The dependable availability of the products produced by BENTELER is a key success factor. Shortcomings in development, production, or logistics at BENTELER plants or suppliers can cause parts to be delivered to customers late or in faulty condition. This may give

rise to financial effects due to claims for damages. The BENTELER Group has therefore introduced extensive operating procedures governing process reliability, quality management, and process audits at its own plants and for its suppliers. The BENTELER Group has taken out insurance to limit residual risks to the company as a result of any liability or claims.

Financial risks

The BENTELER Group's international business operations expose it to financial risks. These include, in particular, risks resulting from a change in foreign exchange rates and interest rates.

Foreign exchange risks result from fluctuations in exchange rates, particularly for purchases and sales. The central financing and foreign exchange management limits foreign exchange risks through the use of an information system and appropriate hedging transactions. The BENTELER Group controls risks arising from changing interest rates by using derivatives. Further information on financing instruments can be found in the notes to the consolidated financial statements.

Refinancing risks

The refinancing risk mentioned in last year's risk report as a result of the impending repayment of the



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restructuring financing no longer exists due to the successful financing. The result is a stable financing situation for the BENTELER Group, which will provide sufficient latitude over the next three years.

Liquidity risks

The BENTELER Group's liquidity management is generally centralized.

Various measures are implemented to prevent high liquidity risk and safeguard liquidity. Key levers for safeguarding liquidity include the following: Optimizing net working capital with the overriding aim of reducing the cash conversion cycle to a low level; optimizing investments via a centralized approval process; centralized management of key projects to offset cost increases; 13-week direct and indirect liquidity planning; and monitoring the earnings and asset situation on the basis of monthly forecasts.

Compliance risks

The BENTELER Group conducts its business responsibly and in compliance with the laws of the countries in which it operates. Potential risks include violations of antitrust and competition law and export control regulations and sanctions, as well as anti-corruption laws. These risks are contained by means of appropriate guidelines, regular internal

communication, specific consulting and continuous staff training.

IT risks

Group-wide IT deployment is of great importance for the BENTELER Group as a global company. The key risks primarily relate to the availability of data and systems. In addition, confidentiality and integrity also play an important role. The growing number and sophistication of cyber-attacks also increases the potential risk of outages of critical IT systems. The measures already taken have considerably reduced this risk. These include a global, uniform, state-of-the-art cyber security platform, an efficient cyber security organization (CSO), redundant design of critical systems, and outsourcing as well as targeted use of Cloud solutions. Outages can therefore be prevented or quickly rectified. Ensuring data security and appropriate data integrity also constitutes a risk. This is safeguarded, for example, through employee awareness training, identity management systems, and the introduction of a cyber security management system (CSMS) based on the ISO 27001 standard. ISO 27001 certification was replaced in 2023 by certification in accordance with the de facto information security industry standard VDA-ISA/TISAX, which is based on ISO 27001.

Due to the further increase in the general cyber risk situation, various measures were driven forward in the current fiscal year to further increase the level of

security and reduce risks. These include, for example, the further development of the Security Incident Event Management (SIEM) technology in conjunction with a Security Operation Center (SOC). Other key measures include mandatory vulnerability scans of networks at all plants and the further development of the employee awareness campaign, which includes mandatory e-learning sessions and phishing simulations. At the same time, a method was developed for implementing our customers' cyber security requirements worldwide. As part of this, all sites will be certified to the de facto VDA-ISA/TISAX information security industry standard over the next few years. To coordinate all these technical and organizational measures and to ensure the upcoming TISAX certifications, the Executive Board launched the BeSecure4all information security program and equipped it with the necessary resources and competencies. The overriding goal is to continuously increase the maturity of the cybersecurity management system at BENTELER.

Our Corporate IT thus ensures not only a defect-free and fail-safe operation, but also the continuous development of measures to increase the level of cyber security. A supplementary cyber security insurance policy is in place to reduce the monetary impact of remaining residual risks.



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Risks with environmental, social and governance (ESG) relevance

The European Union's Corporate Sustainability Reporting Directive (CSRD) will require environmental, social and governance-related risks to be integrated into the risk management of going-concern risks in future. The main influences, opportunities and risks for the respective European Reporting Sustainability Standards (ESRS) are presented in the sustainability report. In the current year, a double materiality analysis was carried out to identify significant risks in the areas of environment, social and governance.

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REPORT ON RESEARCH AND DEVELOPMENT ACTIVITIES

In our research and development work, we rely primarily on international cooperation between our development departments and selected suppliers and customers to solve global issues. In this way, we ensure that existing resources and know-how will lead to the development of optimal solutions. 664 employees (2022: 700) worldwide work intensively together in the area of research and development. In 2023, 38 priority applications were filed with the patent office. Expenditure on research and development amounted to €65 million (previous year: €67 million). Through market and customer proximity, we ensure that we incorporate regional customer requirements and market conditions into our research and development activities in the best possible way.

Research activities take place primarily at our central location in Paderborn, Germany. However, our international facilities are also actively involved in individual research projects. For example, our development and production site in Raufoss, Norway, is driving forward a number of independent research projects related to aluminum, particularly in the area of alloy development. In addition to purely internal research projects, BENTELER is also involved in numerous publicly funded projects in which pre-competitive research is carried out with partners on fundamental issues.

Development activities are carried out at numerous development locations worldwide, thereby ensuring proximity to customers and that regional requirements are taken into account. Our Shanghai site, for example, plays a corresponding role in the growth market of China.

Sustainability is a key aspect of our research work. The focus here is on reducing CO₂ emissions and the circular economy. The considerations include not only the actual product manufacture, but also the materials or semi-finished products used. In addition to improved material manufacturing processes, the use of a high proportion of recycled content in particular enables a significant reduction in a product's CO₂ footprint.

Report on research and development activities

Many of the framework conditions for our automotive business have changed in recent years. By 2020, the focus was on reducing NOX, particulate emissions and CO₂. The importance of the CO₂ reduction and the intensity of the change towards alternative drives such as electric or hybrid drives increased

more and more. The result is that we no longer discuss new internal combustion engines, which will be banned in new cars in the EU from 2035. BENTELER is only partially affected by this change.

Research focus

The effects of a high proportion of recycled content on the properties of semi-finished products are the subject of current research projects, particularly in the field of aluminum alloys.

Our research projects therefore also consider the aspects of reusability, reprocessability and recyclability at an early stage. If, for example, a product consists of differing types of materials, consideration must be given during the design phase as to how the materials can be reliably separated from each other again after the product-use phase. This is also known as "Design for Recycling" and is part of the BENTELER research roadmap for the coming years.

Future changes in vehicles are also either already being considered in current research projects or are part of the BENTELER research roadmap. One example is in the field of electromobility where batteries are

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being increasingly integrated into vehicle structures as the energy density of the new generations of battery increases. The future technological leap towards autonomous driving will also change vehicles. This is clear, for example, with our activities regarding the autonomous HOLON mover. The first commercial applications in the field of autonomous driving will be seen early on in this vehicle segment. In addition to the technical design of such a vehicle, social aspects are also relevant. HOLON aims to make mobility available to everyone. Accordingly, the vehicle offers barrier-free transport for people and goods. The vehicle can be entered and used independently by people with strollers as well as by those with disabilities. With an integrated fully automatic ramp, a dedicated wheelchair position and automatic restraint, the mover sets new standards for barrier-free driving. Infotainment provides an intuitive and easily understood display of information with audiovisual signals and additional markings in Braille.

Lightweight construction, resource conservation and material expertise

Lightweight construction is still an important factor in automotive engineering – especially for electric vehicles. On the one hand, less mass means that less energy is required for acceleration, and on the other, fewer resources are needed. Another indirect factor with regard to passive safety is that the lighter the vehicle, the simpler and therefore lighter the components needed to ensure crash safety and thus passenger safety.

One principle that has been tried and tested for many years is the use of hot forming to produce ultra-high-strength structural components. This technology allows high-strength products to be manufactured using a minimum amount of material, ensuring a high level of safety with minimum weight. BENTELER has 44 hot-forming lines worldwide for the production of such components. In addition, we can offer design solutions made of high-strength aluminum or steel that reduce weight by up to 30%.

However, new high-strength materials with better forming properties have also become established in the field of cold forming in recent years, thereby enabling the manufacture of more complex lightweight components. The main issue with these materials is the simulation-based prediction of the recovery behavior after forming. Significant progress has been made here through cooperation with material suppliers, so that good prediction accuracy can now be achieved for selected high-strength materials.

The use of high-strength aluminum alloys to achieve significant weight savings also plays an important role in the aluminum sector. For example, by using high-strength 7000 series aluminum alloys, complex crash management systems can be designed to meet new crash requirements while optimizing weight. A further advantage of using this alloy group, in addition to the high strength combined with high deformability, is that a high weld seam strength can also be achieved. We benefit from the fact that we develop and qualify our 7000 series aluminum alloys ourselves at our Raufoss site in Norway and will also produce them

using electricity from renewable sources in the future. The use of aluminum process scrap is, to a certain extent, state of the art and is therefore also used by us in series production. Increased proportions of scrap, including from external sources, are currently part of qualification measures to further increase resource conservation and also to meet some existing customer requirements for future projects.

Sustainable innovation

Sustainability is taken into account in research and pre-development projects, for example, through lightweight construction and resource conservation. An innovation process exists in the automotive sector for this that includes the phases of idea management, concept, laboratory and series production. For each project phase, firmly defined services have to be provided – based on the system of “readiness levels” (technological, economic, production-related). A simple “sustainability checklist” is taken into account as early as the ideation phase. This includes topics such as:

- › Materials, resources, procurement (purchased parts)
- › Production (energy and logistics)
- › Product or process utilization
- › Recycling

An “eco-design matrix” is used as early as the concept phase. In this, various sustainability aspects of

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solution variants are analyzed in detail and graphically depicted in a weighted manner that compares them to the reference product or process. In the final two project phases of the innovation process, complete life cycle assessments focused on CO₂ emissions are prepared to enable a detailed analysis of specific solutions. These are then optimized, and possible negative effects are further reduced.

The findings from the life cycle assessments of research projects serve as a model for our development projects. CO₂ emissions calculations are currently being integrated into one of our standard tools for developing automotive applications, so that the CO₂ footprint can be systematically determined on request at the inquiry stage. The next step will involve extended data collection in production, which can also be used to determine the actual CO₂ footprint.

Research projects focused on sustainability

Cooling plates for electric vehicle batteries are often manufactured using an oven process that consumes a lot of energy. In a research project, we are investigating more energy-efficient alternatives that don't require processing in an oven. We have developed a variant using press-brazing to such an extent that a number of prototypes have already been produced for customers using this new process. A second variant, which was developed in cooperation with the company Trumpf, uses laser welding and is already

showing very good results with scaled patterns. Intensive testing is currently taking place on large panels with physical cooling channel structures.

Efficiency is also an ongoing issue in the hot-forming area. New tooling approaches that are close to series production are now being tested. These also use various additive manufacturing processes to shorten the cooling and thus the cycle time. Another example is partial hot forming, in which soft and hard zones can be created by applying special tempering to the blank or component. This process, which is already in series production, is currently being supplemented by research into methods that would enable partial tempering, which is significantly more energy efficient.

As mentioned, new ultra-high-strength cold-formable steels are another way of reducing component weights in addition to hot forming. In addition to benchmark activities for this third generation of advanced high-strength steels, we have also worked with material manufacturers on improving predictive accuracy in forming and crash simulation. This was completed in 2023 with good results for what in our opinion are targeted material variants. The research project will now focus on tool-related measures to reduce springback.

Even though welding does not contribute significantly to the CO₂ footprint in energy terms, the weld seam and the associated heat-affected zone technically always represent a discontinuity in components that can affect their performance. Two research projects are therefore working on finding alternatives for

welded joints. The longer running of the two projects involves the mechanical joining process for a towing sleeve. The project involves integrating this operation into the forming process of a crash management system, eliminating the need for the welding operation and welding cell, saving resources. The research work was successfully completed in 2023, making series production possible. Based on these positive experiences, a second research project is already investigating ways in which other welded joints could be substituted.

Public funding and the associated cooperation with universities, research institutes and industrial partners are an important part of the research roadmap at BENTELER. The areas covered are diverse, ranging from topics in the areas of Industry 4.0 and future electromobility to innovative processes and improved sustainability.

For example, in 2023 we completed a cooperation project funded by the ZIM program of the BMWK (Federal Ministry for Economic Affairs and Climate Action). The project, in collaboration with the Technical University of Berlin's Extrusion Research Center and others, focused on making tooling adjustments to vary the longitudinal wall thickness profile of extruded profiles. In future, additional weight could be saved on components made from extruded profiles, for example, by only increasing the wall thickness in zones with higher loads. Corresponding sample profiles have already been produced. However, the tooling technology used requires further research before it can be incorporated into series production.

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The ULAS E-VAN research project, funded by the BMW's TTP lightweight construction program, made significant progress in 2023. The project, which includes Ford and eight other partners from the supply chain, is for a next-generation electric "last mile delivery" vehicle. The design of the modular and scalable battery box, which is BENTELER's responsibility, was finalized in 2023. The findings will now be implemented in demonstrators by the end of the project in 2024. The focus is on current and future battery technologies such as LFP and sodium. The solution developed enables battery capacity to be tailored to the respective customer and their range requirements. This saves resources, reduces CO₂ emissions and lowers costs. Lightweight construction is also a priority in the project, allowing battery capacity to be reduced or the payload to be increased.

In addition to our ongoing Norwegian research project AluGreen, we and our partners have received approval for two further research projects funded by the EU's Horizon Europe funding program in 2023. The two new projects also focus on the sustainability of aluminum, although the priorities are different. While ZEVRA (Zero-Emission Electric Vehicles) is focused on the product, including "Design for Recycling", RecAl (Recycling Technologies for Aluminum) deals in detail with the sorting, smelting and processing of aluminum alloys with high recycled content, including a digital map for available aluminum scrap.

LCA and certifications

We have been analyzing selected products from key product families in product life cycle assessments (LCAs) since 2017. These analyses, which are carried out on our main product families, are based on ISO 14040 and ISO 14044. The LCAs examine upstream processes such as the production of materials, the influence of production at BENTELER, product use and disposal, as well as recycling. Numerous impact categories such as CO₂ emissions and water consumption are analyzed. Important insights have been gained from these analyses, particularly with regard to measures to be taken and their impact on the product.

In the "Decarbonization of the BAT portfolio 2030" research project, we determined the status quo by systematically analyzing the carbon footprint of numerous products from the structural and chassis components product families. Different materials and the specific manufacturing processes used at BENTELER have a significant impact on the CO₂ footprint. Clusters of products in our portfolio grouped by similarity exhibit varying potentials for reducing CO₂ emissions. Scenarios were subsequently developed to provide insight into how the decarbonization of the industry, including our own production and that of relevant suppliers, could evolve and what measures would be necessary at BENTELER for this purpose. A target scenario was determined based on the CO₂ emission reduction targets set for the group. Corresponding reduction measures were then defined and communicated within the company. The sustainability

strategy uses findings from this research project to implement targeted measures in the right time frame.

Report on research and development activities in the Steel/Tube Division

One of BENTELER Steel/Tube's core competencies is the development of customized and innovative tube solutions. Our 100 years of experience in handling tubes and special materials and technical consulting expertise make BENTELER Steel/Tube one of the leading suppliers of steel tube solutions.

Lightweight construction, resource conservation and material expertise

Sustainable products are characterized, among other things, by the materials used. The choice of materials has a decisive influence on weight, costs and the carbon footprint. These features are not only important for vehicles. In the tube application area, engineering departments are therefore working on new types of steel and tube solutions using innovative materials and processes. Relevant trends and developments are anticipated as early as possible and translated into new products for customers. High-strength steels contribute to lightweight construction, since comparable loads can be realized with less material, thereby saving weight. We continued to work on increasingly replacing solid material

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solutions with tube solutions in 2023 with the aim of reducing weight. Designing tube wall thicknesses according to load requirements also contributes to weight reduction and was also a focus in the reporting year.

Research projects focused on sustainability

BMWK has funded a project to develop and validate the use of high-strength welded lightweight tubes for the production, transport and use of compressed hydrogen. The approach is to validate micro-alloyed steel strip grades from our cooperation partner Thyssenkrupp Hoesch Hohenlimburg without the need to heat treat the welded tubes. Furthermore, a simpler testing technique for material qualification regarding hydrogen suitability is to be developed and, if applicable, subsequently incorporated into the standardization process. Steel strips in differing grades and welded tubes were produced as part of this project over the course of the year.

Carbon steels approved for use in pressurized hydrogen lines up to hydrogen pressures of around 210 bar are available. Previously, only a few aluminum alloys and austenitic stainless steels have been used above this pressure. Consequently, another focus of our activities in the field of materials development is significantly more cost-effective, hydrogen-resistant carbon steels that can be produced in Lingen. Hydrogen-powered commercial vehicles use compressed

hydrogen at 350 bar and cars and vans 700 bar. Carbon steels with strengths ranging from approx. 500 MPa to approx. 1100 MPa are being developed for pressurized hydrogen systems in these vehicles. The first result of these developments is a steel that can be used in high-pressure lines for vehicles. This has already been cast in Lingen. Hydrogen suitability tests have been carried out with this steel and with high-pressure tubes made from it and have so far been passed successfully. Prototypes of various dimensions of high-pressure tubes have been produced and are being presented and offered to interested pilot customers. Even more complex vehicle suitability tests with these high-pressure line tubes are required and will now follow.

Cost-effective air-hardened materials continue to be one of the core topics in materials development. After previous testing with small test smelts, a smelt of a newly developed low-cost air-hardened material was cast in Lingen for the first time this year. The suitability of seamlessly drawn tubes made from this material for airbag generators and for hydraulic applications is currently being investigated further.

LCA and certifications

The CO₂ footprint of a product (product carbon footprint, PCF) is calculated in accordance with ISO 14067. In the tube production area, five grades have already been certified: A specific steel grade manufactured at the Lingen steelworks, two specific seam-

less tubes manufactured at the Schloss Neuhaus tube mill, and two welded tubes made from strip steel (one based on blast furnace, the other on electric steel from Lingen), manufactured in Paderborn.

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SUSTAINABILITY AT BENTELER

Climate change is one of the most pressing issues of the 21st century. BENTELER is addressing the challenge with integrated sustainability management. We have a particular responsibility due to the energy-intensive production of steel and aluminum products. We use our expertise and flexibility to operate sustainably and continuously improve our products.

At BENTELER, sustainability is an essential pillar of our corporate strategy. With the focus on sustainable action, we actively analyze and optimize our ecological footprint in order to avoid potential risk while actively exploiting business opportunities. As a global company, the BENTELER Group proactively takes responsibility for environmental protection. An important aspect here is the conservation of resources, always in compliance with the highest quality and safety standards. Specific key topics in this context are:

- › Energy
- › Emissions
- › Water and effluent
- › Waste

Energy

We use various energy sources in our production, such as electricity, natural gas, district heating and

BENTELER GROUP ENERGY CONSUMPTION¹⁾

IN MWH	2023	2022	2019
Electricity	1,080,675	1,133,723	1,199,608
Natural gas	1,092,842	1,197,812	1,211,808
Propane	41,176	44,208	48,606
LPG	14,352	1,872	-
Diesel	3,937	3,998	6,885
Oil	13	1,147	96
Petrol	6	292	163
District heating	21,880	18,090	15,039
Total	2,254,882	2,401,142	2,482,204

1) The data is from measurements and calculations. If no values were available for the month of December, an estimate was made on the basis of the previous year's value. Non-producing sites and very small sites (< 50 employees) whose energy consumption cannot be determined are not included due to their low relevance.

diesel. Reducing emissions associated with energy consumption by increasing energy efficiency and controlling energy consumption are important focus areas of our sustainability management. We therefore also undertook various energy efficiency projects in 2023. For example, the central refrigeration system at the Rumburk site was overhauled and

the compressor station in Puebla was expanded with a heat recovery system, which significantly improved energy efficiency. In addition to energy efficiency, we also pay particular attention to the purchase and in-house generation of renewable energies in energy procurement. Overall, energy consumption at BENTELER fell to 2,254,882 MWh in the reporting

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year (2022: 2,401,142 MWh) as a result of the various projects and measures. This is a significant reduction of 6% compared to the previous year.

Emissions

All measures taken to reduce energy consumption have an equal impact on environmentally relevant emissions and thus help us to achieve our emissions targets.. We aim to reduce our Scope 1 and 2 emissions by 50% by 2030 and achieve our target of net-zero emissions by 2050. The CO₂ emissions from production at BENTELER result mainly from the combustion of natural gas to generate electricity and process heat and from additional purchases of energy. Scope 1 and 2 emissions amounted to 643,733 tons of CO₂e in 2023 (2022: 713,411 tons of CO₂e). This figure is 10% below the previous year's value and emissions were reduced by 22% compared to 2019. We are therefore well on the way to achieving our targets for reducing emissions.

In addition to our own production, we also attach great importance to the decarbonization of our value chain. We therefore want to reduce absolute Scope 3 emissions by 30% by 2030 compared to 2019. With emissions of 27,664,386 tons of CO₂e in 2023, we have already made significant progress towards this target and are currently at a 19% reduction in Scope 3 emissions compared to 2019.

SCOPE 1 & 2 EMISSIONS¹

IN TONS OF CO ₂ e	2023	2022 ⁴	2019 ⁴
Scope 1 emissions ²	243,920	263,414	262,019
Scope 2 emissions, location-based method	392,238	366,689	383,342
Scope 2 emissions, location-based method	399,813	449,997	558,827
Total Scope 1 and 2 emissions³	643,733	713,411	820,846

¹ Calculation of the key figures is based on GHG protocol. The data is from measurements and calculations. If no values were available for the month of December, an estimate was made on the basis of the previous year's value. If no consumption values can be determined, the emissions are estimated based on the size of the building footprint (Table 5).

² Scope 1 emissions based on DEFRA emission factors.

³ Total calculated based on market-based emissions.

⁴ Recalculation of Scope 1 and 2 emissions due to structural changes and methodological changes in the calculation

Water and effluents

Water plays an indispensable role in the production processes at BENTELER and is also crucial for operational safety. Because water is so important for us, we aim to use it sparingly and significantly reduce our water withdrawals, particularly in areas with high and very high water stress. Our goal in these areas is to reduce water withdrawals by 20% by 2030 compared to the base year 2019. At some locations, BENTELER also recirculates water into the production processes. Wastewater is purified and then returned to the process water, reducing water extraction as well as costs. In addition, we continuously monitor and analyze our

water consumption at BENTELER. This amounted to 10,793,959 m³ of water (drinking and process water) at the plants in 2023 (2022: 10,409,365 m³). In 2023, 4% more water was consumed than in the previous year. The reasons for the increased water withdrawal in the group are changing weather and climate conditions, and changes in production technology.

In areas with water stress, we extracted 365,633 m³ of water. This is 15% lower than in 2019 and we are therefore well on the way to achieving our target by 2030.

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SCOPE-3-EMISSIONS¹

IN TONS OF CO ₂ e	2023	2022 ²	2019 ²
3.1 Purchased goods and services	9,116,372	9,224,623	9,714,950
3.2 Capital goods	431,380	324,193	525,270
3.3 Fuel and energy-related activities ³	140,943	155,853	177,270
3.4 Upstream transport and distribution	300,741	367,504	280,340
3.5 Waste generated during operation	14,860	12,749	14,302
3.6 Business trips	16,867	9,285	28,594
3.7 Employee commuting	26,559	26,924	33,097
3.11 Use of products sold	17,540,289	17,934,536	23,344,172
3.12 Dealing with sold products at their end of life	76,375	79,517	80,914
Total Scope 3 emissions	27,664,386	28,135,185	34,198,911

¹ Scope 3 emissions were calculated based on activity-related and expenditure-based data from a recognized input-output model (Quantis). The model uses USD-based emission factors. Consequently, exchange rate fluctuations influence the CO₂ emissions shown here.

² Recalculation of Scope 3 due to structural changes and methodological changes in the calculation (in particular: Detailing of the calculation methodology for Scope 3.7 with the help of an employee survey, first-time calculation of Scope 3.11 emissions)

³ Not included in Scope 1 and 2

BENTELER GROUP WATER WITHDRAWAL^{1,2}

IN M ³	2023	2022	2019
Surface water	8,614,668	8,190,186	-
Brackish water/ sea water	0	0	-
Groundwater – renewable	552,685	562,635	-
Groundwater – non-renewable	0	0	-
Produced water	0	0	-
Third party water	1,626,606	1,656,544	-
Total water withdrawal	10,793,959	10,409,365	9,771,170

¹ Calculation of the key figures is based on GRI 303-3. The data is from measurements and calculations. If no values were available for the month of December, an estimate was made on the basis of the previous year's value. Non-producing sites and very small sites (< 50 employees) whose water withdrawal cannot be determined are not included due to their low relevance.

² Water abstraction by source has only been fully available since 2022; Water withdrawals recalculated due to structural changes

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WATER WITHDRAWAL IN AREAS WITH HIGH AND VERY HIGH WATER STRESS¹

IN M ³	2023	2022	2019
Total water withdrawal	365,633	358,285	431,902

¹ At the plants in areas with high and severe water stress, water is drawn exclusively from third parties.

Waste

Waste avoidance is also a fundamental part of our sustainability strategy. By recovering and reusing raw materials from waste, we reduce our waste volumes and help to conserve resources. Our goal is to reduce the amount of waste in the BENTELER Group by 20% by 2030 compared to the base year 2019.

The waste produced is disposed of by certified companies in accordance with local regulatory requirements. In addition, at BENTELER sites, waste fractions are collected separately to allow for maximum (re)usability. We are also looking for solutions for waste that cannot be recycled by waste disposal companies and has to be landfilled, as this waste is no longer available for the resource loop.

We continuously record the quantities of waste from BENTELER's production activities at site level. In 2023, the total volume of waste amounted to 67,358 tons (71,445 tons in the 2022 financial year). This corresponds to a 6% reduction in waste volumes

compared to the previous year, which can be attributed in particular to various projects aimed at resource efficiency. We reduced our waste volume by 16% compared to 2019.

WASTE IN THE BENTELER GROUP¹

IN TONS	2023	2022	2019
Landfill (disposal)	7,561	7,014	8,364
Recycling and reuse	59,797	64,431	71,972
Total (excluding scrap)	67,358	71,445	80,336

¹ The data is from measurements and calculations. If no values were available for the month of December, an estimate was made on the basis of the previous month's value. Non-producing sites and very small sites (< 50 employees) whose waste volumes cannot be determined are not included due to their low relevance.

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REPORT ON ENVIRONMENTAL AND ENERGY MANAGEMENT

As an internationally active company, the BENTELER Group has a responsibility to design products and processes in a sustainable manner and thus contribute to environmental protection. Conserving resources is not only an integral part of our corporate practice, but also an equally important goal alongside consistent compliance with the highest quality and safety standards. For us, economic benefits and ecological aspects are inextricably linked. We therefore continuously focus on optimizing our production processes and work closely with our customers to develop sustainable technologies. We also play an active role in society in the areas local to our production sites. For us, the pursuit of effective solutions also includes protecting society and our environment.

To guarantee effective protection of resources and the environment at our sites, all BENTELER Automotive production sites and four out of six BENTELER Steel/Tube production facilities have environmental and/or energy management certified in accordance with ISO 14001 or ISO 50001.

Furthermore, we have special expertise in environmental issues, which is particularly important in metal processing and high-temperature processes. This expertise extends not only to conventional envi-

ronmental protection issues such as the responsible use of ground and surface water resources, but also includes greenhouse gas accounting for participation in emissions trading. We see all these areas as potential for developing our processes further and therefore as an opportunity for the environment and for BENTELER.

Automotive Division

Many energy efficiency projects were implemented in 2023 that contributed to reducing energy consumption at the locations. These included overhauling the central refrigeration system at the Rumburk site. The cooling tower's pump technology was replaced and equipped with an extended control system. More efficient drives are now used, which can be controlled as required by means of additional frequency control and connection to a central control system.

Furthermore, a heat recovery system was added to the compressor station at our plant in Puebla. The waste heat from the air compressors is fed into a heat accumulator. This supplies the heat required by the individual baths of an automated washing system for aluminum components, largely eliminating the

need for additional heating. In this way, we not only improve our energy efficiency, but also protect the environment.

Steel/Tube Division

The Steel/Tube Division also uses various measures to increase energy efficiency. A central focus is on measures to optimize production processes. The Steel/Tube Division is also working on converting all production areas to modern LED lighting across all sites. This will significantly reduce electricity consumption for lighting.

Optimizing gas consumption in both the production facilities and office buildings was a focal point in 2023. Particular attention was paid to adjusting heating curves during system downtimes to further increase efficiency.

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HR REPORT

Although our market environment continues to be dynamic, the stabilization of external factors meant that short-time working was barely used at BENTELER in 2023. The shortage of skilled workers is not new but has affected BENTELER in light of the post-corona dynamic. It has become more challenging to fill positions adequately when recruiting externally. This is particularly true in the factory environment, which is less flexible than the administrative areas in terms of working hours, deployment and location. This is another reason why BENTELER attaches great importance to personnel marketing and training. Thanks to modern tracking methods, a direct link can be established between media instruments and a higher number of interested parties and applicants.

BENTELER also reached a milestone in HR digitalization in 2023: Through the acquisition of the “HRNow!” platform, BENTELER will give all employees access to the HR service catalog worldwide from 2024. The “Use your own device” concept was developed in collaboration with IT. This allows HR department services to be accessed from any device under the highest IT security standards. Thanks to the service-oriented user guidance, the company creates a needs-oriented processing of inquiries that is no longer driven by contact persons. One challenge is the different languages in the group, and these are gradually being mapped in the catalog. For HR, it enables careers experts in virtual, international teams

to fulfil the requests of colleagues around the globe. By introducing the tool, the company has further streamlined its teams in a socially responsible way and employees benefit from HR availability around the clock. The first steps towards this visionary project were taken in 2023 and the first services have been rolled out globally.

Many measures have been initiated to set BENTELER up for success in 2024 and beyond. In the area of governance, a “Global Human Resource Policy” was adopted and implemented. A Human Rights Policy has been developed based on BENTELER’s values. This stipulates that BENTELER prohibits child labor, grants freedom of association, and not only values but also promotes diverse teams wherever possible. There will also be an e-learning course to accompany this.

Succession planning is a central part of personnel-related risk management. We have conducted annual appraisal interviews with all salaried management staff (AT/LA) and 81 LIFT conferences (LIFT = Leading in Future Times) to identify talent and potential. 6,806 training courses were implemented worldwide by internal and external providers. We recorded a total of 50,342 participations in live training sessions worldwide as part of our further training offer for specialists and managers, and 92,103 clicks were recorded for the learning videos. Various internal

academies (Leadership, Financial, Compass, etc.) provide structured support for the further development of all employees worldwide.

Number of employees

On average over 2023, BENTELER had 20,990 FTEs (full-time equivalents, excluding contract workers) worldwide, 359 fewer than in the previous year. In the Automotive Division, the average number of employees decreased by 329 FTEs to 17,356 FTEs. The average number of employees in the Steel/Tube Division also fell in comparison to the previous year by 75 FTEs to 3,185. Other companies, including holding companies, employed an average of 450 FTEs in 2023, 46 FTEs more than in the previous year. The increase in FTEs in the Holding is mainly due to the systematic transfer of FTEs from the divisions to the shared-service center.

To continue to fill management and key positions from its own ranks in the future, BENTELER trains teenagers and young adults in various apprenticeships. In 2023, BENTELER enabled 475 young people worldwide to receive training (previous year: 495).

In the reporting year, BENTELER employed an average of 40 FTEs (Full Time Equivalents, full-time

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employees including temporary workers) in Austria. An average of 7,198 FTEs were employed in Germany and 16,395 in the rest of the world.

Employee retention

BENTELER has an interest in maintaining the health of its employees worldwide and creates numerous offers to raise awareness amongst employees, but also to cushion social hardship if necessary.

In Brazil, cancer prevention days were held as part of government measures. In Germany, BENTELER focused on a pilot project on the subject of counseling in difficult life situations and a contact point for topics such as parents in need of care, debt counseling and psychological counseling. These are available to employees anonymously and free of charge.

There were numerous initiatives for better health, such as the launch of Wellpass, a discounted fitness offer, workshops on healthy leadership and other training events.

In countries such as the USA, where there is reduced state health care, numerous programs are offered to close this care gap. This includes support for employees in the lower and middle segments through company programs such as a health-saving plan or a preventive dental care program.

In addition, there are bonus models worldwide to reward long service to the company.

Outlook

In the final months of 2023, the BENTELER Group began to implement an evolved structure in the Automotive Division that takes greater account of the various business models of the module and component businesses. To bring the new structure to life and enable international teams to work together in a different way, HR has set up an agile change project that is geared towards specific needs rather than a fixed program. In addition to hybrid working, flexible working time models, diverse virtual and international teams, BENTELER continues to work on the design of interaction structures that will shape the collaboration of the future. Rigid hierarchies and boundaries will become blurred, and systems will have to become more agile. The balancing act between agility, standardization, cost efficiency and high-quality standards will be a challenge for our transformation in 2024.

FORECAST

Business and general conditions: Slow recovery expected for industrialized countries

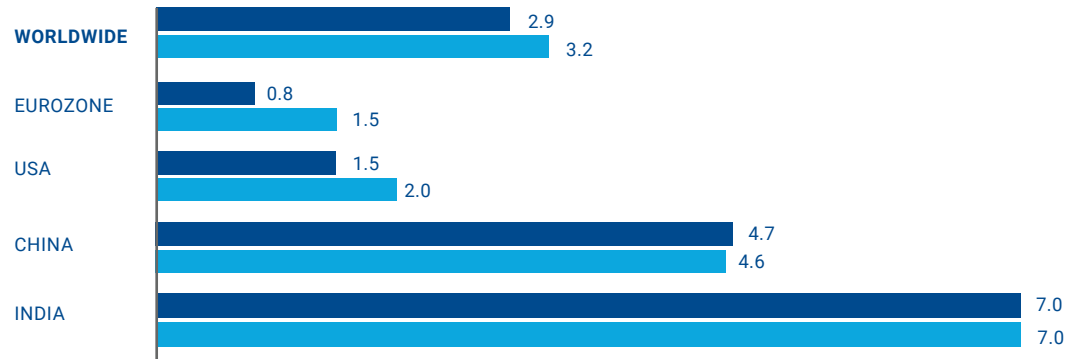
The Kiel Institute for the World Economy forecasts stable economic growth of 2.9% for 2024 and 3.2% for 2025. Global drivers for economic development are an expected turnaround in interest rates due to reduced inflation rates and the associated increase in purchasing power as well as improved financing conditions. Nevertheless, geopolitical conflicts and the effects of past shocks will continue to weigh on the global economy.

Growth of 0.8% is expected for the eurozone in 2024 and 1.5% in 2025. The reason for this is the weak European economy at the beginning of 2024, triggered by the high cost of living, difficult financing conditions and geopolitical uncertainty. However, a trend reversal is expected in the course of 2024 due to rising real wages and improved financing conditions.

In the USA, growth rates of 1.5% are forecast for 2024 and 2.0% for 2025. This growth is being driven by increased construction investment and rising private consumption in conjunction with reduced inflation rates. However, stronger growth is likely to be prevented by expectations of a slowdown in momentum on the labor market.

GROWTH IN GROSS DOMESTIC PRODUCT 2024 AND 2025

IN %



Source: Kieler Konjunkturbericht Nr. 109 (2023/Q4) ■ 2024 ■ 2025

Compared to the industrialized countries, stronger growth is expected for the emerging markets over the next two years. This is primarily driven by reduced inflation rates, which have a much greater impact on purchasing power, particularly in emerging markets. Growth rates of 4.7% for 2024 and 4.6% for 2025 are forecast for China, driven by rising domestic consumption. However, growth is being held back by the ongoing real estate crisis in China. At 7.0%,

India has the highest growth forecasts in the world for both 2024 and 2025.

However, the forecasts described must be viewed in the context of a volatile market. Geopolitical conflicts, the expected turnaround in interest rates and the high level of uncertainty regarding the Chinese market in particular could have a significant impact on future growth.

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Automotive market outlook: Slower growth expected

S&P⁵ is forecasting slower growth for the automotive industry in the medium term and even a slight decline in production of 0.4% in 2024. By contrast, a growth rate of 1.6% is expected for 2025. This forecast is based on the assumption that there will be no further significant disruptions in the supply chain and that the geopolitical situation does not deteriorate further. Against this backdrop, a production level of 89.4 million vehicles is anticipated for 2024.

For Europe, a decline in production figures of 1.8% is forecast for 2024 and 0.3% for 2025. This trend will be driven primarily by Western Europe with a decline of 2.3% in 2024 and 0.8% in 2025. A decline of 1.0% is expected in Eastern Europe in 2024, while a slight increase of 0.7% is forecast for 2025. In general, it is not expected that the European market will return to the pre-crisis level of 2019 in the foreseeable future. Subdued growth of 0.5% is forecast for North America in 2024. Further growth of 2.3% to a total of 16.0 million vehicles produced is expected for 2025.

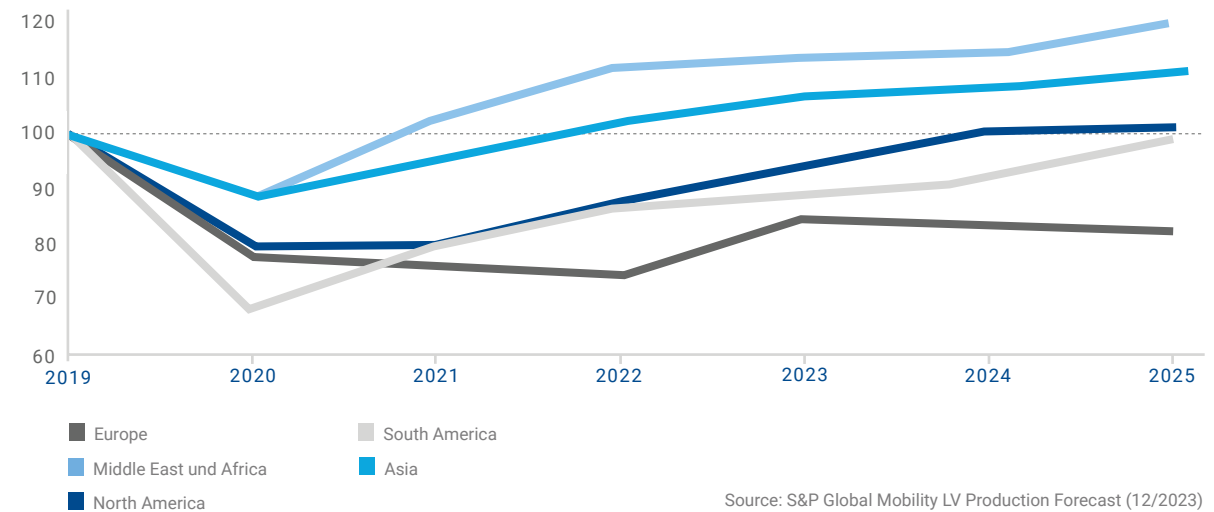
Continued recovery is also expected for South America. South American production volumes are forecast to increase by 3.8% and 7.4% in 2024 and 2025, respectively. Similar growth of 4.2% in 2024 and 9.3% in 2025 is anticipated for Brazil. Based on these forecasts, South America is expected to return to 2019 levels in 2025.

A moderate decline is forecast for the largest global automotive market, Asia-Pacific, over the next two years. As this region had already returned to pre-crisis levels by 2022, the expected growth figures for Asia-Pacific are lower than in previous years and a decline of 0.4% is even expected for 2024. Growth of 1.5% is forecast for 2025. A similar trend is anticipated in China, where production is forecast to fall by 0.1% in 2024. In 2025, production is expected to increase again by 3.6%. Additionally, Japan and South Korea are unlikely to reach 2019 production levels in the next two years.

The growing market for electromobility is also becoming increasingly important. The share of electric vehicles (including full and mild hybrids as well as pure electric drives) in global vehicle production is expected to rise from 32.2% in 2023 to 39.9% in 2024.

DEVELOPMENT OF VEHICLE PRODUCTION PER REGION 2019 – 2025

IN % IN RELATION TO 2019



⁵ S&P Global Mobility LV Production Forecast (12/2023) and S&P Global Mobility LV Powertrain Forecast (12/2023).

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Steel/Tube market outlook: Subdued market expectations for the year 2024

The mood on the Steel/Tube Division's markets was gloomy at the end of the year and the economic situation is not expected to improve significantly in the coming year. The industry expects a year of stagnation in the European automotive market. Manufacturers and suppliers will have to adapt to a highly demand-driven market in 2024. A decline in new orders and shrinking order backlogs are causing market experts to forecast a fall in production volumes (see Automotive Division for details).

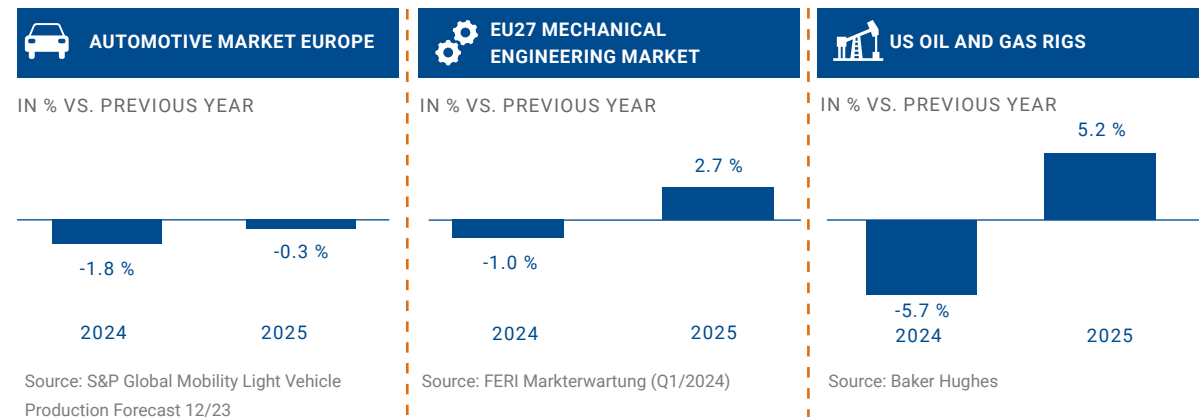
The mechanical engineering sector is also facing a difficult year in 2024. This pessimistic picture can be seen across almost all sectors. The business climate in the European agricultural machinery sector is moving towards a recession. After reaching a peak at the beginning of 2023 with an order backlog of 7.5 months, the order volume has decreased significantly and now corresponds to a backlog of 3.6 months. The German Engineering Federation (VDMA) therefore assumes that the market will see a significant decline of 9% in 2024. The construction machinery industry is also facing dwindling incoming orders and expects sales to fall in the coming months.

No recovery is expected in the oil and gas market either. Even though the International Energy Agency (IEA) expects global oil demand to increase by 1.1 million barrels per day in the new year, a supply surplus is forecast due to the rising oil supply from non-OPEC countries such as the USA. Against this backdrop,

many investment banks and analysts are forecasting an average annual price of around USD 79 per barrel for the US crude oil grade West Texas Intermediate, which corresponds to a more or less stable development compared to 2023. This is unlikely to provide a financial incentive for a significant increase in drilling activity and thus an increase in active rigs in the USA. Rather, it can be assumed that American oil producers will stick to their strategy of capital discipline and increasing productivity. Accordingly, BENTELER does not expect any growth in market demand for OCTG tubes in North America in the coming year. According to analyst forecasts (e.g. Baker Hughes and Spears & Associates), the rig count is expected to fall when comparing

the average values for 2023 and 2024. However, as the average rig count of 687 for 2023 results from very high values at the start of 2023 (between 772 and 760 in Q1 2023) and rather low values in the second half of 2023 (between 680 and 622 in Q4 2023), this forecast means a stable to slightly rising trend in rig counts in 2024 compared to the second half of 2023. Taking into account a further increase in the amount of tube consumed per rig in 2023 (so-called rig efficiency) and the expectation of a further increase in rig efficiency in 2024, the market is assuming a relatively constant total annual demand for OCTG tubes in 2024 compared to 2023 in North America.

DEVELOPMENT OF BENTELER STEEL/TUBE'S CORE MARKETS 2024 AND 2025



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Long-term outlook

For the five-year planning period, we expect an increase in profitability and competitiveness in both divisions despite a continued tense market environment. Based on this, we expect moderate sales growth up to 2028. We are well positioned for this thanks to our future-oriented portfolio, which is mostly technology and drivetrain agnostic. The focus on profitable growth and the sustainable improvement of cost structures are intended to ensure the company's further financial flexibility and independence.

Subject to all regulatory approvals, we will continue to accelerate the development of our autonomous mover this year in collaboration with our new strategic investor TASARU Mobility. The aim is to establish ourselves early on in the rapidly growing market for self-driving shuttles. This marks a significant step in HOLON's development towards becoming a pioneer in the design of safe and sustainable mobility.

The newly established financing structure will enable the BENTELER Group to make the best possible use of market opportunities. Despite all the risks associated with economic and political developments, we are focused on conservative financing principles: Investments will be financed from cash flow and fixed assets will be financed by long-term funds. The equity ratio, which is back in the double-digit range thanks to the good results, is expected to return to the original targets in the long term through the in-

crease in profitability. Dynamic financial debt, calculated as net financial debt/EBITDA, is also expected to benefit from rising earnings in the long term.

This should be achieved, among other things, through the sustainable measures of the transformation programs, which were further intensified in the financial year and will continue to be pursued with full commitment and continually expanded in the future.

This Management Report contains forward-looking statements about expected developments. These statements are based on current assessments and inherently entail risks and uncertainties. Actual events may differ from the statements formulated here.

Salzburg, February 9, 2024
The Executive Board

Ralf Göttel

Dr. Tobias Braun

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CORPORATE MANAGEMENT

Executive Board of BENTELER International AG

- **Ralf Göttel**, Schönau am Königssee, Germany (Chairman of the Executive Board, responsibilities: Strategy & M&A, Compliance & Board Affairs, Communication/Marketing, Human Resources, IT, Divisions)
- **Dr. Tobias Braun**, Dorfen, Germany (responsibilities: Accounting, Controlling, Treasury, Legal & Insurance, Tax, Internal audit)
- **Michael Baur**, Zurich, Switzerland, (responsibilities: Restructuring Program, Transformation Office, Liquidity Office) until May 15, 2023

Supervisory Board of BENTELER International AG

- **Henri Steinmetz**, Aspelt, Luxemburg, Chairman (former Chairman of the Management Board of the Ceramtec Group, Plochingen, Germany)
- **Dr. Georg Pachta-Reyhofen**, Vienna, Austria, Deputy Chairman (former Chairman of the Executive Board of MAN SE, Munich, Germany)
- **Hubertus Benteler**, Salzburg, Austria (former Chairman of the Executive Board of BENTELER International AG, Salzburg, Austria)
- **Prof. Dr. Bernd Gottschalk**, Esslingen a.N., Germany (Managing Partner of AutoValue GmbH, Frankfurt, Germany)
- **Joachim Limberg**, Düsseldorf, Germany (former Chairman of the Executive Board of thyssenkrupp Materials Services, Essen, Germany)
- **Frederik Vaubel**, Düsseldorf, Germany (Managing Director of H+S Automotive GmbH, Ittlingen, Germany)
- **Helmut Wieser**, Anif, Austria (former Chairman of the Executive Board of AMAG Austria Metall AG, Braunau a.I., Austria)
- **Dr. Lorenz Zwingmann**, Trittau, Germany (former Member of the Executive Board of Marquard & Bahls AG, Hamburg, Germany)

Divisional Management

BENTELER AUTOMOTIVE

- **Ralf Göttel**
- **Dr. Emerson Galina**
- **Jaroslav Leibl**

BENTELER STEEL/TUBE

- **Christian Wiethüchter (until March 31, 2023)**
- **Dr. Tobias Braun**
- **Thomas Michels**
- **Ralph Mathis (since April 1, 2023)**

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Consolidated Income Statement (IFRSs)

for the financial year from January 1, to December 31, 2023

CONSOLIDATED INCOME STATEMENT (IFRSs)

€ THOUSAND	NOTE	2023	2022
Sales	6	8,786,838	8,954,312
Cost of sales	7	-7,826,520	-7,743,756
Gross Profit		960,318	1,210,556
Selling expenses		-156,240	-177,181
Administration expenses		-291,662	-295,618
Research and development expenses		-64,682	-67,162
Other operating income	8	94,386	93,120
Other operating expenses	9	-24,695	-38,161
EBIT		517,426	725,553
Financial income	10	99,569	69,349
Financial expenses	10	-327,690	-221,737
Financial result		-228,120	-152,388
Income from associates	14	746	660
Result before tax		290,052	573,826
Income taxes	11	-3,370	-34,574
Result for the period		286,682	539,252
Of which:			
<i>Attributable to owners of parent</i>		282,160	534,218
<i>Non-controlling interests</i>		4,522	5,033

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Consolidated Statement of Comprehensive Income (IFRSs) for the financial year from January 1, to December 31, 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRSs)

€ THOUSAND	NOTE	2023	2022
Result for the period	20	286,682	539,252
Items that will not be reclassified to the income statement in future periods:			
Actuarial gains (losses) on defined-benefit plans (net)		-39,048	131,857
On these items of the comprehensive income relating taxes		11,868	-40,624
		-27,180	91,232
Items that will be reclassified to the income statement in future periods:			
Gains (losses) on exchange differences on translation for foreign operations		-26,829	-5,284
Gains (losses) on the measurement of cash flow hedges, of which:		-19,198	14,075
<i>Interest rate and cross-currency interest rate hedges</i>		-23,612	0
<i>Foreign currency hedges</i>		3,986	13,983
<i>Commodity hedges</i>		428	92
Reclassification of amounts of cash flow hedges recognised in the income statement, of which:		-12,416	1,755
<i>Foreign currency hedges</i>		-12,324	1,895
<i>Commodity hedges</i>		-92	-140
Gains (losses) on the measurement of costs of hedging, of which:		398	-398
<i>Foreign currency hedges</i>		398	-398
On these items of the comprehensive income relating taxes		6,776	-3,661
		-51,268	6,487
Other comprehensive income after tax		-78,448	97,719
Total comprehensive income		208,234	636,971
Of which:			
Attributable to owners of parent		206,548	632,874
Non-controlling interests		1,686	4,096

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Consolidated Statement of Financial Position at December 31, 2023 (IFRSs)

Assets

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2023 (IFRSS)

€ THOUSAND	NOTE	December 31, 2023	December 31, 2022
Intangible assets	12	26,714	36,025
Goodwill	12	5,679	5,679
Property, plant, and equipment	13	1,976,149	1,949,066
Investments in associates	14	4,973	4,428
Deferred tax assets	15	247,486	184,649
Non-current income tax receivables		605	273
Other non-current receivables and assets	16	71,153	71,862
Non-current assets		2,332,759	2,251,981
Inventories	17	829,216	840,657
Trade receivables	18.1	678,769	893,931
Contract assets from customer contracts	18.2	10,469	13,733
Current income tax receivables		9,523	11,458
Other current receivables and assets	18.3	225,002	340,636
Cash and cash equivalents	19	641,978	697,255
Assets held for sale	4.2	37,138	0
Current assets		2,432,095	2,797,671
Total assets		4,764,854	5,049,652

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Consolidated Statement of Financial Position at December 31, 2023 (IFRSs)

Liabilities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2023 (IFRSS)

€ THOUSAND	NOTE	December 31, 2023	December 31, 2022
Issued capital		200	200
Retained earnings		175,275	175,275
Other reserves		316,768	322,228
Equity attributable to owners of parent company		492,243	497,703
Non-controlling interests		46,517	46,581
Total shareholders' equity	20	538,760	544,284
Non-current financial liabilities	23	1,737,156	2,017,037
Deferred tax liabilities	15	7,603	14,234
Other non-current liabilities		25,832	913
Pension provisions	22	281,074	244,443
Other non-current provisions	21	75,975	92,912
Non-current liabilities		2,127,641	2,369,539
Current financial liabilities	23	195,390	224,458
Trade payables		1,295,895	1,337,479
Current income tax liabilities	24	29,399	30,826
Other current liabilities	25	458,148	384,493
Other current provisions	21	119,620	158,573
Current liabilities		2,098,452	2,135,828
Liabilities		4,226,094	4,505,368
Total shareholders' equity and liabilities		4,764,854	5,049,652

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Consolidated Statement of Cash Flows (IFRSs)

for the financial year from January 1, to December 31, 2023

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSS)

€ THOUSAND	2023	2022
Cash flow from operating activities:		
EBIT	517,426	725,553
Interest paid	-228,893	-142,560
Interest received	15,287	4,236
Income taxes paid/received (net)	-52,384	-23,550
Depreciation, amortization, impairment and write-up of property, plant and equipment and intangible assets	264,453	-22,884
Change in non-current provisions	-26,282	-15,825
Other non-cash transactions	-4,804	-25,645
Cash flow from profit	484,803	499,325
Change in inventories	544	-45,179
Change in trade receivables	196,306	-192,600
Change in trade payables and advance payments received	45,254	116,226
Change in working capital	242,104	-121,553
Change in current provisions	-40,313	-56,888
Change in other receivables	36,098	-17,788
Change in other liabilities	34,942	-3,871
Change in other assets and liabilities	3,030	-2,902
Cash flow from operating activities	760,665	296,322

See Note 30.

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Consolidated Statement of Cash Flows (IFRSs) [continued]

for the financial year from January 1, to December 31, 2023

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSS)

€ THOUSAND	2023	2022
Cash flow from investing activities:		
Cash payments for investments in property, plant, and equipment and intangible assets	-304,103	-199,601
Cash receipts from the disposal of property, plant, and equipment and intangible assets	9,412	9,162
Government grants received for investments	1,071	797
Cash payments for investments in financial assets	-205	-20,777
Cash receipts from the disposal of financial assets	42,505	0
Cash flow from investing activities	-251,320	-210,420
Free cash flow	509,345	85,903
Cash flow from financing activities:		
Repayment of borrower's note loans	-488,176	0
Cash proceeds from the issuance of bonds	984,686	0
Repayment of bank loans	-1,567,506	-2,191
Cash receipts from the raising of bank loans	810,000	225,000
Repayment of lease liabilities	-42,878	-48,133
Dividends paid	-216,099	-5,777
Cash receipts from non-controlling interests	2,351	5,397
Other cash receipts from financing activities	0	5,368
Other cash payments from financing activities	-41,892	0
Cash flow from financing activities	-559,514	179,664
Change in cash and cash equivalents	-50,169	265,567
Effect of exchange rate changes on cash and cash equivalents	-5,109	2,327
Cash and cash equivalents at January 1	697,255	429,362
Cash and cash equivalents at December 31	641,978	697,255

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Consolidated Statement of Changes in Equity (IFRSs)

for the financial year from January 1, to December 31, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSs)

€ THOUSAND	Issued capital	Retained earnings	Foreign currency translation reserve	Other reserves	Reserve for actuarial gains/losses
				Cash flow hedge reserve and hedging costs	
Balance at January 1, 2022	200	175,275	-94,775	-2,056	-146,678
Comprehensive income					
Result for the period					
Other income (after tax)			-4,284	11,770	91,170
Other changes in shareholders' equity					
Other changes			4,092		
Transactions with owners					
Company foundation					
Dividends paid					
Balance at December 31, 2022 = Balance at January 1, 2023	200	175,275	-94,967	9,714	-55,508
Comprehensive income					
Result for the period					
Other income (after tax)			-23,995	-24,439	-27,178
Other changes in shareholders' equity					
Other changes					
Transactions with owners					
Capital increases and company foundation					
Dividends paid					
Balance at December 31, 2023	200	175,275	-118,962	-14,725	-82,686

See Note 20.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSs)

€ THOUSAND	Other reserves		Equity attributable to owners of parent company	Non-controlling interests	Total shareholders' equity
	Other	Total			
Balance at January 1, 2022	-67,413	-310,922	-135,447	42,863	-92,584
Comprehensive income					
Result for the period	534,218	534,218	534,218	5,033	539,252
Other income (after tax)		98,656	98,656	-937	97,719
Other changes in shareholders' equity					
Other changes	-3,816	276	276	2	278
Transactions with owners					
Company foundation		0	0	5,397	5,397
Dividends paid		0	0	-5,777	-5,777
Balance at December 31, 2022 = Balance at January 1, 2023	462,989	322,228	497,703	46,581	544,284
Comprehensive income					
Result for the period	282,160	282,160	282,160	4,522	286,682
Other income (after tax)		-75,612	-75,612	-2,836	-78,448
Other changes in shareholders' equity					
Other changes	-8	-8	-8	-3	-11
Transactions with owners					
Capital increases and company foundation		0	0	2,351	2,351
Dividends paid	-212,000	-212,000	-212,000	-4,099	-216,099
Balance at December 31, 2023	533,140	316,768	492,243	46,517	538,760

See Note 20.

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NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR 2023

General information

1 Information about the company

BENTELER International Aktiengesellschaft (“BIAG” or the “Company”; registered in the Austrian Companies Register of Salzburg Regional Court under the number FN 319670d and having its registered office and principal place of business at Schillerstraße 25, 5020 Salzburg, Austria) is the ultimate holding company of the BENTELER Group, an international corporation with a history stretching back more than 150 years. The group operates in the following Divisions:

- › Automotive (66 locations, approximately 17,356 full-time equivalents)
- › Steel/Tube (13 locations, approximately 3,185 full-time equivalents)
- › Other companies (7 locations, approximately 450 full-time equivalents)

The BENTELER Group’s various Divisions are engaged in the following activities:

- › Developing, producing, and selling ready-to-install vehicle modules, components, and systems made of metals and a wide range of other materials, together with producing and selling the associated tools
- › Developing, producing, and selling machines, machine installations, tools, design engineering, and similar products
- › Steel production and the development, production, machining, and sale of steel products, especially steel tubes

The common stock of BENTELER International Aktiengesellschaft is not listed on a regulated market or in over-the-counter trading and is closely held by the family, half by Hubertus Benteler Ges.m.b.H., of Salzburg, Austria, and half by Dr. Ing. E.h. Helmut BENTELER GmbH, of Paderborn, Germany.

2 Basis of preparation

In accordance with 245a (2) of the Austrian Commercial Code, the consolidated financial statements of BENTELER International Aktiengesellschaft and its subsidiaries were prepared under International Financial Reporting Standards (IFRSs), taking due account of publications by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed in the European Union under Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, and also in compliance with the additional requirements of Section 245a of the Austrian Commercial Code. Figures for previous years were calculated using the same principles. The statement is based on the assumption of going concern.

The separate financial statements of the included entities were prepared as at the same reporting date as the consolidated financial statements.

The consolidated financial statements are prepared on the basis of historical cost. The exceptions were derivative financial instruments and financial instruments, which are measured at market value, and defined benefit plan assets, which are measured at fair value. There are also immaterial contract assets from customer contracts which are measured according to the degree of completion.

The consolidated income statement is prepared using the cost of sales method. The consolidated financial statements are prepared in euros. Unless indicated otherwise, all amounts are in thousands of euros. System-based effects may cause amounts to differ from the unrounded amounts.

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On February 9, 2024, the Executive Board approved the consolidated financial statements and the Group Management Report for the period ended December 31, 2023, and released them for presentation to the Supervisory Board. The Supervisory Board is expected to approve the consolidated financial statements and the Group Management Report at its ordinary meeting on March 13, 2024.

3 New accounting standards

This section lists all standards and interpretations released by the IASB (International Accounting Standards Board) and IFRIC that were applied for the first time in the current reporting period, or that must be applied in future periods.

The application of the following new standards and amendments of existing standards became mandatory in the 2023 financial year:

NEW ACCOUNTING STANDARDS – CURRENT REPORTING PERIOD

	Publication by IASB	Application obligatory in EU for financial years beginning on or after	Endorsed by the EU	Effects on BENTELER Group
New standards and interpretations				
IFRS 17 Insurance contracts Amendment to mandatory application	May 18, 2017 June 25, 2020	January 1, 2023	Yes	Immaterial
Amendments to existing standards and interpretations				
IAS 12 Deferred taxes from the addition of an asset or liability	May 07, 2021	January 1, 2023	Yes	Immaterial
IAS 12 Global minimum taxation ("Pillar 2" regulation of the OECD)	May 23, 2023			
IAS 8 Changes in estimates and errors	February 12, 2021	January 1, 2023	Yes	Immaterial
IAS 1 Disclosures on accounting and valuation methods	February 12, 2021	January 1, 2023	Yes	Immaterial

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The following standards, interpretations and amendments to existing standards have already been published by the IASB, but their application was not

yet obligatory for the current reporting period. The Company has decided not to apply them early on a voluntary basis.

NEW ACCOUNTING STANDARDS – CURRENT REPORTING PERIOD

		Publication by IASB	Application obligatory in EU for financial years beginning on or after	Endorsed by the EU	Effects on BENTELER Group
Amendments to existing standards and interpretations					
IAS 1	Classification of financial liabilities as non-current or current	January 23, 2020	January 1, 2024	Yes	Immaterial
IFRS 16	Changes to the subsequent measurement of Lease Liability in a Sale and Leaseback	September 22, 2022	January 1, 2024	Yes	Immaterial
IAS 1	Classification as current liabilities due to constraints	October 31, 2022	January 1, 2024	Yes	None
IAS 7/ IFRS 7	Supplier financing agreements	May 25, 2023	January 1, 2024	No	Under review
IAS 21	Lack of exchangeability	August 15, 2023	January 1, 2025	No	Under review

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4 Consolidation

4.1 Principles of consolidation

The consolidated financial statements include BIAG and all significant **subsidiaries** in which BIAG has the power to exercise control on the basis of a contractual agreement (control relationship). Control, as defined by IFRS 10, exists if BENTELER has power over the investee, is exposed to risk from variable returns and there is a connection between power and variable returns. Subsidiaries are fully consolidated in the consolidated financial statements from the date on which the power of control is obtained. Entities are deconsolidated as at the date on which the group ceases to have control.

Business combinations are accounted for using the **acquisition method** under IFRS 3. On the acquisition date (i.e. upon initial consolidation), identifiable assets acquired, and liabilities assumed are measured at fair value. A positive difference between the consideration transferred and the group's share of the net fair value of the acquired assets and liabilities is recognized as goodwill. The option of applying the full goodwill method, according to which goodwill resulting in the context of an acquisition is also calculated pro rata to the minority shares, was not exercised. Any negative difference is recognized in profit or loss as at the acquisition date if a review indicates that all assets acquired and liabilities assumed have been correctly identified and valued.

Non-controlling interests represent the share of earnings and net assets that are not attributable to the group. Any profit or loss attributable to these interests is presented separately in the statement of comprehensive income from the share of profit or loss attributable to the owners of the parent company. In the statement of financial position, non-controlling interests are presented within equity, separately from the equity attributable to the owners of the parent company. Transactions (acquisitions and sales) entered into with non-controlling interests that do not result in a loss of control are accounted for as equity transactions.

Associates are entities over which the company can exercise a significant influence on financial and operating policy decisions but which it cannot control. Associates are accounted for using the equity method. A significant influence is deemed to exist when the group directly or indirectly holds 20% or more of the voting rights.

Joint ventures are entities that are controlled jointly on the basis of a contractual agreement between two or more parties, and to which the parties have rights to the net assets. In line with IFRS 11, they are accounted for using the equity method.

Investments in entities whose impact on the group's financial position and profit or loss is immaterial, as well as **other investments** over which the BENTELER Group does not have a significant influence, are accounted for in accordance with IFRS 9 as financial instruments.

Goodwill that results from the acquisition of a subsidiary is recognized separately in the statement of financial position. Goodwill resulting from the acquisition of an associate or joint venture is included in the amortized carrying amount of the investment in the associate or joint venture. In the event of the sale of a subsidiary, associate, or joint venture, the attributable portion of goodwill is taken into account in measuring the net gain or loss on disposal.

Goodwill is tested annually and whenever there is an indication of impairment. For the purposes of the impairment test, goodwill acquired in a business combination is attributed to cash-generating units that are expected to benefit from the synergies of the business combination (see Note 5.6 – "Impairment").

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4.2 Companies included in the consolidated financial statements

Overview

During the financial year 2023, the movements in the number of fully consolidated companies were as follows:

DEVELOPMENT OF THE GROUP

	Austria	Other	Total
Fully consolidated companies as at December 31, 2023	2	79	81
Addition due to new foundation	0	2	2
Disposals due to mergers	0	-1	-1
Fully consolidated companies as at December 31, 2023	2	80	82

Acquisitions during the financial year 2023

In the 2023 financial year were founded BENTELER Fafin LLC, Auburn Hills (Michigan), USA, on August 1, 2023 and BENTELER HAINACHUAN Automotive (Beijing) Co, Ltd, Beijing, China, on August 28, 2023 (resulting in an increase in non-controlling interests in the consolidated statement of changes of equity of €1,560 thousand) and included in the consolidated financial statements by full consolidation. As a result of the inclusion, the consolidated balance sheet increased by €17,337 thousand. The loss for the year amounted to €926 thousand and sales did not increase.

Disposals during the financial year 2023

On March 31, 2023, the company BENTELER JIT Douai SAS, Migennes, France, was merged into its parent company BENTELER Participation S.A., Migennes, France.

The BENTELER Group intends to sell shares in BENTELER Holon GmbH (via a holding structure) in February 2024. This involves the granting of unanimous consent rights in favor of a third party, which will lead to a loss of control in significant relevant activities. In accordance with IFRS 5, the non-current assets of this company amounting to €37,138 thousand are therefore classified as “Assets held

for sale” and reported separately as such in the balance sheet (see the development in notes 12 “Intangible assets” and notes 13 “Property, plant and equipment and leases”). The liabilities are not material.

In addition, the BENTELER Group intends to sell the company OOO BENTELER Automotive, Kaluga, Russia. A binding offer has been received from a third party since December 2023. The assets that were essentially written down were not reclassified due to their immateriality.

Non-consolidated structured entities

As part of factoring/ABCP programs, the BENTELER Group sells certain trade receivables to special purpose entities (see Note 18.1 “Trade receivables”), which are not consolidated in accordance with IFRS 10, as the BENTELER Group has neither decision-making power nor a material self-interest and there is no link between decision-making power and the variability of the cash flows from the special purpose entity.

5 Accounting policies

The significant accounting policies applied in preparing the group’s consolidated financial statements are described below. The accounting methods described were applied uniformly throughout the group for all presented reporting periods.

5.1 Foreign currency translation

Translation to the functional currency (transaction difference)

In the separate financial statements of the consolidated companies that are prepared in local currency, monetary items such as receivables, cash in foreign currencies and liabilities owed in foreign currencies are translated at the rate as at the end of the reporting period. The resulting foreign currency translation gains and losses are recognized as other operating expenses and income in the income statement of the group. Foreign currency gains and losses of BIAG as the

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ultimate holding company result largely from financing activities and are recognized in the financial result. Gains and losses that result from a group of similar transactions, such as foreign currency gains and losses within the same currency, are netted.

Translation to the reporting currency (translation difference)

The annual financial statements of foreign group companies whose functional currency is not the euro are translated to the group's reporting currency, the euro, applying the concept of a functional currency. In general, the functional currency of foreign group companies is the local national currency. Exceptions are the following companies which have the euro as their functional currency:

- › BENTELER Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova/Kocaeli, Turkey
- › BENTELER Automotive Klášterec s.r.o., Chrastava, Czechia
- › BENTELER CR s.r.o., Chrastava, Czechia
- › BENTELER Automotive Rumburk s.r.o., Rumburk, Czechia

Assets and liabilities of foreign consolidated companies are translated at the closing rate at the end of the reporting period. Equity is recognized at historical rates. Positions of the expenses and income are translated to euros at the weighted average exchange rate for the period. The translation differences are recognized as net gains or losses in equity. Any exchange rate differences are recorded in the income statement only when the relevant unit is deconsolidated. A translation difference recognized directly in equity is only recognized in profit or loss when the corresponding entity is deconsolidated.

For the most important non-euro currencies of the BENTELER Group, the following exchange rates have been used:

FOREIGN CURRENCY EXCHANGE RATES

	Average rate		Closing rate	
	2023	2022	December 31, 2023	December 31, 2022
BRL	5.39	5.41	5.36	5.64
CHF	0.97	1.00	0.93	0.98
CNY	7.68	7.07	7.85	7.36
CZK	23.98	24.54	24.73	24.12
GBP	0.87	0.85	0.87	0.89
MXN	19.05	21.05	18.71	20.86
NOK	11.46	10.11	11.24	10.51
RUB	92.99	72.63	99.22	77.89
SEK	11.48	10.66	11.09	11.12
USD	1.08	1.05	1.11	1.07
ZAR	20.04	17.22	20.37	18.10

5.2 Recognition of income

Revenue from the sale of goods and the rendering of services is recognized when the individually identifiable contractual obligation has been fulfilled. The contractual obligation is deemed to be fulfilled when the promised supply of goods or performance of services has been transferred and the customer has obtained power of disposal, thus being able to determine the use of the acquired asset and derive benefit from that asset.

Revenue recognition is based either at a point in time or over time. Point in time is the basis for revenue recognition usually applied by BENTELER, with such time being deemed to be the time of transfer of power of disposal. Over time-revenue recognition is of significance particularly for customer contracts of BENTELER Mechanical Engineering. To measure the progress of performance and the associated revenue recognition, both input- and output-based methods are used. Output-based methods in particular involve measuring the progress of perfor-

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mance based on the achievement of contractually predefined milestones, whereas input-based methods take particular account of the progress of performance based on costs incurred. At BENTELER the progress of performance is measured using input-based methods (cost-to-cost). It is ascertained on the basis of the ratio of the contract costs incurred as at the reporting date and the total estimated contract costs. Customer contracts are measured at contract costs incurred up to the end of the reporting period, plus the proportion of profit according to the achieved stage of completion. Those revenues, less any prepayments received, are presented in the statement of financial position as contract assets. Variations in contracted work, claims, and incentive payments are considered to the extent that they are likely to result in revenue and can be reliably measured. When the result of a customer contract cannot be measured reliably, revenue is recognized only to the extent that incurred costs are likely to be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the total contract revenue, the expected loss is recognized immediately as an expense.

The amount of the revenue to be recognized is based on the allocation of the transaction price to the individual performance obligations under a contract. This allocation takes place regularly on the basis of the observable stand-alone selling price. In cases in which the stand-alone selling price is not directly observable, it is derived from comparable transactions (adjusted-market-assessment approach).

Revenue recognized at a point in time is measured on the basis of the consideration specified in a contract with a customer. The group recognizes revenue when it transfers control of a good or service to a customer. Incoterms used by BENTELER are primarily EXW and FCA.

Revenue is recognized taking into account sales reductions such as trade discounts, customer loyalty bonuses, and rebates. Variable purchase price components are estimated on the basis of reasonable assumptions derived from both information available at the time of the estimate and empirical values from comparable transactions. The allocation for variable purchase price components

and sales reductions is the same as the allocation of the transaction price, unless a different allocation proves more expedient.

Contract costs are additional costs incurred to initiate or fulfil a contract. They are capitalized and amortized on a straight-line basis over the term of the underlying contract.

5.3 Government grants

Government grants are not recognized until there is reasonable assurance that the group will comply with the conditions attached to them and the grants will be received. Grants related to capital expenditure (grants related to assets) are deducted from the carrying amount of the asset and recognized at a reduced depreciation level over the periods and in the proportions in which depreciation expenses on these assets are recognized.

Grants not related to capital expenditure (grants related to expenses) are recognized in profit or loss in the same period in which the relevant expenses which the grants intend to compensate are incurred.

5.4 Intangible assets

Acquired intangible assets are measured at their acquisition costs and are amortized over their economic useful life.

Internally generated intangible assets are capitalized at their manufacturing cost if both the technical feasibility of completing the asset and the ability to use or sell it so that probable future economic benefits will be generated can be demonstrated. The BENTELER Group distinguishes between customer-related and non-customer-related development projects. Internally developed intangible assets that can be used for multiple customers are capitalized, whereas expenses for customer-specific developments (“customer applications”) do not represent an intangible asset.

Future economic benefits of internally generated assets are derived from business plans. Capitalized costs comprise directly attributable employee costs, ma-

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terial costs, and overhead expenditure, if it can be directly attributed to preparing the asset for use. Research and development expenses are recognized in profit or loss when incurred, unless they are to be capitalized under IAS 38.

Amortization of intangible assets is based on the following ranges of useful lives (figures refer to the useful lives of the current and prior reporting period). The amortization is applied on a straight-line basis:

USEFUL LIFE OF INTANGIBLE ASSETS

	Useful lives in years
Concessions, intellectual property rights	3-15
Capitalized development costs	3-7
Software	3-5
Other intangible assets	3-5

5.5 Property, plant, and equipment

Property, plant, and equipment is measured at amortized cost less any accumulated depreciation – if depreciable – and any accumulated impairment losses.

The acquisition cost of an item of property, plant, and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and the condition necessary for it to be capable of operating in the manner intended by management. Rebates, bonuses, and discounts are deducted from the purchase price. The cost of internally generated equipment includes all costs that are directly attributable to the production process, together with a reasonable share of production-related overheads and depreciation. Repair and maintenance costs that generate no additional economic benefit are not included in the production cost. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are capitalized as part of its cost. A qualifying asset is an asset that takes a period of more than one year to get ready for its intended use or sale. If an asset consists of multiple components with different useful lives, each part of the asset having a significant acquisition value is depreciated separately over its useful life.

Depreciation of property, plant, and equipment is based on the following ranges of useful lives and is applied on a straight-line basis. Land is not depreciated.

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

	Useful lives in years
Business and production buildings	10-60
Outdoor facilities	5-50
Technical equipment and machinery	4-50
Factory and office equipment	3-15

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5.6 Impairments

Intangible assets and property, plant, and equipment with an identifiable useful life are reviewed at the end of each reporting period, in accordance with IAS 36, to determine whether there are indications for impairment, for example if exceptional events or market developments indicate a possible loss of value. If any such indications are present, the assets are tested for impairment. An impairment loss is recognized if the recoverable amount falls below the carrying amount. The recoverable amount is defined as the higher of the value in use and the fair value minus costs to sell.

In the BENTELER Group, the value in use is the basis for the determination of the recoverable amount. To calculate the value in use, future expected cash flows are discounted at a risk-adjusted after-tax interest rate. Current and expected future income levels are taken into account, together with technological, economic, and general development trends, on the basis of approved financial plans. When determining the value in use for the CGUs, a growth rate of 0% was assumed for the perpetual annuity.

If the carrying amount exceeds the recoverable amount of the asset, the exceeding amount is recognized as an impairment loss in profit or loss. If the impairment loss exceeds the carrying amount of any goodwill allocated to a cash generating unit (CGU), the impairment loss is allocated to the other assets of the unit. For the impairment test, assets are combined at the lowest level for which separate cash inflows can be identified. If the cash inflows for an asset cannot be identified separately, the impairment test is performed on the basis of the CGU to which the asset belongs. In the context of planned plant closures or disposals, the relevant assets are tested separately for impairment.

The recoverable amount of the CGUs is based on the value in use, which is measured using discounted cash flow projections. Cash flows are determined on the basis of the company's planning for the next five years and amortized in perpetuity. The planning assumptions are based on historical experience and expectations of market developments.

The discount rate used is a blended rate of the average interest rate on debt and the expected return on equity employed (weighted average cost of capital, "WACC"). This after-tax discount rate reflects current market assessments and the specific risks of the CGU.

Impairment losses are reversed if there are indications of an increase in value and the recoverable amount is greater than the carrying amount. The limit for reversals of impairment losses is the depreciated cost that would have resulted if no impairment had been recognized in previous years. Irrespective of whether there are indications of potential impairment, intangible assets with an indefinite useful life, as well as goodwill, are tested for impairment annually. An asset is impaired if its carrying amount is higher than its recoverable amount.

Goodwill

For the purposes of impairment testing, the total goodwill of €5,679 thousand has been allocated to the CGU "Steel/Tube (excluding Shreveport)". A discount rate of 9.22% (previous year: 9.08%) was used here. The annual goodwill impairment test did not result in any need for impairment, as the recoverable amount was approximately 49% higher than the carrying amount of the CGU.

The annual goodwill impairment test did not indicate an impairment loss, because the recoverable amount exceeded the carrying amount of the CGU by approximately 49%.

CGU Shreveport

The recovery in the American steel tube market continued in the past financial year. For the Shreveport CGU, which is allocated to the Steel/Tube division as a geographically definable market, an asset impairment test was again carried out, which, based on a discount rate of 9.25% (previous year: 9.08%), resulted in a significant overcoverage. The reversal of impairment losses at amortized cost carried out last year is therefore largely not at risk. The recoverable amount of the CGU of €1,649,516 thousand (previous year: €1,395,384 thousand) thus significantly exceeds the amortized acquisition and production costs of €577,754 thousand (previous year: €557,427 thousand after reversal of impairment).

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The high volatility of commodity prices and climate-related risks relating to fracking technology continue to be analyzed closely.

Other CGUs

In the Automotive Division, BENTELER distinguishes between the following CGUs: Chassis, Modules, Structures, Thermal & Tubular, E-Mobility and Mechanical Engineering. Last year's slight over-recovery of the CGU Modules and the Thermal & Tubular CGU is much more comfortable in the current year. In previous years, the carrying amount were allocated according to sales. A project for direct allocation has resulted in the following changes:

ALLOCATION OF CARRYING AMOUNTS TO CGU

€ THOUSAND	Direct Allocation Carrying amount	Allocation according to sales Carrying amount	Changes
CGU			
Chassis	437,014	363,105	73,910
Modules	126,002	218,809	-92,806
Structures	707,227	683,649	23,579
Thermal & Tubular	131,148	215,463	-84,315
E-Mobility	42,226	28,269	13,957
Mechanical Engineering	15,021	13,278	1,742

In the Modules CGU, the recoverable amount of €675,307 thousand (previous year: €664,845 thousand) exceeded the carrying amount of €126,002 thousand (previous year: €553,305 thousand) based on a discount rate of 9.19% (previous year: 8.39%). The direct allocation of assets significantly reduced the carrying amounts.

In the Thermal & Tubular CGU, the recoverable amount of €245,162 thousand (previous year: €263,013 thousand) exceeded the carrying amount of €131,148 thousand (previous year: €251,637 thousand) based on a discount rate of 9.29% (previous year: 8.36%). The lower carrying amount in the current year is already a mixture of the direct allocation of assets and lower working capital.

The recoverable amount of the other CGUs significantly exceeded their carrying amount.

In addition, cost-cutting measures were continued as part of the restructuring process. This resulted in a further impairment of property, plant and equipment totaling €7,030 thousand (previous year: €58,860 thousand) and an impairment of inventories of €7,576 thousand (previous year: €9,220 thousand) at individual plant level. The impairment losses from previous years were reversed in the amount of €9,078 thousand (previous year: €14,190 thousand), as the reasons for the impairment losses from the previous year no longer applied.

5.7 Investments in associates

At the time of acquisition, investments in associates are recorded at cost. If the cost is below the investor's share of the fair values of the net identifiable assets of the associate at the time of acquisition, any negative difference is recognized in profit or loss.

In subsequent periods, the investment in the associate is recognized at the investor's share of the equity, unless there is an impairment loss. The carrying amount is adjusted for the investor's share of the associate's net profit or loss and other comprehensive income as well as for distributions received from the investee.

5.9 Inventories

Inventories are normally stated at the lower of cost or net realizable value. The net realizable value represents the estimated selling price of the end-product on normal market terms, less all estimated costs of completion and the estimated costs necessary to make the sale. Recognizable inventory risks are accounted for with appropriate write-downs based on inventory turnover analyses.

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The cost of inventories is determined using the moving average method and includes the cost of acquisition and the costs incurred to bring the inventories to their current location and current condition. Production costs include the cost of materials, individual production costs, other individual costs, and attributable production-related overheads. Overheads are distributed on the basis of normal capacity utilization.

5.10 Deferred taxes

Deferred tax assets and liabilities are recognized, using the asset and liability method, on all temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and those in the statement of financial position that provides the tax base as well as on consolidation measures that affect profit or loss at group level. In addition, deferred tax assets for unused tax loss carryforwards are recognized if it is probable that taxable profits will be available against which the assets can be utilized and it appears sufficiently certain that the unused tax loss carryforwards can in fact be utilized.

Deferred income tax assets and liabilities are measured at the tax rates and using the tax rules that are expected to apply in the period in which the liability is settled or the asset realized, based on the current status of the law.

5.11 Financial instruments

Recognition and measurement of financial instruments in accordance with IFRS 9

Under IFRS 9, depending on their classification, financial instruments are recognized either at (amortized) cost or at fair value.

Under IFRS 9, the following classification categories apply to financial assets:

- › Debt instruments measured at amortized cost
- › Debt instruments measured at fair value through other comprehensive income (FVOCI with recycling)
- › Debt instruments measured at fair value through profit or loss (FVtPL)
- › Derivatives
- › Equity instruments measured at fair value through profit or loss (FVtPL)

- › Equity instruments classified as measured at fair value through other comprehensive income (FVOCI without recycling)

The classification is based on the one hand on cash flow associated with the asset (cash flow condition) and on the other hand using the business model to administer financial assets (business model).

The cash flow condition is fulfilled when the financial asset exclusively generates cash flows in the form of principal and interest.

The business model reflects the procedures of the company and the way in which it administers the financial assets in order to generate cash flow, i.e. by holding, selling, or both holding and selling financial assets.

Trade receivables, loans granted, and other receivables and assets are recognized at amortized cost using the effective interest method. If recoverability is doubtful, an allowance for expected credit losses is recognized. In the case of the sale of receivables, the receivables are reposted because the power of disposal has been transferred. The part of the receivables that can in principle be sold but have not yet been sold are assigned to the fair value category (FVtPL).

Liabilities to banks, other loan liabilities, trade payables, liabilities for puttable equity instruments, and other liabilities are carried at amortized cost, using the effective interest method where applicable. Liabilities for puttable equity instruments include non-controlling interests in the equity of partnerships (limited partners' shares). These interests are recognized as a liability of the BENTELER Group because they can be returned to the issuer in exchange for cash. Liabilities for puttable equity instruments are recognized at their redemption value and any changes are recognized in the net financial result.

All financial assets and liabilities are measured at their settlement date. Financial assets and liabilities are derecognized when the rights to payment under the investment are extinguished or transferred and the group has transferred substantially all the risks and rewards of ownership.

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The BENTELER Group normally uses derivative financial instruments only for hedging financial risks, especially for reducing interest rate risks, foreign currency exchange risks and commodity price risks. Derivatives are recognized as at the trade date. All derivative financial instruments are classified in accordance with IFRS 9 in the category “at fair value through profit or loss”.

The BENTELER Group uses hedge accounting if the conditions specified in IFRS 9 for the designation of hedging relationships are met. Gains or losses on derivative financial instruments designated in cash flow hedges are recognized in other comprehensive income, at the date of realization of the underlying transaction. Any changes in profit or loss resulting from the ineffectiveness of these hedging relationship are recognized in the consolidated statement of profit or loss.

Interest is recognized as an expense or income on an accrual basis, using the effective interest method. Dividend income from capital investments is recognized when the right to receive payment is established.

For further information see Note 28 – “Derivative financial instruments and hedge accounting” and Note 29 – “Additional information concerning financial instruments”.

5.12 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and other short-term, highly liquid financial assets that are subject to an insignificant risk of fluctuations in value and have an original maturity of not more than three months.

5.13 Employee benefits

The BENTELER Group makes pension commitments in various forms to employees in Germany. In the other countries, the BENTELER Group contributes to social security pension funds as required by law (government plans) for some of its employees. Alternatively, company retirement benefits are insured by way of a group foundation funded by the employees of member companies.

Post-employment benefit plans are classified as either defined benefit plans or defined contribution plans, depending on their economic substance, which

derives from the underlying terms and requirements for the plan’s benefits. For defined benefit retirement plans, the pension expense is calculated using the actuarial projected unit credit method provided under IAS 19. For this purpose, the pension payments to be made at the time benefits become payable, taking dynamic parameters into account, are distributed over the employees’ service time, also allowing for future adjustments in income and pensions. The pension obligations are calculated as the present value of the benefit obligation to employees, minus the fair value of plan assets, taking into account any asset ceiling, and are presented entirely under non-current provisions.

Actuarial gains and losses are recognized in other comprehensive income and are shown in the consolidated statement of comprehensive income. Payments for defined contribution plans, however, are recognized as expenses as they become payable.

If a fund asset set up to refinance pension obligations and similar liabilities exceeds those liabilities, the surplus is capitalized only to a limited degree. If payment obligations in connection with fund assets exist under minimum endowment rules for benefits already earned, an additional provision may be recognized if the economic benefit to the Company from a funding surplus, after allowing for minimum endowments still to be paid in, is limited. The limitation is determined by the present value of future refunds from the plan or by reductions in future contributions.

The service cost for pensions and similar obligations is recognized as a personnel expense. The interest expense included in the net pension expense and the return on plan assets are included within the net finance expense in the consolidated income statement.

Severance is paid if an employee is dismissed before regular retirement age or voluntarily leaves employment in return for a severance payment. Severance payments are recognized when the group has entered into an obligation. Benefits payable more than twelve months after the end of the reporting period are discounted to their present value.

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5.14 Provisions

Other provisions are recognized when there is a present legal or constructive obligation to third parties as a result of past events that will probably result in a future cash outflow whose amount can be reliably measured. Provisions are measured at the best estimate of the amount of the obligation at the end of the reporting period.

Provisions with a residual term of more than one year are measured at their discounted settlement amount. Increases in provisions as a result of accruing interest are recognized as part of the net financial result. Expected future cash flows are discounted using a pretax interest rate that reflects current market expectations regarding the effect of interest rates. The interest rates used are determined specifically for each maturity. For the current reporting period, they ranged from 4.79% to 5.13% (previous year: 4.09% to 6.54%).

Provisions for impending losses from onerous contracts are recognized if the benefits expected to be received under the contract or contract bundles (economic/content connection) are less than the unavoidable costs of meeting the obligations under the contract.

Warranty and guarantee obligations may arise by virtue of law or contract, or as a gesture of goodwill. Performance on these obligations may in particular be expected if the warranty period has not expired, if warranty expenses have been incurred in the past, or if a specific case is currently emerging. The provision is recognized at the time the underlying products are sold or the service is provided. Initial recognition is based on individual estimates and values from past experience.

Provisions for restructuring are recognized if a sufficiently detailed restructuring plan is available at the reporting date and has been communicated to the employees or employee representatives affected.

5.15 Leases

For all leases a right of use asset and a corresponding lease liability equivalent to the present value of the remaining lease payments are recognized when the leased asset is made available to the group for its use. Each lease installment is

divided into repayment and financing expenses. The financing expenses are recognized in profit or loss over the term of the lease, resulting in a constant periodic interest rate on the residual amount of the liability for each period. The right of use asset is written down on a straight-line basis over the shorter of the useful life and the term of the lease.

Assets and liabilities arising from leases are recognized as cash values at initial recognition. The lease liabilities are measured at the present value of the outstanding lease payments:

- › Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- › Variable lease payments that depend on an index or a rate
- › Amounts expected to be payable by the lessee under residual value guarantees
- › The exercise price of a purchase option, if the exercise by the lessee is sufficiently certain
- › Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

Where the interest rate implicit in the lease contract cannot be determined, it is discounted at the lessee's incremental borrowing rate. This is ascertained taking into account the lease term as well as the country and currency risk and the credit rating.

Right of use assets are measured at cost, made up as follows:

- › The amount of the initial measurement of the lease liability
- › All lease payments made on or before the commencement date less any lease incentives received
- › All initial direct costs incurred by the lessee
- › The estimated cost to be incurred by the lessee from the dismantling or removal of the underlying asset, the restoration of the site on which it is located, or the return of the underlying asset in the condition required by the terms and conditions of the lease.

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Payments for short-term leases and leases of low-value assets are expensed to the income statement as incurred. Short-term leases are leases with a term of up to 12 months. Low-value assets essentially comprise technical office equipment.

5.16 Assumptions and estimates

In preparing the consolidated financial statements, certain assumptions and estimates must be made that affect the amount and recognition of assets and liabilities, income and expenses, and contingent liabilities.

The assumptions and estimates refer primarily to the uniform determination within the group of the economic useful lives of intangible assets and property, plant, and equipment, estimates of percentages of completion for construction contracts, the circumstances under which development expenses can be capitalized, the realization of receivables, measurement of inventory, the recognition and measurement of pension provisions and other provisions, and the possibility of utilizing unused tax loss carryforwards. The assumptions and estimates are based on the knowledge available as at the preparation date of the separate or consolidated financial statements. A change in these assumptions and estimates due to climate-related risks was only made in the Thermal & Tubular CGU due to immateriality. There, the perpetual annuity was only calculated until 2035. When determining the values in use for the CGUs, a growth rate of 0% was assumed for the perpetual annuity.

Unforeseeable developments outside management's control may cause actual amounts to differ from the original estimates. In that case, the underlying assumptions, and if necessary, the carrying amounts of the assets and liabilities concerned, will be adjusted accordingly. The main sources of these estimation uncertainties are the actual future business development and the underlying measurement parameters. A change is taken into account in the period of the changes and in later periods if the changes affect both the reporting period and later periods.

The following chapter in these notes provide further explanations about financial statement line items for which estimates and/or judgements may have a significant effect on the amounts recognized in the consolidated financial statements:

- › Impairment testing (Note 5.4 – “Intangible assets”, Note 5.5 – “Property, plant, and equipment” and Note 5.6 – “Impairment”)
- › Recognition and measurement of deferred taxes (Note 15 – “Deferred tax assets and liabilities” and Note 24 – “Income tax assets and liabilities”)
- › Recognition and measurement of inventories (Note 5.9 “Inventories”)
- › Recognition and measurement of provisions (especially provisions for onerous contracts) (Note 21 – “Provisions”)
- › Measurement of defined benefit obligations (Note 22 – “Provisions for pensions and similar commitments”)
- › Determination of the lease term (Note 13 – “Property, plant, and equipment & leases”)
- › Determination of expected credit losses from trade receivables and non-consolidation of special purpose entities (Note 18.1 “Trade receivables”)

Notes to the Consolidated Income Statement

6 Revenue

The revenues of the BENTELER Group are made up as follows:

REVENUE		
€ THOUSAND	2023	2022
Sales of goods	8,704,671	8,868,272
Revenue realized over time	82,167	86,040
Total	8,786,838	8,954,312

The contract assets and liabilities of the BENTELER Group are as follows:

CONTRACT ASSETS AND LIABILITIES		
€ THOUSAND	2023	2022
Receivables from contracts with customers	678,769	893,931
Contract assets from customer contracts	10,469	13,733
Contract costs	76,754	75,408
Contract liabilities	102,268	50,736
Revenues recognized during the year which were included in the balance of contract liabilities at the beginning of the financial year	43,268	83,994

Capitalized contract costs and the associated movements are as follow:

MOVEMENTS OF CAPITALISED CONTRACT COSTS		
€ THOUSAND	2023	2022
Carrying amount – as at January 1	75,408	76,842
Additions	22,701	18,329
Depreciation and derecognition	-21,356	-19,763
Carrying amount – as at December 31	76,754	75,408

As a result of the usual contracting arrangements in the sector, only immaterial, long-term, unfulfilled performance obligations exist at the reporting date. These have a total transaction price of €10,296 thousand (previous year: €15,272 thousand). The practical expedient under IFRS 15.121 not to disclose the transaction price allocated to remaining performance obligations for contracts that have an original expected duration of one year or less, was used.

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7 Cost of sales

The costs of sales are composed as follows:

COST OF SALES

€ THOUSAND	2023	2022
Material expenses	6,244,467	6,435,439
Other	1,582,052	1,308,317
Total	7,826,520	7,743,756

8 Other operating income

OTHER OPERATING INCOME

€ THOUSAND	2023	2022
Insurance income	13,835	10,326
Foreign currency exchange gains	26,519	25,525
Income from the reversal of provisions for litigation	6,800	0
Income from write-ups	104	16,704
Income from the disposal of property, plant, and equipment	2,967	8,334
Income from taxes	3,281	2,396
Government grants	6,522	5,791
Income from the reversal of bad debt allowances	3,350	1,483
Compensation benefits	19,337	12,431
Others	11,669	10,130
Total	94,386	93,120

9 Other operating expenses

Other operating expenses mainly consist of foreign currency translation losses amounting to €22,897 thousand (previous year: €27,166 thousand).

10 Net financial result

FINANCIAL INCOME

€ THOUSAND	2023	2022
Income from derivative financial instruments	10,903	14,193
Interest income from loans and other financial assets	2,943	2,264
Foreign currency exchange income	68,431	50,524
Interest income from bank accounts	12,344	1,972
Discounting of provisions	4,948	
Other finance income	0	396
Finance income	99,569	69,349

FINANCIAL EXPENSES

€ THOUSAND	2023	2022
Interest expense for financial liabilities	222,659	147,659
Expenses from derivative financial instruments	10,347	31
Interest expense for post-employment obligations	9,546	4,172
Foreign currency translation losses	84,109	68,903
Accrued interest on provisions	610	552
Other finance expenses	420	420
Finance expenses	327,690	221,737

11 Income taxes

INCOME TAXES

€ THOUSAND	2023	2022
Current tax expense	53,652	49,290
<i>thereof for the current reporting period</i>	54,277	50,235
<i>thereof for previous periods</i>	-625	-946
Deferred tax expense/tax income	-50,282	-14,716
Total tax expense/tax income	3,370	34,574

The following table shows the reconciliation of the expected tax expense and the actual tax expense. To calculate the expected tax expense, the profit before tax is multiplied by a weighted average German tax rate of 30% (previous year: 30%). Due to the global contract manufacturer concept, most of the taxable income is generated in Germany.

RECONCILIATION FROM THE EXPECTED TO THE TAX EXPENSE ACTUALLY REPORTED

€ THOUSAND	2023	2022
Result for the period before tax under IFRS	290,052	573,826
Group income tax rate (%)	30%	30%
Expected tax expense/tax income for year	87,016	172,148
Effect of changes in tax rates	845	-339
Effect of differences in tax rates	5,882	-27,695
Effect of income that is exempt from taxation and other deductions	-550	-3,220
Effect of non-tax-deductible operating expenses and other additions	12,750	8,150
Effect of taxes from previous years recognized during the year	-258	4,595
Effect of income taxes not creditable toward income tax (withholding taxes and foreign taxes)	12,268	8,751
Change in non-recognition of deferred tax assets	-115,265	-128,993
Other effects	682	1,177
Total tax expense (+)/tax income (-)	3,370	34,574

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Pillar 2

As at the reporting date, the BEPS Pillar 2 regulations (MinBestRL-UmsG) had already been transposed into Austrian law (MinBestG) and entered into force on December 31, 2023. The group falls within the scope of these regulations.

As at the reporting date, BENTELER International Aktiengesellschaft carried out an initial indicative analysis to determine the basic impact and the jurisdictions from which the group is exposed to possible effects in connection with a Pillar 2 tax.

The first step was to check whether the CbCR safe harbor regulations were relevant. If a country was not excluded from the Pillar 2 calculation after checking the safe harbor rules, the effective tax rate was calculated on a simplified basis.

From this initial indicative analysis, only one country was identified from which BENTELER International Aktiengesellschaft would incur insignificant effects from a Pillar 2 tax. Otherwise, it is currently assumed that there is no Pillar 2 tax impact. Consequently, the average effective group tax rate would not have changed if the Pillar 2 legislation had already been in force on the balance sheet date.

The group closely monitors the progress of the legislative process in each country in which BENTELER International Aktiengesellschaft operates.

BENTELER International Aktiengesellschaft applies the exception in IAS 12, according to which no deferred tax assets and liabilities are recognized in connection with the second pillar ("Pillar 2") income taxes of the OECD and no disclosures are made in this regard.

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Notes to the Consolidated Statement of Financial Position

12 Intangible assets

Research expenses, amortization of capitalized development costs, and non-capitalized development costs are recognized as expenses.

RESEARCH AND DEVELOPMENT EXPENSES (TOTAL)

€ THOUSAND	2023	2022
Research and development expenses (total)	91,105	76,470
Capitalization of development costs	-26,416	-9,302
Amortization and impairment of capitalized development costs	-7	-7
Research and development expenses recognized in the consolidated income statement	64,682	67,162
Capitalization rate (in %) *	29.0%	12.2%

* Capitalized development costs as a percentage of total research and development costs (before capitalization).

The capitalized development costs in 2023 are attributable to HOLON GmbH and were reclassified to "Assets held for sale" together with the previous year's figures.

Research and development costs consist primarily of personnel expenses and the cost of materials. At BENTELER, approximately 700 of our staff are engaged in research and development across 42 locations in 18 countries. Research and development activities focus primarily on lightweight construction through the development, design, and production of composite structural parts and aluminum components. In the Automotive Division, the research and development is focused on lightweight construction technology as well as safety and efficiency

in the context of product and process development. In the Steel/Tube Division, the focus is on the development of material characteristics and properties.

The item acquired intangible assets, which comprises concessions, industrial property rights, similar rights and licenses, relates primarily to expenses payable to third parties in connection with the purchase of user software.

Intangible assets amounting to €14,967 thousand are provided as security for financing in the main German and American subsidiaries and are therefore predominantly limited in their ownership rights.

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Movements in intangible assets were as follows:

DEVELOPMENT OF INTANGIBLE ASSETS

€ THOUSAND	Acquired intangible assets (excluding goodwill)	Goodwill arising from business combinations	Prepayments made	Internally generated intangible assets	Total
Cost of acquisition or production					
Balance at January 1, 2023	147,784	5,679	7,851	14,839	176,153
Additions	4,558	0	4,212	26,416	35,186
Reclassifications	2,073	0	-1,695	0	378
Reclassification to assets held for sale	-129	0	-169	-36,783	-37,080
Disposal of assets	-6,112	0	-23	-2,087	-8,222
Foreign currency exchange differences	-209	0	-56	111	-154
Balance at December 31, 2023	147,964	5,679	10,121	2,496	166,260
Amortization					
Balance at January 1, 2023	129,983	0	0	4,466	134,449
Amortization recognized during the period	7,713	0	0	7	7,720
Impairment	0	0	0	0	0
Reversal of impairment	-17	0	0	0	-17
Reclassifications	0	0	0	0	0
Reclassification in accordance with IFRS 5	-29	0	0	0	-29
Disposal of assets	-6,093	0	0	-2,087	-8,180
Foreign currency exchange differences	-186	0	0	111	-75
Balance at December 31, 2023	131,371	0	0	2,496	133,867
Carrying amount					
Balance at January 1, 2023	17,802	5,679	7,851	10,373	41,704
Balance at December 31, 2023	16,593	5,679	10,121	0	32,392

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DEVELOPMENT OF INTANGIBLE ASSETS

€ THOUSAND	Acquired intangible assets (excluding goodwill)	Goodwill arising from business combinations	Prepayments made	Internally generated intangible assets	Total
Cost of acquisition or production					
Balance at January 1, 2022	162,701	5,679	6,347	7,939	182,666
Additions	3,132	0	2,796	9,302	15,230
Reclassifications	1,731	0	-1,160	0	571
Disposal of assets	-20,381	0	-141	-2,639	-23,161
Foreign currency exchange differences	601	0	8	237	846
Balance at December 31, 2022	147,784	5,679	7,851	14,839	176,153
Amortization					
Balance at January 1, 2022	143,095	0	0	6,862	149,957
Amortization recognized during the period	7,758	0	0	7	7,765
Impairment	2	0	0	0	2
Reversal of impairment	-1,092	0	0	0	-1,092
Reclassifications	0	0	0	0	0
Disposal of assets	-20,342	0	0	-2,639	-22,980
Foreign currency exchange differences	561	0	0	236	797
Balance at December 31, 2022	129,983	0	0	4,466	134,449
Carrying amount					
Balance at January 1, 2022	19,607	5,679	6,347	1,077	32,709
Balance at December 31, 2022	17,802	5,679	7,851	10,373	41,704

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Property, plant, and equipment and leases

PROPERTY, PLANT AND EQUIPMENT

€ THOUSAND	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and assets under construction	Total
Cost of acquisition or production					
Balance at January 1, 2023	1,187,843	3,337,554	506,726	164,158	5,196,281
Addition of assets	55,153	60,237	30,398	178,977	324,765
Reclassifications	12,083	56,760	20,379	-89,599	-378
Reclassification to assets held for sale	0	-49	-54	0	-102
Disposal of assets	-14,320	-157,952	-33,595	-39	-205,906
Foreign currency exchange differences	-12,802	-21,322	-5,262	-1,574	-40,959
Balance at December 31, 2023	1,227,957	3,275,229	518,592	251,923	5,273,701
Depreciation					
Balance at January 1, 2023	561,606	2,290,507	394,615	488	3,247,215
Depreciation recognized during the period	51,035	174,771	32,992	0	258,798
Impairment	6,369	416	245	0	7,030
Reversal of impairment	-3,028	-5,124	-746	-179	-9,078
Reclassifications	3,803	-6,307	2,504	0	0
Reclassification to assets held for sale	0	-1	-15	0	-15
Disposal of assets	-12,707	-148,618	-31,855	0	-193,180
Foreign currency exchange differences	-2,722	-6,264	-4,232	0	-13,218
Balance at December 31, 2023	604,357	2,299,378	393,508	309	3,297,552
Carrying amount					
Balance at January 1, 2023	626,237	1,047,047	112,112	163,670	1,949,066
Balance at December 31, 2023	623,600	975,851	125,084	251,614	1,976,149
<i>Thereof right of use assets</i>	146,928	17,036	8,689	0	172,653

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PROPERTY, PLANT AND EQUIPMENT

€ THOUSAND	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and assets under construction	Total
Cost of acquisition or production					
Balance at January 1, 2022	1,122,630	3,401,576	527,224	128,767	5,180,197
Addition of assets	52,306	47,293	16,991	112,154	228,744
Reclassifications	5,525	65,642	6,088	-77,825	-571
Disposal of assets	-12,939	-229,249	-48,317	-304	-290,809
Foreign currency exchange differences	20,321	52,292	4,740	1,366	78,719
Balance at December 31, 2022	1,187,843	3,337,554	506,726	164,158	5,196,280
Depreciation					
Balance at January 1, 2022	611,109	2,466,810	414,497	452	3,492,868
Depreciation recognized during the period	45,972	194,842	35,304	0	276,117
Impairment	13,927	39,669	4,762	502	58,858
Reversal of impairment	-115,825	-231,396	-16,820	-494	-364,535
Reclassifications	152	-273	121	0	0
Disposal of assets	-8,594	-216,125	-47,054	0	-271,772
Foreign currency exchange differences	14,865	36,980	3,805	29	55,679
Balance at December 31, 2022	561,606	2,290,507	394,615	488	3,247,215
Carrying amount					
Balance at January 1, 2022	511,521	934,767	112,727	128,315	1,687,329
Balance at December 31, 2022	626,237	1,047,047	112,112	163,670	1,949,066
<i>Thereof right of use assets</i>	136,940	19,570	6,701	0	163,211

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The reversal of impairment in the 2022 financial year up to amortized cost of acquisition and production mainly relates to the Shreveport CGU (see Note 5.6). As in 2022, no borrowing costs were capitalized in the 2023 financial year.

In 2023 the BENTELER Group received investment grants amounting to €1,071 thousand (previous year: €789 thousand), which were deducted from the acquisition cost of the property, plant, and equipment.

Property, plant and equipment are provided in the main German and American subsidiaries as collateral for financing in the amount of €1,007,736 thousand and are therefore mainly restricted in their ownership rights.

At the reporting date, there were firm commitments to acquire property, plant, and equipment amounting to €70,988 thousand (previous year: €83,441 thousand).

Leases

THE BENTELER Group leases various buildings, plant, and vehicles. Leases for land and buildings are normally concluded with a term of up to 30 years, and in individual cases up to 60 years. Shorter terms are possible depending on contractual termination options and the probability of their exercise. Technical equipment and machinery have a lease term of between two and seven years, while other equipment and factory and office equipment has lease terms of between two and five years.

Right of use assets are included in the same financial statement line items as the underlying assets as if they had been owned by the BENTELER Group. The statement of financial position shows the following carrying amounts of asset values and liabilities in relation to leases:

CARRYING AMOUNTS OF ASSETS AND LIABILITIES IN RELATION TO LEASES

€ THOUSAND	December 31, 2023	December 31, 2022
Land and buildings	146,928	136,940
Technical equipment and machinery	17,036	19,570
Other equipment, factory and office equipment	8,689	6,701
Total	172,653	163,211

LIABILITIES FROM LEASES

€ THOUSAND	December 31, 2023	December 31, 2022
Non-current lease liabilities	139,342	129,453
Current lease liabilities	44,711	44,992
Total	184,053	174,445

The maturity analysis of the undiscounted payment obligations from lease liabilities is included in Note 27.5. Right of use assets amounting to €56,918 thousand (previous year: €45,169 thousand) were acquired in 2023.

The depreciation expenses recognized in the income statement are allocated to the individual categories of property, plant, and equipment to which the right of use assets is allocated, as follows:

DEPRECIATION EXPENSES FOR RIGHTS OF USE ASSETS

€ THOUSAND	2023	2022
Depreciation of land and buildings	28,797	28,305
Depreciation of technical equipment and machinery	9,227	13,522
Depreciation of other equipment, factory and office equipment	3,572	3,679
Depreciation expenses	41,596	45,507

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The income statement also includes the following material expenses relating to leases.

OTHER LEASING EXPENSES

€ THOUSAND	2023	2022
Interest expense	11,882	7,750
Expense for short-term leases	14,592	15,540
Expense for low value leases	3,098	2,797
Expense for variable lease payments	0	0

The total payments for leases in 2023 amount to €72,451 thousand (previous year: €74,220 thousand).

Some leases include individual and in part country-specific extension and termination options. The BENTELER Group assesses the likelihood of these options being exercised in accordance with the non-cancellable term of the associated customer contracts and takes into account the other economic incentives to determine whether it is possible to conclude with sufficient certainty that an extension or purchase option will be exercised or a termination option will not be exercised. If a significant event or a significant change of circumstances within the control of the BENTELER Group occurs, a reassessment is made of whether the exercise of extension and termination options not originally taken into account during the term or the non-exercise of extension and termination options originally taken into account is sufficiently certain.

14 Investments in associates

The following overview shows on an aggregated level the carrying amounts of investments in associates and the share of net profits from associates:

FINANCIAL INFORMATION ON SHARES IN ASSOCIATED COMPANIES

€ THOUSAND	2023	2022
Carrying amount of investments in associates	4,973	4,428
Share of net profits from continuing operations	746	660

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Deferred tax assets and liabilities

Deferred tax assets and liabilities result from temporary differences and unused tax loss carryforwards and are made up as follows:

ALLOCATION OF DEFERRED TAX ASSETS AND LIABILITIES ON BALANCE SHEET ITEMS

€ THOUSAND	December 31, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	185	-11,477	108	-3,332
Property, plant, and equipment	11,809	-130,028	14,731	-137,992
Current and non-current financial assets	9,047	-9,447	4,220	-5,351
Inventories	8,424	-2,473	14,832	-196
Current and non-current receivables and other assets	13,039	-20,804	16,799	-22,940
Provisions for pensions	32,795	0	25,183	0
Other provisions	30,668	-24,390	32,732	-22,736
Liabilities	72,156	-1,122	74,623	-27,569
Tax loss carryforwards	259,413	0	205,130	0
Tax credits	4,655	0	5,228	0
Other deferred taxes	0	-2,567	0	-3,055
Gross value	442,191	-202,308	393,586	-223,171
Netting	194,705	-194,705	208,937	-208,937
Recognized in statement of financial position	247,486	-7,603	184,649	-14,234

Deferred tax assets and liabilities are set off if they are levied by the same tax authority and if BENTELER has a legally enforceable right to set off current tax assets against current tax liabilities.

A significant part of the deferred tax liabilities in property, plant, and equipment concerns investments in the USA, with bonus depreciation being recognized for tax purposes. The resulting deferred tax liabilities in respect of property, plant, and equipment amounting to €77,462 thousand (previous year: €84,232 thousand) are matched by deferred tax assets on loss carryforwards.

The decrease in deferred tax assets in the pension provisions mainly relates to the German companies and is due to the increase in the discount rate. Deferred tax assets for outstanding write downs over seven years amounting to €467 thousand (previous year: €916 thousand) were not recognized.

The unrecognized temporary differences for which no deferred taxes were recognized amount to €189,967 thousand (previous year: €118,273 thousand) and mainly relate to the subsidiaries in Mexico, Russia and the parent company in Austria.

No deferred taxes were recognized on loss carryforwards amounting to €192,082 thousand (previous year: €583,005 thousand) and on interest carryforwards amounting to €19,571 thousand (previous year: €4,275 thousand).

The unused tax losses can be carried forward as follows:

UNRECOGNISED TAX LOSS CARRYFORWARDS

€ THOUSAND	December 31, 2023	December 31, 2022
Expiring in the next ten years	61,488	7,347
Expiring in more than ten years	6,141	7,783
Unused tax losses not subject to expiration	124,453	567,875
Total	192,082	583,005



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For the assessment of the recoverability of deferred tax assets from loss carry-forwards, the planning calculation is limited to a period of five years, provided that no offsetting against taxable temporary differences takes place. With regard to tax result components that cannot be derived directly from the planning validated by an external expert, an appropriate safety margin was applied. Tax restrictions on the utilization of losses were taken into account in accordance with national legal requirements. As the requirements of IAS 12.39 are met, no deferred tax liabilities were recognized on temporary differences in connection with shares in subsidiaries.

Potential dividend distributions to shareholders of BENTELER International Aktiengesellschaft have no tax implications for the group. In connection with foreseeable future intra-group dividend distributions, deferred tax liabilities were recognized for the resulting increase in the tax base for German and Spanish recipients of dividends by 5% of the gross dividend (notional non-deductible operating expenses). In addition, deferred tax liabilities were recognized for expected withholding taxes on dividend payments in the countries in which the distributing companies are domiciled.

16 Other non-current receivables and assets

OTHER NON-CURRENT RECEIVABLES AND ASSETS

€ THOUSAND	December 31, 2023	December 31, 2022
Investments in equity instruments unconsolidated entities	98	78
Securities	665	665
Financial receivables	1,117	4,591
Other tax assets	3,675	8,046
Contract costs	50,701	50,722
Prepaid expenses	0	1,633
Other assets	14,897	6,127
Total	71,153	71,862

The financial receivables consist substantially of derivatives.

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17 Inventories

INVENTORIES

€ THOUSAND	December 31, 2023	December 31, 2022
Raw material and manufacturing supplies	411,617	424,312
Work in progress	253,088	213,437
Finished products and goods	125,887	174,767
Prepayments	38,625	28,142
Total	829,216	840,657

Inventories include write-downs of €7,576 thousand (previous year: €9,220 thousand) relating to the BENTELER Rothrist AG site (previous year: Kaluga/Russia site). Inventories of the main German and American companies are provided as collateral for financing in the amount of €434,056 thousand and are therefore restricted in terms of ownership rights.

18 Receivables

18.1 Trade receivables

TRADE RECEIVABLES

€ THOUSAND	December 31, 2023	December 31, 2022
Trade receivables, gross	683,482	900,239
Allowance for expected credit losses	-4,713	-6,308
Carrying amount	678,769	893,931

Trade receivables consist primarily of receivables from third parties and, to a limited extent, receivables from affiliated, unconsolidated entities or associates.

BENTELER sells certain trade receivables to various non-consolidated special purpose entities as part of factoring/ABCP programs (see Note 4.2 “Non-consolidated structured entities”). The group does not retain any material rights, which is why the receivables sold in the amount of €356,005 thousand (previous year: €309,413 thousand) are derecognized accordingly. BENTELER continues to manage the ongoing customer relationships. Discounts are made and recognized on the nominal value of the receivables sold, which are reversed after the buyer has settled the corresponding receivables. As at the balance sheet date, the discounts on the nominal value of the receivables sold amounted to €90,389 thousand (€95,313 thousand) and are reported under other current receivables and assets. Of this amount, €16,973 thousand is attributable to the subscription of commercial papers (subordinated junior notes). Due to the existing program insurance, a maximum default risk of 3% remains with the BENTELER Group. During the year, expenses of €18,868 thousand (previous year: €13,178 thousand) were recognized in the income statement.

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The expected credit loss (ECL) approach is used for trade receivables. Based on past experience and the high creditworthiness of our customers (leading automotive manufacturers), only minor value adjustments were made in the first five maturity bands. Based on current assessments, climate change and the war in Ukraine will not have any significant short-term impact on the ECL. So far, BENTELER has not suffered any significant bad debt losses as a result of the war, including sales to Russia. Potential negative effects of the war in Ukraine and climate change have not yet been taken into account with additional premiums. This assessment could change in the future if BENTELER's main customers in the automotive industry are hit harder by the effects of these crises. The maturity analysis of the unimpaired receivables and the amount of the individually impaired receivables are as follows:

MATURITY ANALYSIS OF TRADE RECEIVABLES

€ THOUSAND	December 31, 2023		
	Gross carrying amount	Provision	Default
Receivables that are neither past due nor impaired	640,478	24	No
Less than 10 days past due	20,489	1	No
11 to 30 days past due	5,511	0	No
31 to 60 days past due	4,091	0	No
61 to 90 days past due	2,991	0	No
More than 90 days past due	5,766	549	No
Individually credit-impaired receivables	4,157	4,139	Yes
TOTAL	683,482	4,713	

MATURITY ANALYSIS OF TRADE RECEIVABLES

€ THOUSAND	December 31, 2022		
	Gross carrying amount	Provision	Default
Receivables that are neither past due nor impaired	845,440	31	No
Less than 10 days past due	26,693	1	No
11 to 30 days past due	10,300	0	No
31 to 60 days past due	4,250	0	No
61 to 90 days past due	1,324	0	No
More than 90 days past due	3,824	343	No
Individually credit-impaired receivables	8,409	5,931	Yes
TOTAL	900,239	6,308	

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Movements in doubtful debt allowances on trade receivables were as follows:

MOVEMENTS OF VALUATION ALLOWANCES ON TRADE RECEIVABLES

€ THOUSAND	2023	2022
Allowance for doubtful debt as at January 1	6,308	4,503
Additions	1,977	3,375
Reversals	-3,350	-1,483
Utilization	-207	-125
Effects of exchange rates and other changes	-15	38
Allowance for doubtful debt as at December 31	4,713	6,308

The calculation of the loss rate based on actual default rates observed in the past taking into account the latest developments and expected economic conditions over the term of the receivables is determined for portfolios with similar default risk characteristics.

Trade receivables amounting to €188,149 thousand are provided as collateral for financing in the main German and American subsidiaries and are therefore restricted in their ownership rights.

18.2 Contract assets from customer contracts

CONTRACT ASSETS FROM CUSTOMER CONTRACTS

€ THOUSAND	December 31, 2023	December 31, 2022
Balance at January 1	13,733	12,194
Revenue	9,356	13,065
Payment or payment claim	-12,620	-11,526
Total	10,469	13,733

18.3 Other current receivables and assets

OTHER CURRENT RECEIVABLES AND ASSETS

€ THOUSAND	December 31, 2023	December 31, 2022
Contract costs	26,053	24,686
Prepaid expenses	13,000	14,246
Other financial assets	111,003	186,835
Other non-financial assets	74,947	114,869
Total	198,950	340,636

The other financial assets essentially comprise bills receivable amounting to €5,259 thousand (previous year: €50,422 thousand) and reserves under accounts receivable facilities amounting to €90,389 thousand (previous year: €95,313 thousand) and derivatives in the amount of €15,175 thousand (previous year: €30,737 thousand). Other non-financial assets primarily include other tax receivables (particularly for value added tax and energy tax) and refund claims amounting to €38,232 thousand (previous year: €60,024 thousand) and accruals from contractually agreed inflation compensation.

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In view of the good credit rating of the main business partners, BENTELER assumes that the need for a bad debt provision is negligible. Other current receivables and assets are provided in the main German and American subsidiaries as security for financing in the amount of €2,453 thousand and are therefore restricted in their ownership rights.

19 Cash and cash equivalents

The cash and cash equivalents are available at all times and are not subject to any restrictions. As the group only has accounts with banks with first-class credit ratings, no ECL was considered for the credit balances at banks. Cash and cash equivalents are provided in the main German and American subsidiaries as collateral for financing in the amount of €1,627 thousand and are therefore restricted in their ownership rights.

20 Equity

The movements in consolidated equity are shown in the statement of changes in equity, which is presented as a separate part of the financial statements. In particular, it shows the appropriation of profits.

A reverse acquisition took place in 2010. As a result of the continuation of the financial statements of the accounting acquirer, the recognized issued capital and reserves are those of the legal subsidiary, BENTELER Business Services GmbH (formerly BENTELER Deutschland GmbH).

The subscribed capital as at December 31, 2023 was €200 thousand, divided into 200,000 registered no-par shares with restricted transferability. Under the Company's articles of incorporation, two share certificates (global shares) were issued, each for one half of the shares in the same category.

The non-controlling interests (both for the profit and the equity) are primarily related to five Chinese companies. The proportion of revenue is below 1.6% of the group's consolidated revenue and the total assets are below 2.4% of the group's total assets and are therefore not considered material.

The movements in the other components of equity were as follows (including the amount related to non-controlling interests):

MOVEMENTS OF OTHER COMPONENTS OF EQUITY IN THE CURRENT REPORTING PERIOD

€ THOUSAND	2023 financial year		
	Before tax	Tax effect	After tax
Foreign currency translation effects	-26,829	0	-26,829
Effects of cash flow hedges	-31,614	6,900	-24,714
Effects of costs of hedging	398	-124	275
Remeasurements of post-employment benefit obligations	-39,048	11,868	-27,180
Total	-97,092	18,644	-78,448

MOVEMENTS OF OTHER COMPONENTS OF EQUITY IN THE PREVIOUS REPORTING PERIOD

€ THOUSAND	2022 financial year		
	Before tax	Tax effect	After tax
Foreign currency translation effects	-5,284	0	-5,284
Effects of cash flow hedges	15,830	-3,785	12,045
Effects of costs of hedging	-398	124	-275
Remeasurements of post-employment benefit obligations	131,857	-40,624	91,232
Total	142,004	-44,286	97,719

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21 Provisions

Provisions in accordance with IAS 37 and obligations for employee benefits under IAS 19 can be summarized as follows:

PROVISIONS

€ THOUSAND	Note	2023	2022
Pension provisions – non-current	22	281,074	244,443
Other provisions for employee benefits		56,310	63,541
Provisions for impending losses		3,115	3,511
Provisions for guarantees and warranties		5,805	5,928
Other provisions		10,745	19,932
Other non-current provisions	21	75,975	92,912
Other provisions for employee benefits		54,182	85,769
Provisions for impending losses		517	8,566
Provisions for guarantees and warranties		37,910	24,803
Other provisions		27,011	39,435
Current provisions	21	119,620	158,573

Statement of changes in provisions

Movements in current and non-current provisions during the reporting period were as follows:

STATEMENT OF CHANGES IN PROVISIONS

€ THOUSAND	Guarantees and warranties	Employee benefits	Onerous contracts	Other provisions	Total
Balance at January 1, 2023	30,731	149,310	12,078	59,366	251,485
Additions	18,753	26,365	656	21,320	67,095
Utilization	-1,666	-48,273	-9,192	-8,469	-67,600
Reversals	-3,770	-13,716	0	-35,462	-52,948
Reclassifications	0	41	0	-41	0
Discounting effect	-75	-3,796	-366	0	-4,237
Foreign currency translation	-258	561	455	1,042	1,800
Balance at December 31, 2023	43,715	110,492	3,632	37,756	195,595
<i>current portion</i>	<i>37,910</i>	<i>54,182</i>	<i>517</i>	<i>27,011</i>	<i>119,620</i>
<i>non-current portion</i>	<i>5,805</i>	<i>56,310</i>	<i>3,115</i>	<i>10,745</i>	<i>75,975</i>

The provisions for warranty risks primarily cover deferred risks from customer complaints. They are determined on the basis of revenue generated from external customers during the year, taking historical experience into account.

The provisions for employees mainly include anticipated severance payments and related benefits in the amount of €81,593 thousand (previous year: €117,217 thousand). In the course of the financial year, the BENTELER Group continued to advance and intensify the transformation programs initiated in the 2020 financial year. The announced closure of the Swiss plant in Rothrist is the main effect in 2023 and includes a restructuring provision addition of €16,537 thousand.

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In addition, these include the provisions for employee benefits jubilee payments as well as obligations under partial retirement agreements and severance. Provisions for partial retirement arrangements mainly have terms of five years or less. Collateral has been placed in a trust account to secure credit balances under the Partial Retirement Block Model in Section 8a of the German Partial Retirement Act. The funds transferred to the trustee are to be managed for the preservation of capital and may be used in the future solely and irrevocably to meet the associated obligations. The trust assets remaining after performance of the partial retirement obligations represent plan assets under IAS 19.131. The obligations are shown net of the fair value of the plan assets in the amount of €14,987 thousand (previous year: €17,119 thousand).

The other provisions relate primarily to sales reductions of €11,976 thousand (previous year: €26,326 thousand) and litigation risks of €9,401 thousand (previous year: €16,992 thousand).

Non-current provisions are expected to be used within five years at the latest.

22 Provisions for pensions and similar obligations

Some employees within the BENTELER Group are currently granted different forms of retirement benefits. Accordingly, the BENTELER Group maintains different defined benefit and defined contribution retirement plans. Defined benefit plans are appraised annually by independent experts.

The actuarial calculation of the amount of the obligation as at each measurement date is based on the following assumptions:

PARAMETERS FOR ACTUARIAL CALCULATIONS

PERCENTAGES AS WEIGHTED AVERAGE	2023	2022
Interest rate	3.3	3.6
Rate of increase in pensionable salaries	2.5	2.5
Inflation	2.1	2.1

RECONCILIATION OF THE LIABILITY UNDER DEFINED BENEFIT PLANS WITH PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

€ THOUSAND	December 31, 2023	December 31, 2022
Present value of the liability	382,846	352,424
Fair value of plan assets	-104,442	-110,293
Net balance	278,404	242,131
Assets not included as per IAS 19.57(b)	2,671	2,312
Provisions for pensions and similar obligations as at December 31	281,074	244,443

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CHANGES OF OBLIGATIONS FROM DEFINED BENEFIT PLANS

€ THOUSAND	2023	2022
Present value of defined benefit obligation as January 1	352,424	490,749
Current service cost	6,180	8,807
Interest expense	12,664	5,220
Actuarial gains (losses)	33,664	-135,866
<i>Thereof due to change in demographic assumptions</i>	<i>20</i>	<i>1,297</i>
<i>Thereof due to change in financial assumptions</i>	<i>24,390</i>	<i>-138,875</i>
Thereof due to experience-based adjustments	9,235	1,712
Past service cost	-5,255	-532
Plan modifications	66	-1,437
Gains/losses arising from changes in foreign currency exchange rates	2,585	2,639
Employee contributions	977	1,077
Payments made	-20,440	-18,025
Net change from company acquisitions and disposals	0	-209
Present value of defined benefit obligation as at December 31	382,846	352,424

CHANGES IN PLAN ASSETS

€ THOUSAND	2023	2022
Fair value of plan assets as at January 1	110,293	113,238
Interest income	3,262	846
Revaluation of plan assets	-5,079	-1,868
Gains/losses arising from changes in foreign currency exchange rates	1,490	1,448
Contributions to the pension plan	3,267	3,722
<i>Thereof contributions from employers</i>	<i>2,290</i>	<i>2,645</i>
<i>Thereof contributions from employees</i>	<i>977</i>	<i>1,077</i>
Paid out of plan assets	-8,791	-7,092
Fair value of plan assets as at December 31	104,442	110,293

CHANGES IN ASSET CEILING

€ THOUSAND	2023	2022
Unrecognized assets as at January 1	2,312	676
Interest on unrecognized assets recognized in profit or loss	127	11
Other changes in unrecognized assets	231	1,624
Unrecognized assets as at December 31	2,671	2,312

The average duration of the obligation as at December 31, 2023 is 12 years (previous year: 14 years).

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As at the measurement date, the plan assets comprised the following:

COMPOSITION OF THE PLAN ASSETS

€ THOUSAND	December 31, 2023	December 31, 2022
Equity instruments (active market)	15,735	19,197
Debt instruments (active market)	3,302	3,922
Insurance contracts	70,750	72,578
Property	10,344	9,844
Other assets	4,312	4,752
Total	104,442	110,293

The expected contributions to the plan for 2023 amount to €14,554 thousand (previous year: €13,857 thousand).

Changes in actuarial assumptions (*ceteris paribus*) affect the present value of the defined benefit obligation as shown in the table below:

EFFECTS OF CHANGES IN ACTUARIAL PARAMETERS ON DEFINED BENEFIT OBLIGATIONS

€ THOUSAND	2023 financial year		
	Change in assumptions	Change in obligation on decrease of parameter	Change in obligation on increase of parameter
Interest rate	0.50 %	23,283	-20,917
Rate of pension increase	0.50 %	-14,445	15,745
Rate of salary increase	0.50 %	-951	1,017

EFFECTS OF CHANGES IN ACTUARIAL PARAMETERS ON DEFINED BENEFIT OBLIGATIONS

€ THOUSAND	2022 financial year		
	Change in assumptions	Change in obligation on decrease of parameter	Change in obligation on increase of parameter
Interest rate	0.50 %	25,186	-22,409
Rate of pension increase	0.50 %	-14,643	15,856
Gehaltstrend	0.50 %	-1,217	1,296

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23 Financial liabilities

FINANCIAL LIABILITIES

€ THOUSAND	December 31, 2023		December 31, 2022	
	current	non-current	current	non-current
Borrower's note loans	0	0	37,792	450,511
Bonds	9,690	969,783	0	0
Liabilities to banks	140,989	627,237	109,629	1,436,244
Lease liabilities	44,711	139,342	44,992	129,453
Miscellaneous	0	796	32,045	828
Total	195,390	1,737,156	224,458	2,017,037

As part of the repayment of the restructuring financing until May 2023 and repayments in accordance with the valid financing agreement, there were payments from the repayment of loans, borrower's note loans and lease liabilities in the amount of €2,098,560 thousand.

The financing concluded in May 2023 totaling €1,794,686 thousand resulted in proceeds from the issue of two fixed-rate high-yield bonds (€525,000 thousand, coupon 9.375% p.a. and USD 500,000 thousand, coupon 10.5% p.a. with a term of 5 years) and the raising of a credit facility with a variable interest rate depending on creditworthiness (loan of €810,000 thousand and credit line of €250,000 thousand with a term of 4.5 years and a financial covenant - net leverage - in the usual market amount).

Liabilities to banks in the main German and American companies are secured by mortgages and the transfer of ownership by way of security as at the balance sheet date (see notes on the individual assets).

Non-current liabilities from bonds are denominated in USD in the amount of €452,284 thousand (USD 500,000 thousand; previous year: €0 thousand in USD 0 thousand). In the previous year, non-current liabilities to banks were denominated in USD in the amount of €174,424 thousand (USD 185,988 thousand) and in MXN in the amount of €20,515 thousand (MXN 427,920 thousand).

24 Income tax receivables and liabilities

The non-current and current income tax receivables and liabilities comprise corporate income tax, including the German reunification surtax ("solidarity surcharge"), and local business income tax ("trade tax"), for the group's companies in Germany, as well as comparable income tax liabilities for companies in other countries.

Income tax receivables are recognized if the claim is virtually certain. Income tax liabilities are recognized if they are considered probable. Measurement takes place on the basis of the most likely outcome. Our tax positions, coupled with risk provisions for operating audits, result from the existence of advance pricing agreements (APAs) or mutual agreement procedures (MAPs) between the financial authority in Germany and the tax authorities in the USA, Japan, Spain, and Norway with regard to transfer prices.

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25 Other current liabilities

OTHER CURRENT LIABILITIES

€ THOUSAND	December 31, 2023	December 31, 2022
Other tax liabilities	53,599	52,106
Liabilities to employees	91,790	85,512
Contract liabilities	102,268	50,736
Social security liabilities	16,607	17,610
Other financial liabilities	5,493	15,722
Other non-financial liabilities	188,391	162,806
Total	458,148	384,493

Other tax liabilities mainly relate to payroll and value added taxes. Liabilities to employees relate to employee bonuses, accruals for vacation and overtime, and the other financial liabilities include derivatives in full.

Other non-financial liabilities mainly comprise sales reductions of €120,095 thousand (previous year: €84,110 thousand). In addition, this item includes various accruals from issues such as auditing and purchasing.

Movements in contract liabilities were as follows in 2023:

MOVEMENTS OF CONTRACTUAL LIABILITIES

€ THOUSAND	2023	2022
Contract liabilities – as at January, 1	50,736	102,666
Payment	94,378	29,598
Revenue	-43,268	-83,994
Foreign currency exchange differences	422	2,466
Contract liabilities – as at December, 31	102,268	50,736

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26 Segment reporting

The BENTELER Group is organized in the two divisions BENTELER Automotive and BENTELER Steel/Tube. BENTELER Automotive offers development, production and services in the field of automotive technology worldwide. Its products include components and modules for chassis, body, engine and exhaust systems. BENTELER Steel/Tube develops and produces seamless and welded quality tubes. The following segment reporting follows the internal management approach and is presented on a voluntary basis:

SEGMENT REPORT 2023

€ THOUSAND	Automotive	Steel/Tube	Other/ Consolidation	Total
External sales	7,299,995	1,486,843	0	8,786,838
Intra-group sales	31,458	26,808	-58,267	0
Sales (total)	7,331,453	1,513,651	-58,267	8,786,838
EBIT (segment result)	248,767	275,547	-6,888	517,426
Capital expenditures ¹	316,803	38,296	4,852	359,951
Depreciation and amortization ²	203,587	56,719	4,147	264,453
<i>Thereof impairment losses</i>	<i>5,649</i>	<i>1,369</i>	<i>12</i>	<i>7,030</i>
<i>Thereof reversals of impairment</i>	<i>9,095</i>	<i>0</i>	<i>0</i>	<i>9,095</i>
EBIT Adjustments	5,503	-11,961	-2,459	-8,917
Financial result	-110,590	-63,356	-54,174	-228,120
Income taxes	-31,173	-5,318	33,121	-3,370
Segment assets	3,989,009	1,231,249	-455,404	4,764,854
<i>Thereof investments accounted for using the equity method</i>	<i>4,973</i>	<i>0</i>	<i>0</i>	<i>4,973</i>
Segment liabilities	3,175,494	1,084,845	-34,246	4,226,094

1) Investments in property, plant and equipment and intangible assets

2) Excluding write-downs of financial assets

RESTRUCTURING EXPENSES INCLUDED IN EBIT / EBIT ADJUSTMENTS

€ THOUSAND	2023				
	Consulting	Impairment write-ups	Restructuring provisions	Others	Total
Holding	-739	-12	0	-1,708	-2,459
BAT	-2,360	3,446	4,417	0	5,503
BST	2,721	-1,369	-12,704	-608	-11,961
Total	-378	2,065	-8,287	-2,317	-8,917

SEGMENT REPORT 2022

€ THOUSAND	Automotive	Steel/Tube	Other/ Consolidation	Total
External sales	7,102,347	1,851,965	0	8,954,312
Intra-group sales	35,872	29,772	-65,644	0
Sales (total)	7,138,219	1,881,737	-65,644	8,954,312
EBIT (segment result)	100,431	635,697	-10,574	725,553
Capital expenditures ¹	202,681	37,536	3,757	243,974
Depreciation and amortization ²	256,534	-283,702	4,283	-22,884
<i>Thereof impairment losses</i>	<i>37,018</i>	<i>21,842</i>	<i>0</i>	<i>58,860</i>
<i>Thereof reversals of impairment</i>	<i>13,783</i>	<i>351,844</i>	<i>0</i>	<i>365,627</i>
EBIT Adjustments	-67,137	300,511	-10,176	223,197
Finanzergebnis	-90,783	-28,759	-32,186	-151,728
Income taxes	-19,667	-13,836	-1,071	-34,574
Segment assets	4,271,540	1,379,863	-601,751	5,049,652
<i>Thereof investments accounted for using the equity method</i>	<i>4,428</i>	<i>0</i>	<i>0</i>	<i>4,428</i>
Segment liabilities	3,474,404	955,169	75,794	4,505,367

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RESTRUCTURING EXPENSES INCLUDED IN EBIT / EBIT ADJUSTMENTS

€ THOUSAND	2022				Total
	Consulting	Impairment write-ups	Restructuring provisions	Others	
Holding	-6,672	0	0	-3,504	-10,176
BAT	-6,953	-32,455	-13,344	-14,385	-67,137
BST	-17,193	330,002	0	-12,299	300,511
Total	-30,818	297,547	-13,344	-30,188	223,197

CROSS-SEGMENT DISCLOSURES

€ THOUSAND	Sales ¹		Non-current assets	
	2023	2022	December	December
			31, 2023	31, 2022
Geographical regions				
Group-wide	8,786,838	8,954,312	2,332,759	2,251,981
Thereof in Germany	2,244,983	2,219,928	747,328	642,357
Thereof in USA	2,030,228	2,118,289	562,052	620,278
Thereof in China	1,291,811	1,430,077	285,479	280,769

1) Sales are allocated to countries based on the respective company's registered office.

27.2% (previous year: 26.3%) of sales, amounting to €1,954,824 thousand (previous year: €1,817,084 thousand), and 23.5% (previous year: 22.8%) of sales, amounting to €1,689,593 thousand (previous year: €1,580,582 thousand), are attributable to one customer each. They are allocated to the Automotive segment.

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27 Financial risk management

The BENTELER Group is exposed to various financial risks through its business operations and financing transactions. The most significant of these are foreign currency exchange risks, interest rate risks, commodity price risks, default risks, and liquidity risks.

The BENTELER Group additionally applies well-established controlling and management instruments to monitor financial risks. The group's reporting system makes it possible to detect, analyze, assess, and manage financial risks on a regular basis by way of the central group treasury unit. This system also includes all relevant subsidiaries.

27.1 Foreign currency exchange risk

Foreign currency exchange risks predominantly arise where receivables, liabilities, and planned transactions are not denominated in an entity's local currency. The risk of fluctuations in future cash flow is mainly due to operating activities, but there is also some risk from financing and investing activities. The most significant foreign currency exchange risk for the BENTELER Group, however, concerns the volatility of the euro and the US dollar.

The extent of hedging activities is evaluated on a quarterly basis. Currency derivatives are used to hedge foreign currency exchange risks. The currency derivatives used are plain vanilla instruments such as foreign currency forward transactions, currency swaps, purchased standard currency options, and non-deliverable forward transactions. These are used to hedge the foreign currency exchange risk of future cash flows. The functional currency is hedged, not the group currency. The hedged forecast transactions are expected to be realized within one to two years. The group only recognizes the change in the intrinsic value of currency option transactions as a hedging instrument in cash flow hedges. The change in the fair

value of the option is accounted for separately as a hedging cost and is included in a hedging cost reserve in equity.

Foreign currency risks can arise both from foreign currency cash flows from firm commitments and from forecasted foreign currency cash flows. Risks can arise, inter alia, from export revenues, capital expenditure payments, and operational procurement costs, as well as from financing instruments in foreign currencies. The uncertainty of changes in future currency exchange rates exists from the time of initial recognition of a transaction until its settlement.

Due to the conclusion of foreign currency forwards (e.g. currency swaps) the foreign currency exchange risk of future highly probable forecasted transactions is hedged. The hedging transaction agrees with the basic transaction in essential parameters (currency pair, maturity, nominal value). Since the changes in value of the underlying transaction and the hedging transaction develop in exactly the opposite direction, the risk is neutralized economically. The hedging rate is up to 100%.

Due to the underlying transaction-related hedging strategy, a hedge only becomes ineffective if the underlying transaction ceases prematurely. The resulting over-collateralization is compensated.

For foreign currency exchange risk, sensitivity analyses were performed to determine the effects of hypothetical changes in exchange rates on the group's result (after tax) and equity. As a basis for sensitivity to foreign currency exchange fluctuations, the analysis used those non-derivative financial instruments recognized as at the end of the reporting period that were not denominated in the functional currencies of the BENTELER Group's individual companies, together with the derivative financial instruments held in the portfolio. It was assumed that the risk at the reporting date substantially represents the risk for the financial year as a whole. The effects of the translation of foreign subsidiaries' financial statements from foreign currencies into the group's reporting currency (the euro) were not included. The group's tax rate of 30% (previous year: 30%) was applied as the tax rate.

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An increase or decrease in the value of the euro would have the following effects on earnings after tax and equity:

SENSITIVITY ANALYSIS CURRENCY RISK EUR

€ THOUSAND	2023		2022	
	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
Effect on				
Profit and loss	5,804	-4,749	4,647	-3,612
Cash flow hedges	-11,638	9,301	-26,322	21,536
Total equity	-5,834	4,552	-21,675	17,924

An increase or decrease in the US dollar would have the following effects on earnings after tax and equity:

SENSITIVITY ANALYSIS CURRENCY RISK USD

€ THOUSAND	2023		2022	
	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
Effect on:				
Earning after tax	-169	139	-232	188
Cash flow hedges	193	-160	3,159	-2,578
Total equity	24	-21	3,928	-2,389

The sensitivity results mainly from derivatives used to hedge future cash flows in foreign currency as well as derivatives not designated as hedging instruments.

27.2 Interest rate risk

Interest rate risks for the BENTELER Group arise primarily from its financial liabilities. In addition, risks arise from deposits held with banks.

The BENTELER Group hedges interest rate risk by continuously monitoring the money market and capital market and by using interest rate derivatives. The focus is on the economic hedging the group's financing requirements against increases in market interest rates. To cover this risk (cash flow risk), interest rate swaps were used.

For the risk of changes in interest rates, sensitivity analyses were performed to determine the effects of hypothetical changes in market interest rates on the group's result (after tax) and equity. The analysis is based on derivative and non-derivative financial instruments (both assets and liabilities) at variable interest rates. It was assumed that the risk at the reporting date substantially represents the risk for the financial year as a whole. A group tax rate of 30% (previous year: 30%) was applied as the tax rate. It was also assumed that all other variables, especially foreign currency exchange rates, would remain constant.

An increase or decrease in market interest rates of 100 bps (= 1%) would have the following effects on earnings after tax and equity:

SENSITIVITY ANALYSIS INTEREST RATE RISK

€ THOUSAND	2023		2022	
	Increase by 100 bps	Decrease by 100 bps	Increase by 100 bps	Decrease by 100 bps
Effect on				
Earnings after tax	-22	21	-8,382	6,386
Cash flow hedges	0	0	0	0
Total equity	-22	21	-8,382	6,386

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27.3 Commodity price risk

The BENTELER Group is exposed to the risk of changes in commodity prices – especially the risk of changes in the price of aluminum and steel – through its procurement of intermediate goods and services.

27.3.1 Steel price risk

Substantially all risks and rewards arising from the volatility of steel prices are passed on to customers on the basis of supply contracts.

27.3.2 Aluminum price risk

The hedging strategy for aluminum price risk has to consider, in addition to the physical security, the complexity of the risk incurred. This obligation represents the various contractual specifications with the automotive manufacturers, including:

- › The timing difference between the purchase of commodities and semi-finished products and the sale of components to automotive manufacturers
- › A wide variety of fixed prices, formula-based pricing mechanisms, and price validities based on a price-setting process in different markets and for different underlyings.

On the basis of customers' forecasted purchase quantities and the requisition notes of the decentralized units, the production site decides on the production schedule and the required aluminum. A list of all concluded contracts is drawn up at the monthly management meeting and the aluminum price fixing on the selling or buying side begins in the following month. On that basis, BENTELER Treasury enters into commodity swaps with a bank to convert the variable prices on the buy and sell side to fixed prices. Different swaps are negotiated for each month, depending on the individual customers' pricing formulas and the planned and reported production volumes.

Through the conclusion of aluminum swaps, variable cash flows from the underlying transaction are swapped for fixed cash flows, thereby reducing the risk from variable factors. The economic relationship between the hedged transaction and

the hedging instrument results from the selection of the same variable factors (critical terms) for both transactions.

The fair value of aluminum commodity swap transactions is based on quoted prices (market quotations on the LME – London Metal Exchange). Sensitivity analyses were conducted for commodity price risk, showing the impact of hypothetical changes in commodity prices on equity. The derivative financial instruments recognized as at the reporting date form the basis for commodity price sensitivity. It was assumed that the risk at the reporting date substantially represents the risk for the financial year as a whole.

An increase or decrease in aluminum commodity prices of 10% would have the following effects on earnings after tax and equity:

SENSITIVITY ANALYSIS ALUMINIUM PRICE RISK

€ THOUSAND	2023		2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Effect on				
Earnings after tax	0	by 10%	0	0
Cash flow hedges	317	-317	300	-300
Total equity	317	-317	300	-300

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27.3.3 Other commodity price risks

Substantially all risks and rewards from the volatility of other commodity prices are passed on to customers.

27.4 Default risk

Default risk describes the risk resulting from the failure of individual business partners to fulfill their contractual payment obligations. The BENTELER Group's default risk results primarily from receivables from customers. In addition, default risks arise in connection with financial transactions, such as the investment of liquid funds or the acquisition of securities.

The BENTELER Group hedges the risk of default on receivables in operating activities by means of professional accounts receivable management. Before signing a contract, in particular with key customers, a careful evaluation of the customer's economic condition and business competence is performed. All relevant customer data are recorded and analyzed centrally and assessed in an individualized credit rating. Selected subsidiaries within the group also enter into commercial credit insurance contracts. In ongoing business operations, payment performance is regularly evaluated and monitored, also referencing dynamic leading indicators. Bad debt provisions recognized for this purpose take account of the default risk on receivables.

Due to its diversified customer structure on the original equipment manufacturer (OEM) side, comprising the world's leading automobile manufacturers, the group is not exposed to any significant concentration of default risk. The maximum default risk arising from financial assets is their respective carrying amount.

The company considers the probability of default at the time of initial recognition of the asset and the existence of a significant increase in the default risk during the reporting period. In order to assess whether the default risk has increased significantly, the company compares the credit risk with regard to the asset on the reporting date with the default risk at the time of initial recognition. Reasonable and reliable forward-looking information available at the time is taken into account. In particular the following indicators are included:

- › Internal credit assessments
- › External credit assessments
- › Changes in the borrower's profit position

Regardless of the above analyses, a significant increase in credit risk is assumed if payment by a debtor is overdue by more than 60 days. A default event is defined by the group as an event where payment on a financial asset is overdue by more than 180 days.

In order to measure the expected credit losses, portfolios of trade receivables and contract assets are defined on the basis of common credit risk characteristics and days past due. The contract assets relate to current not-yet-invoiced items and essentially show the same risk characteristics as trade receivables for the same contract types. The group has therefore concluded that the expected loss rates for trade receivables represent an appropriate approximation value for the loss rates for contract assets.

The credit rating of a financial asset is impaired if an outcome has detrimental impacts on the expected future cash flows of the financial asset:

- › Significant financial difficulty for the issuer or the borrower
- › Breach of contract, such as default or a payment more than 180 days past due
- › Restructuring of a loan or credit by the group, which it would not normally need to contemplate
- › The likelihood that the borrower will go into insolvency or another restructuring procedure

Trade receivables and contract assets are derecognized when they are reasonably assumed to be unrealizable.

27.5 Liquidity risk

Liquidity risk is the risk that the BENTELER Group might not have sufficient financial resources to meet its payment obligations. Payment obligations arise

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particularly in connection that the procurement of raw materials and goods for operating activities.

Liquidity risk is monitored by systematic, day-by-day liquidity management whose fundamental requirement is maintaining the Company's ability to meet its payment obligations at all times. Liquidity forecasts based on a fixed planning horizon and available committed credit lines in the group ensure the supply of liquidity in accordance with the planned development. The aim is to achieve and maintain a convenient and cost-effective liquidity basis, which allows for an adequate response to a dynamic market environment and for opportunity-oriented action. The financial planning process comprises a rolling three-month plan (direct method) and a one- to five-year plan (indirect method). In addition, BENTELER has an unutilized, committed credit line of €225,000 thousand.

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The following table shows the undiscounted contractual maturities for financial liabilities (including contractual interest payments):

MATURITY DATES FOR FINANCIAL LIABILITIES							
Item	Carrying amounts December 31, 2023	Maturity of financial liabilities					
		in 1 year		in 2 to 5 years		after 5 years	
		Interest	Principal payment	Interest	Principal payment	Interest	Principal payment
€ THOUSAND							
Financial liabilities (non-current and current)	1,932,547	162,443	195,390	445,613	1,686,983	10,896	50,174
Bonds	979,472	96,930	9,690	339,254	969,783		0
Liabilities to banks	768,226	56,399	140,989	84,374	626,634	0	602
Lease liabilities	184,053	9,115	44,711	21,985	89,885	10,896	49,457
Other financial liabilities	796	0	0	0	681	0	115
Trade payables	1,295,895	0	1,295,895	0	0	0	0
Other liabilities (non-current and current)	31,325	0	5,493	25,832	0	0	0
Negative market values of trading derivatives	3,940	0	3,940	0	0	0	0
Negative market values of derivatives designated in hedging relationships	27,385	0	1,553	25,832	0	0	0
TOTAL	3,259,767	162,443	1,496,778	471,446	1,686,983	10,896	50,174

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MATURITY DATES FOR FINANCIAL LIABILITIES

Item	Carrying amounts December 31, 2022	Maturity of financial liabilities					
		in 1 year		in 2 to 5 years		after 5 years	
		Interest	principal payment	Interest	principal payment	Interest	principal payment
Financial liabilities (non-current and current)	2,241,495	142,256	224,458	159,802	1,975,217	5,809	41,820
Borrower's note loans	488,303	25,693	37,792	29,597	450,511	0	0
Liabilities to banks	1,545,873	110,323	109,629	117,631	1,436,244	0	0
Lease liabilities	174,445	6,240	44,992	12,574	87,736	5,809	41,717
Other financial liabilities	32,873	0	32,045	0	725	0	103
Trade payables	1,337,479	0	1,337,479	0	0	0	0
Other liabilities (non-current and current)	16,635	0	15,722	0	913	0	0
Negative market values of trading derivatives	3,249	0	3,249	0	0	0	0
Negative market values of derivatives designated in hedging relationships	13,386	0	12,473	0	0	0	0
TOTAL	3,595,609	142,256	1,577,659	159,802	1,976,130	5,809	41,820

The above table includes all financial liabilities having contractually agreed payments as at the reporting date. Budget figures for future new liabilities are not included. Amounts in foreign currencies are translated at the exchange rate prevailing on December 31. Variable interest payments on financial instruments were calculated on the basis of the most recently determined interest rates.

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27.6 Capital management

The aim of capital management is to ensure a solid financial profile. In addition, the BENTELER Group intends to maintain sufficient financial leeway to stabilize the earnings situation.

The capital management strategy ensures that group companies have a solid equity base appropriate to local requirements. The goal is to provide the necessary financial and liquidity headroom. The requirement communicated to all group companies is to secure financing with matching maturities.

The equity ratio is calculated as the ratio of equity shown in the consolidated statement of financial position to total assets. On the reporting date it amounted to 11.3% (previous year: 10.8%).

27.7 Risks from financial instruments

The following material risks arise from the use of financial instruments:

Foreign currency exchange risk, interest rate risk, commodity price risk

Derivative financial instruments are subject to the same market risks as the hedged transactions. Their value, therefore, moves in the opposite direction as that of the hedged item. If this underlying transaction lapses, however, a market risk can arise from the financial instrument. In these cases, the hedging instrument is terminated.

Default risk

The default risk from derivative financial instruments concluded for hedging purposes is regularly calculated and monitored. To minimize the default risk, financial trades are only entered into with external counterparties having at least an investment-grade rating. Furthermore, limits are set for the total transaction volume per counterparty.

Liquidity risk

Liquidity risks may arise in the settlement of financial instruments entered into for hedging purposes if the underlying transaction lapses or does not take place as

planned. The liquidity risk is met by systematic, day-by-day liquidity management whose absolute fundamental requirement is maintaining the Company's ability to meet its payment obligations at all times.

28 Derivative financial instruments and hedge accounting

At the end of the reporting period, the BENTELER Group held derivative financial instruments to hedge foreign currency exchange risks, interest rate risks, and commodity price risks.

The BENTELER Group uses various derivative financial instruments to hedge the above risks. These include currency forwards, currency options, interest swaps, interest options, cross-currency swaps, and commodity forwards. Foreign currency derivatives are held primarily in USD, NOK, MXN, CHF, CNY, BRL, CZK, HUF, DKK, ZAR, JPY, CAD, PLN, SEK, AUD, and GBP, interest rate swaps in EUR, USD, and ZAR. Business partners are exclusively German and international banks with good credit ratings (To minimize the risk of default, financial trading transactions are only concluded with external counterparties that have at least an investment grade rating).

The majority of the derivative financial instruments were designated as hedging instruments in cash flow hedge relationships. Hedging mainly concerns future operating cash flows in foreign currencies with terms of generally up to 24 months but not more than 36 months. The employed commodity derivatives hedge variable cash flows until 2023 and relate primarily to aluminum price hedges.

The prospective effectiveness of hedge accounting is determined using the critical terms match method under IFRS 9.

The foreign currency hedges derivatives not designated in hedge relationships are primarily hedging instruments used to hedge internal loans extended in foreign currency to subsidiaries.

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The hedging instruments that the BENTELER Group has designated in its hedging relationships have the following effects as at December 31, 2023:

EFFECTS OF HEDGING INSTRUMENTS – CURRENT REPORTING PERIOD

€ THOUSAND	December 31, 2023				Change in fair value used to measure ineffectiveness of the hedge
	Nominal value	Positive market values Carrying amount	Negative market values Carrying amount	Recognized in the financial statement line item:	
Hedging instrument					
Interest rate and cross-currency interest rate hedges	454,504	0	25,832	Other non-current receivables and assets, other current receivables and assets, other non-current liabilities, other current liabilities	-25,832
Foreign currency hedges	175,448	5,266	1,045		4,221
Commodity hedges	39,969	961	508		452
Total	669,921	6,227	27,385		-21,159

EFFECTS OF HEDGING INSTRUMENTS – PREVIOUS REPORTING PERIOD

€ THOUSAND	December 31, 2022				Change in fair value used to measure ineffectiveness of the hedge
	Nominal value	Positive market values Carrying amount	Negative market values Carrying amount	Recognized in the financial statement line item:	
Hedging instrument					
Foreign currency hedges	685,252	14,830	12,818	Other non-current receivables and assets, other current receivables and assets, other non-current liabilities, other current liabilities	2,012
Commodity hedges	45,491	677	568		108
Total	730,743	15,507	13,386		2,120

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The hedged items have the following effects as at December 31, 2023:

EFFECT OF HEDGED ITEMS – CURRENT REPORTING PERIOD

€ THOUSAND	December 31, 2023		
	Change in value for calculation of ineffectiveness	Balance of cash flow hedge reserve	Cost of hedging
Underlying transaction			
Interest rate and cross-currency interest rate hedges	23,612	-23,612	0
Foreign currency hedges	-4,221	4,126	0
Commodity hedges	-452	428	0
Total	21,159	-19,058	0

EFFECT OF HEDGED ITEMS – PREVIOUS REPORTING PERIOD

€ THOUSAND	December 31, 2022		
	Change in value for calculation of ineffectiveness	Balance of cash flow hedge reserve	Cost of hedging
Underlying transaction			
Foreign currency hedges	-2,012	12,464	-398
Commodity hedges	-108	92	0
Total	-2,120	12,556	-398

The following amounts were recorded in the statement of comprehensive income in connection with hedge accounting in the financial year 2023:

EFFECT ON RESULTS OF HEDGING RELATIONSHIPS – CURRENT REPORTING PERIOD

€ THOUSAND	2023		
	Hedging gains or losses in the reporting period recognized in other comprehensive income	Reclassification of amounts from cash flow hedge reserve recognized in profit or loss	Items of statement of comprehensive income in which the reclassification of amounts from the cash flow hedge reserve was recognized in profit or loss
Risk category			
Interest rate risk	-23,612	0	Financial result
Foreign currency exchange risk	3,986	-12,324	Other operating income, other operating expenses
Commodity price risk	428	-92	
Total	-19,198	-12,416	

The group has identified the following events as possible (but not necessarily) sources of ineffectiveness of a hedging relationship:

- > Material deterioration in the creditworthiness of the counterparty for the hedging transaction or the group's own creditworthiness
- > (Partial) cancellation of the hedged item or timing differences

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EFFECT ON RESULTS OF HEDGING RELATIONSHIPS – PREVIOUS REPORTING PERIOD

	2022		
	Hedging gains or losses in the reporting period recognized in other comprehensive income	Reclassification of amounts from cash flow hedge reserve recognized in profit or loss	Items of statement of comprehensive income in which the reclassification of amounts from the cash flow hedge reserve was recognized in profit or loss
€ THOUSAND			
Risk category			
Foreign currency exchange risk	13,983	1,895	Other operating income, other operating expenses
Commodity price risk	92	-140	
Total	14,075	1,755	

DEVELOPMENT OF RESERVES FOR HEDGING RELATIONSHIPS – PREVIOUS REPORTING PERIOD

€ THOUSAND	Cash flow hedge reserve	Reserve for costs of hedging	Total hedging reserves
Reserves January 1, 2022	-2,056	0	-2,056
Changes in the fair value of the hedging instruments recognized in other comprehensive income	14,075	0	14,075
Costs of hedging recognized in other comprehensive income	0	-398	-398
Reclassified from other comprehensive income to profit or loss	1,755	0	1,755
Deferred taxes	-3,785	124	-3,661
Reserves as at December 31, 2022	9,989	-275	9,714

The movements in reserves in equity in connection with the recognition of hedging relationships were as follows:

DEVELOPMENT OF RESERVES FOR HEDGING RELATIONSHIPS – CURRENT REPORTING PERIOD

€ THOUSAND	Cash flow hedge reserve	Reserve for costs of hedging	Total hedging reserves
Reserves as at January 1, 2023	9,989	-275	9,714
Changes in the fair value of the hedging instruments recognized in other comprehensive income	-19,198	0	-19,198
Costs of hedging recognized in other comprehensive income	0	398	398
Reclassified from other comprehensive income to profit or loss	-12,416	0	-12,416
Deferred taxes	6,900	-124	6,776
Reserves as at December 31, 2023	-14,725	0	-14,725

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29 Additional information concerning financial instruments

The following tables show the carrying amounts of financial assets and liabilities for each individual category of financial instrument in accordance with IFRS 9 and reconcile them with the related items on the statement of financial position for the end of the reporting period as at December 31, 2023 and December 31, 2022.

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

€ THOUSAND	Carrying amount December 31, 2023	Measurement pursuant to IFRS 9			Non-financial items
		Amortized cost	Fair value through OCI	Fair value through profit or loss	
Trade receivables	678,769	536,405	0	142,364	0
Other receivables and assets (non-current and current)	296,156	96,078	6,990	9,815	183,273
Securities	665	0	665	0	0
Equity investments	98	0	98	0	0
Financial receivables	96,078	96,078	0	0	0
Positive market values of trading derivatives	9,815	0	0	9,815	0
Positive market values of derivatives designated in hedging relationships	6,227	0	6,227	0	0
Other non-financial receivables	183,273	0	0	0	183,273
Cash and cash equivalents	641,978	641,978	0	0	0
TOTAL	1,616,902	1,274,460	6,990	152,180	183,273

There were no transfers between levels of the fair value hierarchy during the reporting period or during the previous year. Reclassifications are taken into account at the end of the reporting period.

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CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

€ THOUSAND	Carrying amount December 31, 2023	Measurement pursuant to IFRS 9			Non-financial items / or according to IFRS 16
		Amortized cost	Fair value through OCI	Fair value through profit or loss	
Financial liabilities (non-current and current)	1,932,547	1,748,494	0	0	184,053
Bonds	979,472	979,472	0	0	0
Liabilities to banks	768,226	768,226	0	0	0
Liabilities from finance lease	184,053	0	0	0	184,053
Other financial liabilities	796	796	0	0	0
Trade payables	1,295,895	1,295,895	0	0	0
Other liabilities (non-current and current)	483,981	0	27,385	3,940	452,656
Negative market values of derivatives without on-balance-sheet hedging relationship	3,940	0	0	3,940	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	27,385	0	27,385	0	0
Other non-financial liabilities	452,656	0	0	0	452,656
TOTAL	3,712,422	3,044,389	27,385	3,940	636,709

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CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

€ THOUSAND	Carrying amount December 31, 2022	Measurement pursuant to IFRS 9			Non- financial items
		Amortized cost	Fair value through OCI	Fair value through profit or loss	
Trade receivables	893,931	880,973	0	12,958	0
Other receivables and assets (non-current and current)	412,498	156,383	17,965	17,821	220,329
Securities	665	0	665	0	0
Equity investments	78	0	78	0	0
Financial receivables	156,383	156,383	0	0	0
Positive market values of trading derivatives	17,821	0	0	17,821	0
Positive market values of derivatives designated in hedging relationships	17,222	0	17,222	0	0
Other non-financial receivables	220,329	0	0	0	220,329
Cash and cash equivalents	697,255	697,255	0	0	0
TOTAL	2,003,684	1,734,612	17,965	30,779	220,329

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CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

€ THOUSAND	Carrying amount December 31, 2022	Measurement pursuant to IFRS 9			Non-financial items / or according to IFRS 16
		Amortized cost	Fair value through OCI	Fair value through profit or loss	
Financial liabilities (non-current and current)	2,241,495	2,067,049	0	0	174,445
Borrower's note loans	488,303	488,303	0	0	0
Liabilities to banks	1,545,873	1,545,873	0	0	0
Liabilities from finance lease	174,445	0	0	0	174,445
Other financial liabilities	32,873	32,873	0	0	0
Trade payables	1,337,479	1,337,479	0	0	0
Other liabilities (non-current and current)	385,406	0	13,386	3,249	368,770
Negative market values of derivatives without on-balance-sheet hedging relationship	3,249	0	0	3,249	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	13,386	0	13,386	0	0
Other non-financial liabilities	368,770	0	0	0	368,770
TOTAL	3,964,380	3,404,528	13,386	3,249	543,216

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The carrying amount for current non-derivative financial instruments, especially trade receivables and trade payables as well as other current receivables and liabilities, equals their fair value. The fair value of fixed interest loans and liabilities is the present value of expected future cash flows. These are discounted at interest rates effective at the end of the reporting period. For variable interest liabilities, the carrying amounts equal their fair values.

The fair value of foreign currency exchange transactions is calculated as the present value based on the mid-price as at the end of the reporting period taking into account any forward premiums or discounts for the residual term of the respective contract compared with the contracted forward rate. For currency options, generally accepted pricing models are used to calculate option prices (mark-to-model). The fair value of an option is affected not only by the remaining term of the option but also by other factors such as the current level and volatility of the underlying exchange rate, or the underlying reference interest rate.

Interest rate swaps and cross-currency swaps are measured at fair value by discounting expected future cash flows. The market interest rates corresponding to the residual term of the contracts are used as a basis. In addition, for cross-currency swaps, the exchange rates of those foreign currencies in which the respective cash flows occur are taken into account.

The fair value of aluminum commodity swap transactions is based on official market quotations (LME – London Metal Exchange).

Valuations are performed both internally and by external financial partners at the end of the period. The valuation of derivatives also incorporates the counterparty credit risk. Determination of fair value is carried out in accordance with IFRS 13 and is based on a unilateral approach without taking into account any offsetting agreements. The calculation is based on constant estimation of future exposures and a historical probability of default according to the credit rating of the counterparty and/or a rating estimation of the BENTELER Group.

The fair values of financial assets and liabilities are based on the following input data and are categorized according to the fair value hierarchy under IFRS 13 in the following levels:

- Level 1 Measured on the basis of quoted prices on active markets for similar instruments
- Level 2 Measured on the basis of directly or indirectly observable market inputs other than level 1 quoted prices
- Level 3 Measured using models not based on observable market inputs

The fair value hierarchy reflects the significance of the input parameters that were used for the determination of the fair values.

The fair values and carrying amounts of financial assets and liabilities measured at fair value are all allocated to Level 2 upon measurement.

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The following table shows the fair values and carrying amounts of financial liabilities measured at amortized cost, broken down by measurement level:

MEASUREMENT LEVEL OF FINANCIAL LIABILITIES

€ THOUSAND	Carrying amount	December 31, 2023			
		Fair Value	Level 1	Level 2	Level 3
Financial liabilities (non-current and current)	1,931,751	1,992,422	1,039,882	0	952,540
Bonds	979,472	1,039,882	1,039,882	0	0
Liabilities to banks	768,226	768,487	0	0	768,487
Liabilities from finance lease	184,053	184,053	0	0	184,053

MEASUREMENT LEVEL OF FINANCIAL LIABILITIES

€ THOUSAND	Carrying amount	December 31, 2022			
		Fair Value	Level 1	Level 2	Level 3
Financial liabilities (non-current and current)	2,208,621	2,182,082	0	0	2,182,082
Borrower's note loans	488,303	472,345	0	0	472,345
Liabilities to banks	1,545,873	1,535,292	0	0	1,535,292
Liabilities from finance lease	174,445	174,445	0	0	174,445

Offsetting of financial instruments

The BENTELER Group enters into framework agreements for financial derivative transactions. These contractually agree that upon termination of a contract the final value of all transactions is determined and only a single net amount is settled in cash. The criteria for offsetting in the balance sheet are only met if net payments are made. As at December 31, 2023, offsetting in the amount of €2,096 thousand (previous year: €11,035 thousand) was carried out.

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Net result

The following table shows the net gains (before tax) on financial instruments recognized in the consolidated income statement or in other comprehensive income, broken down by measurement category.

The tables below show information on the earnings, expenses, and profit and loss items of the comprehensive income statement for the reporting date of December 31, 2023 and December 31, 2022.

NET RESULT FROM FINANCIAL INSTRUMENTS - CURRENT REPORTING PERIOD

€ THOUSAND		December 31, 2023				net result (total)
		from interest	from subsequent fair value measurement	from bad debt allowances	from result of disposal	
	Financial liabilities measured at amortized cost	15,287	0	-599	0	14,688
	Fair value through profit or loss (FVtPL)	0	-15,122	0	0	-15,122
	Other financial liabilities – at amortized cost	-210,776	0	0	0	-210,776
	Total	-195,489	-15,122	-599	0	-211,210

NET RESULT FROM FINANCIAL INSTRUMENTS - PREVIOUS REPORTING PERIOD

€ THOUSAND		December 31, 2022				net result (total)
		from interest	from subsequent fair value measurement	from bad debt allowances	from result of disposal	
	Financial liabilities measured at amortized cost	4,236	0	-2,173	396	2,459
	Fair value through profit or loss (FVtPL)	0	-4,216	0	0	-4,216
	Other financial liabilities – at amortized cost	-139,910	0	0	0	-139,910
	Total	-135,674	-4,216	-2,173	396	-141,668

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30 Consolidated statement of cash flows

The consolidated cash flow statement is prepared in accordance with IAS 7 and presents cash flows from operating, investing, and financing activities. The effect of exchange rate changes on cash and cash equivalents is shown separately.

The free cash flow of €509,345 thousand (previous year: €85,903 thousand) in the current financial year is primarily due to the positive change in working capital, although increased interest payments from refinancing are also a burden on cash flow from earnings. The change in working capital is primarily generated by trade receivables (see Note 18.1 “Trade receivables”).

The increased payments for investments in property, plant and equipment and intangible assets are offset by the reduction in bills receivables, which are includ-

ed in the cash receipts from the disposal of financial assets. Of the investments in property, plant and equipment in the current financial year, €56,918 thousand (previous year: €45,169 thousand) were made non-cash through leasing (see Note 13).

Cash flow from financing activities was strongly influenced in the financial year, primarily by the dividend payment and the new financing.

Below is a cash flow-relevant reconciliation of financial liabilities:

FINANCIAL LIABILITIES – CURRENT REPORTING PERIOD

€ THOUSAND	Financial liabilities					Total
	Borrower's note loans	Bonds	Liabilities to banks	Lease liabilities	Miscellaneous	
Balance at January 1, 2023	488,303	0	1,545,873	174,445	32,873	2,241,495
Total cash changes from financing activity	-488,176	984,686	-757,506	-42,878	-41,892	-345,767
Effect of changes in exchange rates	0	0	645	-4,432	-135	-3,922
Total of other non-cash changes (loans)	-127	-5,213	-20,786	56,918	9,949	40,741
Balance at December 31, 2023	0	979,472	768,226	184,053	796	1,932,547

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FINANCIAL LIABILITIES – PREVIOUS REPORTING PERIOD

€ THOUSAND	Financial liabilities				
	Borrower's note loans	Liabilities to banks	Lease liabilities	Miscellaneous	Total
Balance at January 1, 2022	488,087	1,316,747	177,255	22,058	2,004,146
Total cash changes from financing activity	0	222,809	-48,133	5,368	180,044
Effect of changes in exchange rates	0	11,927	154	53	12,135
Total of other non-cash changes (loans)	216	-5,610	45,169	5,394	45,169
Balance at December 31, 2022	488,303	1,545,873	174,445	32,873	2,241,495

31 Contingent liabilities and contingent assets

The BENTELER Group provided no additional collateral in the reporting period for its borrowings, above and beyond the joint liability of individual group members to other group members and the collateral indicated in Note 23 – “Financial liabilities”.

For the contingent liabilities listed below, the principal debtor is not a consolidated company. As at the end of the period on December 31, 2023, the group had granted guarantees to third parties for a total of €1,063 thousand (previous year: €3,200 thousand).

On the reporting date there were €696 thousand of contingent liabilities to third parties under warranty agreements (through contract performance bonds or supply bonds) (previous year: €548 thousand).

Other off-balance-sheet obligations – particularly towards employees, tax authorities, and customs authorities – amounted to €52,886 thousand as at December 31, 2023 (previous year: €41,928 thousand). Of this, €38,579 thousand (previous year: €35,954 thousand) relates to labor law issues in Brazil. No significant financial impact is expected.

32 Number of employees

The BENTELER Group employed an average of 20,990 full-time equivalents worldwide (previous year: 21,349). Personnel expenses amount to €1,239,191 thousand (previous year: €1,238,082 thousand). These include expenses for defined contribution pension plans amounting to €3,757 thousand (previous year: €4,479 thousand).

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33 Governing bodies

Members of the Executive Board

- › Ralf Göttel, Schönau am Königssee, Germany (Chairman of the Executive Board, responsibilities: Strategy & M&A, Compliance & Board Affairs, Communication/Marketing, Human Resources, IT, Divisions)
- › Dr. Tobias Braun, Dorfen, Germany (responsibilities: Accounting, Controlling, Treasury, Legal & Insurance, Tax, Internal Audit)
- › Michael Baur, Zurich, Switzerland (responsibilities: Restructuring program, Transformation Office, Liquidity Office), until May 15, 2023

Members of the Supervisory Board

- › Henri Steinmetz, Aspelt, Luxembourg, Chairman (former Chairman of the Management Board of the Ceramtec Group, Plochingen, Germany)
- › Dr. Georg Pachta-Reyhofen, Vienna, Austria, Deputy Chairman (former Chairman of the Executive Board of MAN SE, Munich, Germany)
- › Hubertus Benteler, Salzburg, Austria (former Chairman of the Executive Board of BENTELER International AG, Salzburg, Austria)
- › Prof. Dr. Bernd Gottschalk, Esslingen a.N., Germany (Managing Partner of AutoValue GmbH, Frankfurt, Germany)
- › Joachim Limberg, Düsseldorf, Germany (former Chairman of the Executive Board of thyssenkrupp Materials Services, Essen, Germany)
- › Frederik Vaubel, Düsseldorf, Germany (Managing Director of H+S Automotive GmbH, Ittlingen, Germany)
- › Helmut Wieser, Anif, Austria (former Chairman of the Executive Board of AMAG Austria Metall AG, Braunau a.I., Austria)
- › Dr. Lorenz Zwingmann, Trittau, Germany (former Member of the Executive Board of Marquard & Bahls AG, Hamburg, Germany)

34 Related party transactions

The group's related parties according to IAS 24 are fundamentally the members of the Supervisory Board and Shareholders' Committee, the members of the Benteler family, members of group management and, as entities, the associates of the BENTELER Group and entities controlled or significantly influenced by related parties. Note 33 – "Governing bodies" contains further information.

The entities included in the consolidated financial statements of the BENTELER Group have engaged and/or continue to engage in corporate transactions with related parties.

Except with regard to the remuneration of the key management personnel (see below), no significant transactions have been conducted with related parties that extend beyond their capacity as shareholders or members of governing bodies. Exceptions are consulting services provided by AlixPartners GmbH, Munich, whose management includes the former member of the Executive Board (until May 15, 2023) Mr. Baur, in the amount of €3,022 thousand (previous year: €7,936 thousand) and consulting services provided by Benteler Trading International AG, Zug, Switzerland, whose management includes Mr. Casper Benteler, in the amount of €3,743 thousand (previous year: €0 thousand); of which an outstanding liability is included in the Consolidated Statement of Financial Position as at December 31, 2023 in the amount of €441 thousand (previous year: €0 thousand).

Information on the remuneration of key management personnel

In the 2023 financial year, BENTELER International Aktiengesellschaft paid total remuneration to members of management in key positions (9 persons; previous year 12 persons – comprising members of the Executive Board of BENTELER International Aktiengesellschaft and the managing directors of the principal subsidiaries) as follows:

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KEY MANAGEMENT REMUNERATION (TOTAL)

€ THOUSAND	2023	2022
Short-term payments – fixed	4,103	3,965
Short-term payments – variable	15,804	7,871
Post-employment benefits	755	617
Severance benefits	0	3,011
Total	20,662	15,464

No share-based payments were granted.

The members of the Supervisory Board of BENTELER International Aktiengesellschaft received compensation of €645 thousand in the financial year 2023 (previous year: €475 thousand).

35 Events after the reporting period

There were no events or developments after the end of the financial year that would have led to a material change in the recognition or measurement of the individual assets or liabilities as at December 31, 2023 or that would have to be reported.

36 Auditor's fees and services

The information required under Section 238 (18) of the Austrian Commercial Code regarding the fees paid to the group's independent auditor (KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft) is provided below by category of service:

AUDIT FEES

€ THOUSAND	2023	2022
Audit of separate and consolidated financial statements	403	368
Audit-related services	444	35
Other services	102	73
Total fees	948	476

The figures represent the fees recognized as expense in the financial year. Services provided by the independent auditor's network are not included.

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37 Climate-related risks

Opportunities and risks that may arise from key sustainability issues can only rarely be assessed in concrete financial terms and have an impact on business activities primarily in the medium to long term.

For example, the ongoing climate changes involve both opportunities and risks for BENTELER. As an energy-intensive company, climate-related risks arise in particular from regulatory changes, for example in the pricing of CO₂ via emissions trading systems, taxes or energy legislation. These regulations have specific effects, for example: In the impairment tests for the Thermal & Tubular CGU, for example, the perpetual annuity was not used, but only the period up to 2035 was applied. Rising energy prices have also already been factored in.

In addition, BENTELER's emissions balance and intensity can lead to a negative perception and limited attractiveness for external stakeholders (e.g. customers, investors). Overcoming the associated challenges, especially in the energy-intensive manufacture of metal products, is also a key issue for BENTELER.

The philosophy of making mobility safer and more sustainable is the starting point for all sustainability activities at BENTELER. Our inner drive for sustainable action is complemented by additional customer requirements (such as renewable energy or green material) as well as new legal frameworks (such as CSRD and supply chain sourcing legislation).

We continuously analyze these requirements to identify business opportunities, minimize risks and thus lay the foundation for successful action by the BENTELER Group.

38 Proposed allocation of profit

In accordance with the provisions of the Austrian Stock Corporation Act, the separate financial statements of BENTELER International Aktiengesellschaft as at December 31, 2023 prepared in accordance with Austrian accounting standards form the basis for the profit distribution.

The Executive Board will propose to the Shareholders' Meeting that the Company's net profit of €544,197,721.31 be carried forward to new account.

Salzburg, February 9, 2024

The Executive Board

Ralf Göttel

Dr. Tobias Braun

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Appendix to the Notes: List of shareholdings as at December 31, 2023

LIST OF SHAREHOLDINGS

		Holding in %		Holding in %	
		2023	2022	2023	2022
1.	BENTELER International Aktiengesellschaft, Salzburg, Austria	–	–		
SUBSIDIARIES					
Automotive Division					
2.	BENTELER Automobiltechnik Eisenach GmbH, Eisenach, Germany	100.0	100.0	21.	BENTELER Automotive Klášterec s.r.o., Chrastava, Czechia
3.	BENTELER Automobiltechnik GmbH, Paderborn, Germany	100.0	100.0	22.	BENTELER Automotive Korea Ltd., Seoul, South Korea
4.	BENTELER Automotive (Changshu) Company Limited, Changshu, China	100.0	100.0	23.	BENTELER Automotive Poland spolka z o.o., Września, Poland
5.	BENTELER Automotive (China) Investment Co. Ltd., Shanghai, China	100.0	100.0	24.	BENTELER Automotive Raufoss AS, Raufoss, Norway
6.	BENTELER Automotive (Chongqing) Co. Ltd., Chongqing, China	100.0	100.0	25.	BENTELER Automotive Rumburk s.r.o., Rumburk, Czechia
7.	BENTELER Automotive (Fuzhou) Co., Ltd., Fuzhou, China	100.0	100.0	26.	BENTELER Automotive SAS, Migennes, France
8.	BENTELER Automotive (Shanghai) Co., Ltd., Shanghai, China	100.0	100.0	27.	BENTELER Automotive SK s.r.o., Malacky (Bratislava), Slovakia
9.	BENTELER Automotive (Shenyang) Co., Ltd., Shenyang, China	100.0	100.0	28.	BENTELER Automotive Skultuna AB, Skultuna, Sweden
10.	BENTELER Automotive (Tianjin) Co., Ltd., Tianjin, China	100.0	100.0	29.	BENTELER Automotive UK Ltd., Corby, Great Britain
11.	BENTELER Automotive (Thailand) Ltd., Bangkok, Thailand	100.0	100.0	30.	BENTELER Automotive Vigo SL, Valladares - Vigo, Spain
12.	BENTELER Automotive Bratislava s.r.o., Bratislava, Slovakia	100.0	100.0	31.	BENTELER Autótechnika Kft, Mór, Hungary
13.	BENTELER Automotive Belgium N.V., Gent, Belgium	100.0	100.0	32.	BENTELER CAPP Automotive System (Changchun) Co., Ltd., Changchun, China
14.	BENTELER Automotive Component (Shanghai) Ltd., Shanghai, China	100.0	100.0	33.	BENTELER Comercial Ltda., Cotia (Sao Paulo), Brazil
15.	BENTELER Automotive Component (Tianjin) Co., Ltd., China, China	100.0	100.0	34.	BENTELER Componentes Automotivos Ltda., Campinas (São Paulo), Brazil
16.	BENTELER Automotive Corporation, Auburn Hills (Michigan), USA	100.0	100.0	35.	BENTELER CR s.r.o., Chrastava, Czechia
17.	BENTELER Automotive Holland Inc., Holland (Michigan), USA	100.0	100.0	36.	BENTELER de México S.A. de C.V., Puebla, Mexico
18.	BENTELER Automotive India Private Limited, Pune, India	100.0	100.0	37.	BENTELER Engineering Chennai Private Limited, Chennai, India
19.	BENTELER Automotive International GmbH, Paderborn, Germany	100.0	100.0	38.	BENTELER España S.A., Burgos, Spain
20.	BENTELER Automotive K.K., Tokyo, Japan	100.0	100.0	39.	BENTELER Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova/Kocaeli, Turkey
				40.	BENTELER HAINACHUAN Automotive (Beijing) Co., Ltd., Beijing, China
				41.	BENTELER Ibérica Holding SL, Barcelona, Spain
				42.	BENTELER JianAn Automotive (Chongqing) Co., Ltd., Chongqing, China

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		Holding in %		Holding in %			
		2023	2022	2023	2022		
43.	BENTELER JIT Düsseldorf GmbH, Düsseldorf, Germany	100.0	100.0	68.	BENTELER Steel Tube GmbH, Paderborn, Germany	100.0	100.0
44.	BENTELER JIT Valencia S.A., Almussafes, (Valencia), Spain	100.0	100.0	69.	BENTELER Steel/Tube (UK) Ltd., Wolverhampton, Great Britain	100.0	100.0
45.	BENTELER Laser Application GmbH, Paderborn, Germany	100.0	100.0	70.	BENTELER Steel/Tube Manufacturing Corporation, Wilmington (Delaware), USA	100.0	100.0
46.	BENTELER Lightweight Protection GmbH, Paderborn, Germany	100.0	100.0	71.	BENTELER Trading (Shanghai) Co., Ltd., Shanghai, China	100.0	100.0
47.	BENTELER Machinery (Shanghai) Co. Ltd., Shanghai, China	100.0	100.0	72.	Rohstoff-Handelsgesellschaft Günther Voth GmbH, Paderborn, Germany	81,3	81,3
48.	BENTELER Maschinenbau CZ s.r.o., Liberec, Czechia	100.0	100.0				
49.	BENTELER Maschinenbau GmbH, Bielefeld, Germany	100.0	100.0		Others		
50.	BENTELER Mechanical Engineering GmbH, Bielefeld, Germany	100.0	100.0	73.	BENTELER Capital Corporation, Auburn Hills (Michigan), USA	100.0	100.0
51.	BENTELER MPPV Automotive Manufacturing España, S.L., Palencia, Spain	100.0	100.0	74.	BENTELER Business Services CZ s.r.o., Třebíč, Czechia	100.0	100.0
52.	BENTELER Participation SA, Migennes, France	100.0	100.0	75.	BENTELER Business Services GmbH, Paderborn, Germany	100.0	100.0
53.	BENTELER Sistemas Automotivos Ltda., São José dos Pinhais, Paraná, Brazil	100.0	100.0	76.	BENTELER Fafin LLC, Auburn Hills (Michigan), USA	100.0	-
54.	BENTELER South Africa (Pty.) Ltd., Alberton (Johannesburg), South Africa	100.0	100.0	77.	BENTELER International Beteiligungs GmbH, Salzburg, Austria	100.0	100.0
55.	BENTELER Spanien International GmbH, Paderborn, Germany	100.0	100.0	78.	BENTELER Reinsurance Company DAC, Dublin, Ireland	100.0	100.0
56.	BENTELER-Indústria de Componentes para Automóveis Lda., Palmela, Portugal	100.0	100.0	79.	BENTELER RV GmbH, Paderborn, Germany	100.0	100.0
57.	Dongguan BENTELER Xiangxin Automotive Co., Ltd. (BAXA), Dongguan, China	51.0	51.0	80.	BENTELER Services LLC, Auburn Hills (Michigan), USA	100.0	100.0
58.	EUPAL Beteiligungs GmbH & Co. Vermietungs-KG, Pullach i. Isartal, Germany	89.0	89.0	81.	BLV Versicherungsmanagement GmbH, Dortmund, Germany	55.0	55.0
59.	HOLON GmbH, Paderborn, Germany	100.0	100.0	82.	NAPOL GmbH & Co. Objekt Schloss Neuhaus KG, Pullach i. Isartal, Germany	89.0	89.0
60.	OOO BENTELER Automotive, Kaluga, Russia	100.0	100.0				
61.	OOO BENTELER Autotechnika Nowgorod, Welikij Nowgorod, Russia	100.0	100.0		ASSOCIATED COMPANIES		
62.	RABET GmbH & Co. KG, Pullach i. Isartal, Germany	89.0	89.0	83.	FAWAY BENTELER Automotive Components (Tianjin) Co., LTD., Tianjin, China	25.0	25.0
63.	Shanghai BENTELER Huizhong Automotive Co., Ltd., Shanghai, China	60.0	60.0	84.	Profilanlegg ANS, Raufoss, Norway	26.0	26.0
64.	Wuhu BENTELER-POSCO Automotive Co. Ltd., Anhui, China	95.0	95.0				
					COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT		
	Steel/Tube Division			85.	Beijing HAINACHUAN BENTELER Automotive Technology Co. Ltd., Beijing, China	49.0	-
65.	BENTELER North America Corporation, Wilmington (Delaware), USA	100.0	100.0	86.	BENTELER Steel/Tube Treuhand GmbH, Paderborn, Germany	100.0	-
66.	BENTELER Rothrist AG, Rothrist, Switzerland	100.0	100.0	87.	HOLON U.S. Inc., Auburn Hills (Michigan), USA	100.0	100.0
67.	BENTELER Steel & Tube Corporation, Houston (Texas), USA	100.0	100.0				

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Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Benteler International Aktiengesellschaft, Salzburg, Austria,

and its subsidiaries ("the Group"), which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income and the Consolidated Balance Sheet as at 31 December 2023, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and the Notes to the consolidated financial statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion on these matters.

Impairment of property, plant and equipment of the individual cash-generating units

See Notes to the consolidated financial statements Item 5.6 Impairment losses.

The risk for the financial statements

Benteler International Aktiengesellschaft assesses intangible assets and property, plant and equipment with definite useful lives in accordance with IAS 36 at each reporting date to determine whether there are any indications of possible impairment, such as specific events or market developments that indicate a possible decline in value. If such indications exist, an impairment test is performed. An impairment is recognised if the recoverable amount is less than the carrying amount. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use.

The recoverable amount is determined for both the value in use and the fair value less cost to sell on the basis of discounted future cash flows using a risk-adjusted interest rate (DCF method).

Impairment tests in accordance with IAS 36 require an appropriate valuation procedure and the determination of key assumptions and valuation bases. As a result there is a risk that

- The cash-generating units were not defined appropriately and changes were not made in accordance with the requirements of IAS 36,

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- the methods applied do not meet the requirements of IAS 36, or
- significant assumptions and other measurement bases are not appropriate

and thus a necessary impairment is not recognized or not recognized correctly in the financial statements.

Our audit response

- We gained an understanding of the procedures and the valuation process.
- We verified the determination and assessed the appropriateness of the cash-generating units.
- We assessed whether the valuation methods applied comply with the requirements of IAS 36. We compared the parameters and input factors used in the valuations with external market estimates and existing reference values and assessed their appropriateness as well as the mathematical accuracy of the valuations. Furthermore, we assessed the amount and the methodological determination of the percentage of the weighted average cost of capital. For this purpose, we compared the assumptions and parameters underlying the cost of capital with our own assumptions and publicly available data. These assessments were performed with the involvement of valuation specialists.
- We assessed the reliability of the planning data by comparing the plans made in previous periods with the actual figures.
- We compared the planning data used to determine the future cash surpluses with the budgets approved by the Supervisory Board.
- We also assessed whether the disclosures made by the Company in the notes to the financial statements in connection with the impairment tests are appropriate.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and for internal controls management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

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economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

9 February 2024

Moreover:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on the Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law and other legal or regulatory requirements.

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We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Engagement Partner

The engagement partner is Mr. Dipl.-Betriebsw. (FH) Karl Braun.

Linz
9 February 2024

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Dipl.-Betriebsw. (FH) Karl Braun Wirtschaftsprüfer
(Austrian Chartered Accountant)

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Report of the Supervisory Board of Benteler International AG for the 2023 financial year

Meetings and committees

As part of its responsibilities, the Supervisory Board intensively accompanied and supported the development of Benteler International AG. In four ordinary meetings in the 2023 financial year, the Supervisory Board performed the tasks and powers incumbent upon it by law and the Articles of Association. At these meetings and in additional regular conference calls, the Supervisory Board monitored and controlled the development and completion of the group's refinancing in particular and kept itself informed about the individual restructuring processes in the Automotive and Steel/Tube divisions.

The Executive Board reported regularly, promptly and comprehensively in writing and verbally on the course of business, the situation of the company including the risk situation and risk management of the company and its group companies, as well as on circumstances that are of significant importance for the profitability and liquidity of the company. In addition, the Chairman of the Executive Board was in regular contact with the Chairman of the Supervisory Board and informed him about the strategy and business development as well as the situation of the company including its group companies. Furthermore, the Supervisory Board informed itself about the key data of the consolidated financial statements, and approved them and further corporate planning.

In the 2023 financial year, the personnel committee dealt regularly and primarily with the composition of the Executive Board and questions relating to remuneration.

The audit committee met twice in the 2023 financial year and dealt with the following: Individual and consolidated financial statements; the accounting process; the auditing and internal control system; the risk and compliance management system; the sustainability strategy; and the audit strategy. It also monitored the audit of the financial statements.

The financing committee met five times in the 2023 financial year and dealt in detail with the preparation and implementation of the Group's refinancing; it was dissolved after the refinancing was successfully completed.

Annual and consolidated financial statements

The annual financial statements and the management report as well as the consolidated financial statements and the group management report of Benteler International Aktiengesellschaft for the 2023 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstrasse 41-43, 4020 Linz, which was elected as the auditor by the Annual General Meeting and commissioned by the Chairman of the Supervisory Board.

According to the final result, the audit did not give rise to any objections. The auditor confirms that the bookkeeping, the annual financial statements and the management report as well as the consolidated financial statements and the group management report of the company comply with the statutory provisions and, taking proper accounting into account, provide a true and fair view of the net assets, financial position and result of operations of the company and the group as of December 31, 2023 and the management report and the group management report are consistent with the annual financial statements and consolidated financial statements. The annual financial statements and the management report as well as the consolidated financial statements and the group management report of the company were therefore given an unqualified audit opinion. The Chairman of the Supervisory Board and the Executive Board received separate reports in a management letter. The auditors provided the Supervisory Board with adequate explanations of the annual and consolidated financial statements.

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According to the final result of the examination of the management report of the Executive Board, the annual financial statements and the consolidated financial statements and group management report carried out by the audit committee and the examination of the management carried out by the Supervisory Board, there were no grounds for objections.

The Supervisory Board approved the annual financial statements and the consolidated financial statements. The annual financial statements have thus been approved in accordance with Article 96 Paragraph 4 of the Austrian Stock Corporation Act. The Supervisory Board concurs with the Executive Board's proposal for the appropriation of net income.

Salzburg, March 13, 2024

Chairman of the Supervisory Board

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SUSTAINABILITY MANAGEMENT

The pressing global concerns regarding climate change and resource consumption are the primary influences on our business activities, together with megatrends such as electromobility, the societal change in mobility behavior, digitalization and networking. We therefore assume responsibility and use our experience gained in over 145 years to find solutions. That's exactly what we're doing with our sustainability approach: Adapting to the transformation of the automotive industry and using our expertise and flexibility to operate sustainably.

The following describes our sustainability strategy, how we are organized, and how we communicate with stakeholders. Additionally, we explain our sustainability-related ratings and validations, as well as our activities in the area of EU taxonomy.

SUSTAINABILITY STRATEGY

We consciously link aspects of sustainability to our business activities. We have integrated the core elements of our corporate strategy BENTELER 25+ in the context of sustainability. Customer focus, process efficiency and innovative strength are the key aspects of all measures within our sustainability strategy. We use our expert knowledge of manufacturing processes and environmentally friendly technologies to improve process efficiency. We bundle

our innovative strength with diverse projects and cooperations in our international network.

We have carried out a materiality assessment to obtain an overview of the sustainability aspects that are of particular importance to BENTELER and our internal and external stakeholders. This forms the starting point for all our sustainability related activities and is therefore also the foundation of our sustainability strategy.

Materiality assessment

We fundamentally changed the process model for our materiality assessment in 2023. It now takes the future requirements of CSRD into account and already uses the principle of double materiality. Accordingly, when we applied it for the first time in 2023, we analyzed BENTELER's impact on its environment and the opportunities and risks that result from it.

In the first step, matters potentially relevant to sustainability were identified. Impacts, opportunities and risks for each of these topics were then identified in collaboration with relevant stakeholders (these impacts, risks and opportunities are described in the following report in the respective sub-chapters). This was followed by an assessment of the identified

impacts, opportunities and risks based on predefined criteria and a validation of the assessment by the stakeholders. Based on this, it was determined that all sustainability matters with impacts, opportunities, and risks rated above a defined threshold are material. The resulting list of material matters was ultimately validated by the Executive Board of the BENTELER Group.

The result is the list of material matters shown on the following page. This forms the basis for reporting in the year under review (broken down by topic).

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MATERIAL SUSTAINABILITY MATTERS IN 2023

 <p>CLIMATE CHANGE</p> <ul style="list-style-type: none"> • Climate change mitigation • Climate change adaptation • Energy 	 <p>WATER</p> <ul style="list-style-type: none"> • Water withdrawal • Water use 	 <p>CIRCULAR ECONOMY</p> <ul style="list-style-type: none"> • Resource inflows, including resource use • Resource outflows in connection with products • Waste 	 <p>OWN WORKFORCE</p> <ul style="list-style-type: none"> • Working conditions • Equal treatment and opportunities for all • Other work-related rights 	 <p>WORKERS IN THE VALUE CHAIN</p> <ul style="list-style-type: none"> • Working conditions • Equal treatment and opportunities for all • Other work-related rights 	 <p>CUSTOMER AND END USER</p> <ul style="list-style-type: none"> • Personal safety 	 <p>BUSINESS CONDUCT</p> <ul style="list-style-type: none"> • Corporate culture • Management of relationships with suppliers, including payment practices • Corruption and bribery
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Sustainability strategy and goals

We have defined focus areas for our sustainability strategy based on our materiality assessment and the key sustainability issues that resulted from it. In the next step, specific matters were assigned to these areas, which we aim to achieve in the future. These targets

not only take into account the results of our impact, opportunity and risk analysis, but are also in line with the UN Sustainable Development Goals (SDG). This resulted in the formulation of BENTELER Group's comprehensive sustainability strategy, which, together with action plans, concrete measures and interim targets, forms the foundation for achieving our sustainability goals.

Our focus is on the five areas: Climate change, circular economy, water, employees and working conditions as well as our business conduct. These priorities cover the areas of environment, social affairs and sustainable governance and extend across all business units and the entire BENTELER value chain.

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In our industry, we primarily focus on climate change mitigation as this is where we have the greatest impact with processes that are often energy intensive. To counteract climate change, our strategy for this focus area concentrates in particular on energy efficiency, electrification and substitution of fossil fuels, in line with SDGs 7, 9 and 13. The decarbonization of our company is a central project, which is why we have set ourselves ambitious targets. By 2030, we aim to reduce our production-related absolute Scope 1 and 2 GHG emissions by 50% compared to 2019. With regard to the supply chain, our goal, also by 2030, is to reduce absolute Scope 3 GHG emissions by 30% compared to 2019. In the long term, we are aiming for climate-neutral production by 2040 and we aim to achieve our net-zero emissions target by 2050.

In the area of the circular economy, we promote the responsible use of valuable resources (SDG 12). Recycling, process efficiency and waste avoidance play key roles here. The goal is to reduce waste by 20% by 2030 compared to the base year 2019.

In accordance with SDG 6, BENTELER is also committed to the conscious use of water resources and aims to significantly reduce water withdrawals. Specifically, our aim is to reduce absolute water withdrawals at sites in regions with high and very high water stress by 20% by 2030 compared to the base year 2019.

Our employees play a fundamental role in the success of our company and are also a focal point of our sustainability strategy. Issues such as occu-

pational safety, training and development, diversity and inclusion, as well as respect for human rights throughout the supply chain are aspects that we continuously monitor and develop at BENTELER. To promote diversity in our workforce, for example, and with regard to SDGs 3, 4, 5, 8 and 10, we have also set ourselves the goal of filling 25% of management positions with female managers by 2030. The health of our employees is also important to us. That's why we also continuously improve occupational safety and are thus getting ever closer to our goal of completely preventing accidents at work.

Sustainability is also a top priority in our corporate activities: Building on SDGs 9 and 16, BENTELER pursues a zero-tolerance policy regarding bribery and corruption. We promote transparency through internal information campaigns, training, and by providing an internal reporting system that prioritizes the protection of whistleblowers. We also maintain sustainable business relationships with our suppliers. The BENTELER Supplier Code of Conduct helps us ensure high ethical standards and strong business relationships based on trust.

With this newly formulated sustainability strategy, BENTELER is aligning its existing sustainability commitment in a more focused way. In defining current and future goals, BENTELER incorporates the expectations of its stakeholders to the best possible extent and takes account of regulatory requirements and developments in the financial market. These include, for example, the EU taxonomy, the Task Force on Climate-related Financial Disclosures (TCFD)

and the Corporate Sustainability Reporting Directive (CSRD). Given the extensive developments, our activities continue to focus on the regular analysis of regulatory requirements and the continuous review of sustainability targets in order to further expand the sustainability strategy accordingly.

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SUSTAINABILITY STRATEGY

	BENTELER STRATEGY	BENTELER TARGETS	APPLICABLE SDGs
 CLIMATE CHANGE	<ul style="list-style-type: none"> • Improved energy efficiency • Electrification & green hydrogen • PPAs, self-generation & GoOs • Consideration of the value chain 	<ul style="list-style-type: none"> • -50% Scope 1 & 2 and -30% Scope 3 emissions by 2030 vs. 2019 • -100% Scope 1 & 2 emissions by 2040 and carbon neutral by 2050 	  
 WATER	<ul style="list-style-type: none"> • Increasing the proportion of recycled materials • Higher process efficiency • Ensuring the recyclability of products 	<ul style="list-style-type: none"> • -20% amount of waste by 2030 vs. 2019 	
 CIRCULAR ECONOMY	<ul style="list-style-type: none"> • Reduction of water withdrawals through increased efficiency of water use • Reduction of water pollution 	<ul style="list-style-type: none"> • -20% water withdrawal by 2030 vs. 2019 (in regions with high water stress) 	
 EMPLOYEES AND WORKING CONDITIONS	<ul style="list-style-type: none"> • Improve occupational safety • Promote training & further education • Safeguard human rights • Promote diversity and inclusion 	<ul style="list-style-type: none"> • 25% women in management positions by 2030 • Aiming for a zero rate for accidents at work 	  
 BUSINESS CONDUCT	<ul style="list-style-type: none"> • Zero tolerance for corruption & bribery • Protection of whistleblowers • Sustainable supplier relationships 	<ul style="list-style-type: none"> • Striving to avoid cases of corruption and bribery altogether 	 

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Decarbonization: Strategy and transition plan

The decarbonization of the company is a central aspect of our sustainability strategy. BENTELER has therefore set itself the previously described climate targets to act in accordance with the Paris Climate Agreement. After the methodology and emission figures had been assessed and confirmed in advance by external auditors, they were also validated by the Science Based Target Initiative (SBTi) in the reporting year. Our aim is not only to reduce our emissions, but also to ensure that our contribution to climate protection is effective and substantial, which is why we also rely on scientific validation.

To achieve its climate targets, BENTELER has defined a clear decarbonization strategy. This includes a transition plan with regard to climate change that keeps us on our 1.5°C climate path. For the reduction of Scope 1 and Scope 2 emissions in our production, we have defined three main levers (energy efficiency, green electricity, fossil fuel substitution) to reduce our carbon footprint.

The first lever is to continuously improve our energy efficiency and thereby reduce our energy consumption. In order to implement additional energy efficiency measures, we have introduced a special ecological investment budget that finances investments in energy efficiency measures.

Our second lever is helping us reduce our CO₂ footprint by continuously increasing the proportion of

We are consistently continuing our path to decarbonization.



electricity from renewable energies in our production. We achieve this through self-generation and the purchase of electricity from renewable energy sources at some of our sites.

Our third major lever is the substitution of fossil fuels such as natural gas in our production. We are therefore looking into alternative renewable energies such as green hydrogen or green electricity that can be used for energy-intensive heating processes in our production.

When reducing scope 3 emissions in our supply chain, we focus on the goods and services purchased upstream. We also consider the downstream

emissions from the use phase of our products, as these represent a significant proportion of the CO₂ footprint of our products. Upstream in the supply chain, we require our suppliers to meet our net zero and Scope 3 emissions targets. In addition, we are entering into strategic partnerships with our steel and aluminum suppliers to ensure environmentally friendly materials for anticipated future demand and to build a low-carbon product portfolio. To reduce downstream emissions in the use phase, we are focusing our product portfolio on innovative solutions for electric vehicles. This will enable us to increase the share of products for electric vehicles and gradually reduce downstream emissions.

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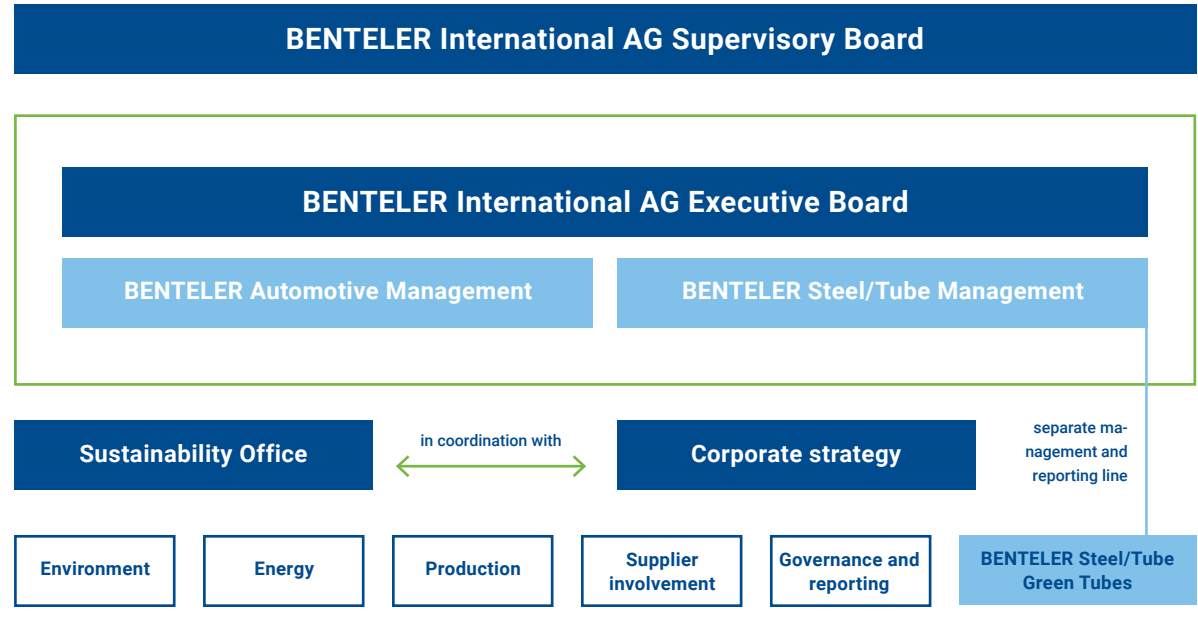
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SUSTAINABILITY ORGANIZATION

We have defined responsibilities and formulated measures and roadmaps in the form of work packages for the practical implementation of the sustainability and decarbonization strategy in the respective departments. Our six work packages cover environment, energy, production, suppliers, green tubes, and governance and reporting. Management of the measures defined in the work packages was the joint responsibility of executives from both divisions (Automotive and Steel/Tube) in the reporting year. We check the target status and implementation with regular analyses during the year and use the evaluations to determine the required optimization potential. Questions of resource allocation or possible implementation conflicts are also among the topics that are regularly addressed as part of the goal monitoring process. Sustainability performance is reported directly to the Executive Board quarterly in the steering committee meetings.

The BENTELER Group had already established a Sustainability Office with several sustainability experts in 2022. They support the measures required for the implementation of the sustainability goals, are in regular contact with the departments and ensure that all those responsible receive the support required for the implementation of the measures. The Sustainability Office reports directly to the Executive Board.

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SUSTAINABILITY OFFICE WORK PACKAGES



Environment

- Creating transparency in terms of CO₂ emissions and energy consumption
- Measures to improve performance in the areas of water, waste and biodiversity
- Further development of group-wide reporting of environmental indicators (energy, CO₂, water, waste)



Manufacturing

- Reduction of Scope 1 emissions based on defined roadmap for fossil fuel substitution
- Two elements: Electrification of processes and use of alternative fuels (e.g. green hydrogen).
- Increasing the transparency of energy consumption in production through the expansion of the measurement infrastructure at BENTELER



Energy

- Reduction of Scope 2 emissions based on defined road-map for green electricity
- Three elements: Power Purchase Agreements, own generation and certificates of origin



Supplier involvement

- Reduction of Scope 3 emissions (procurement of green materials)
- Responsible procurement: Upholding human rights and due diligence in the supply chain



Governance and reporting

- Provide a governance model and processes for implementing and communicating sustainability activities.
- Analysis and implementation of new reporting obligations
- Compliance with human rights
- Promoting diversity
- Creation of good working conditions



Green Tubes

- Reduction of the carbon footprint in tube manufacturing through measures in production and procurement
- Certified calculation of the carbon footprint at product level and marketing of the green product portfolio

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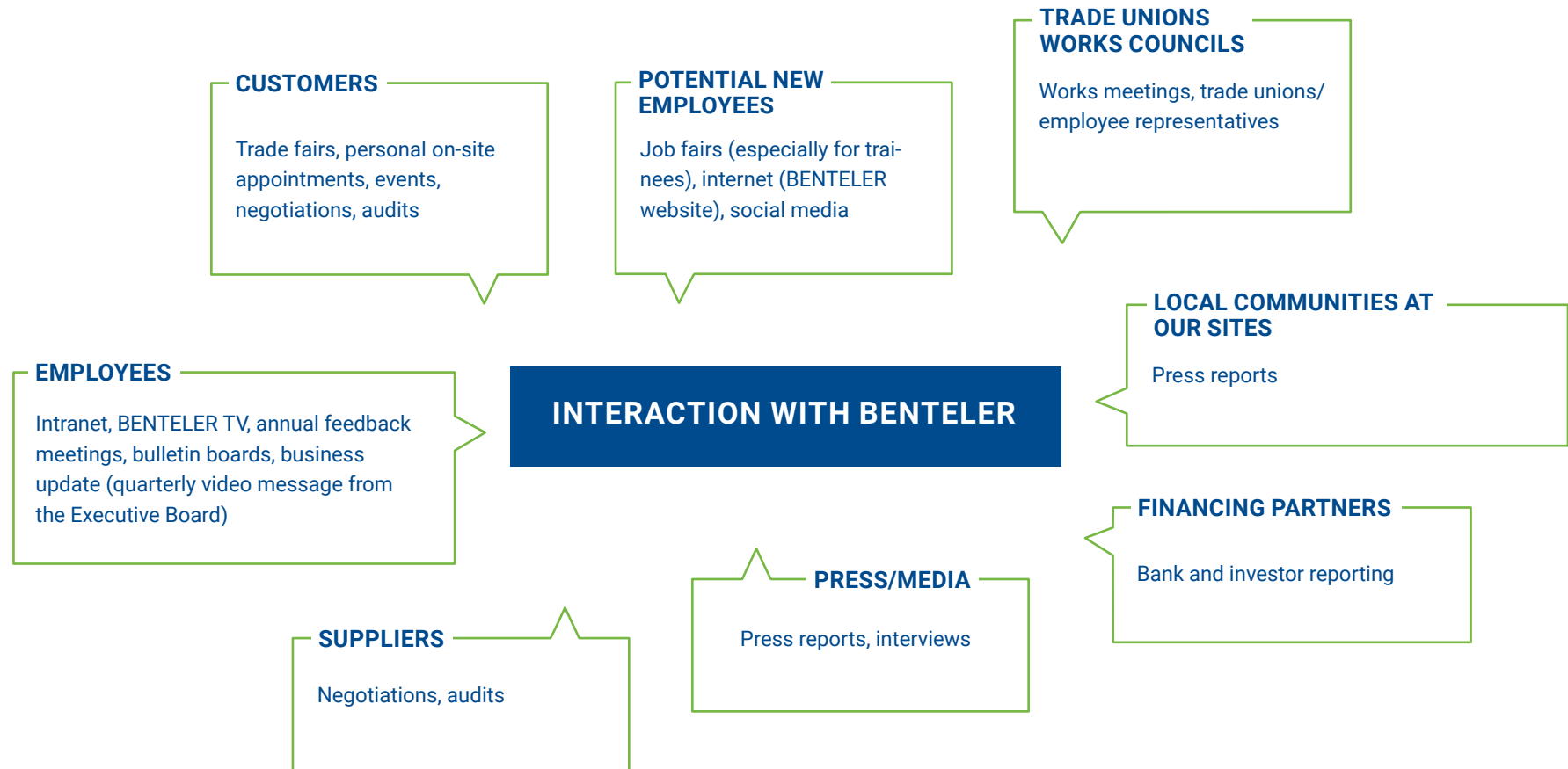
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INTERACTION WITH STAKEHOLDERS

We maintain an ongoing dialog with our stakeholders to understand their needs and continuously improve our performance. Our goal is to shape the future of the

BENTELER Group together with all stakeholders. The group-wide communication strategy is updated annually. It defines target groups, topics and dialog formats.

STAKEHOLDERS AND MEANS OF INTERACTION



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RATINGS AND VALIDATIONS

We take part in various ratings and initiatives for independent assessment and validation of our comprehensive sustainability management. The successes in recent years are a clear sign that our measures are successful and that we are well on the way to achieving our comprehensive sustainability goals.



CDP rating

The success of our activities to optimize emission values is also reflected in the CDP rating (Carbon Disclosure Project). We have been participating in the CDP rating with the

Automotive Division since 2012 and have continually improved our result. We were particularly successful in 2023, achieving an “A” rating in the Climate Change category for the first time. We also improved in the Water Security category with a “B” rating. Since the requirements of the TCFD are largely included in the CDP questionnaire, BENTELER Automotive is already reporting much of the information required by the TCFD.



EcoVadis Rating

EcoVadis confirms that we are on the right track with our sustainability activities: Both divisions scored very positively in the EcoVadis 2023 rating. The Automotive

Division was awarded a silver medal in March. This puts it in the top 25% of participating companies in its sector. In addition, the Steel/Tube Division was awarded a gold medal in November 2023. This puts it in the top 5% of participating companies in its sector.



SBTi validation

The BENTELER Group has set itself climate goals in order to act in accordance with the Paris Climate Agreement.

After the methodology and emission figures had been assessed and confirmed in advance by external auditors, they were also validated by the Science Based Target Initiative (SBTi) in 2023. Our aim is not only to reduce our emissions, but also to ensure that our contribution to climate protection is effective and substantial. This is why we also rely on scientific validation.

German Sustainability Award

In 2023, we were also nominated for the 16th German Sustainability Award in the metal industry category. As part of the selection process, our commitment to sustainability was analyzed by a jury.

Making it to the final of this prestigious award (as one of four finalists) underlines our aspiration to be at the forefront of a sustainable industry.

EU TAXONOMY

Our commitment to sustainability and responsible growth is in line with global standards and frameworks to promote environmental and social responsibility. The European Union (EU) taxonomy is one such framework and plays an important role on our path towards sustainable business practices.

As part of the EU Action Plan on Financing Sustainable Growth, the EU taxonomy is a classification system for sustainable economic activities. It is designed to steer investment towards sustainable projects and activities by establishing clear, scientifically based criteria for what constitutes environmentally sustainable economic activity.

The EU taxonomy lists six environmental objectives:

- > Climate change mitigation
- > Climate change adaption
- > The sustainable use and protection of water and marine resources
- > The transition to a circular economy
- > Pollution prevention and control
- > The protection and restoration of biodiversity and ecosystems

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These goals go hand in hand with our understanding of a sustainable society. In the EU taxonomy, an activity is environmentally sustainable if it makes a significant contribution to one or more of these objectives, does not cause significant harm to others, meets the technical screening criteria and fulfils a minimum level of social safeguards.

A distinction is made between taxonomy-eligible and taxonomy-aligned economic activities for the purposes of reporting on EU taxonomy. Identifying taxonomy-eligible activities, i.e. activities that fundamentally meet the requirements of the EU taxonomy, is the first step in preparing for reporting. BENTELER therefore initially focused on this step in 2023 and identified two key areas of taxonomy-eligible activities. In the Steel/Tube Division, BENTELER produces steel and steel tubes, which fall under economic activity 3.9 “Production of iron and steel”. BENTELER also manufactures components in the Automotive Division, which fall under economic activity 3.18 “Manufacture of automotive and mobility components”. In addition to identifying taxonomy-eligible economic activities, the first technical assessment criteria for taxonomy alignment have already been examined. BENTELER also meets the technical assessment criteria for some of its economic activities. These are the production of steel with a high recycled content and the manufacture of components for low-emission vehicles, such as electric vehicles.

The EU taxonomy is more than just a regulatory tool; it’s a blueprint for sustainable development that is consistent with our values. By incorporating

the principles of the taxonomy into our strategies, processes and reporting mechanisms, we contribute to a sustainable future and strengthen our role as a responsible and future-oriented company. We will therefore continue to work on implementing the EU taxonomy in order to meet our reporting obligations as of the 2025 financial year at the latest.

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ENVIRONMENT

Protecting the environment and efficient use of resources are core elements of our sustainability strategy. In line with this, we focus on climate protection, work on active waste management and pay attention to the sensitive use of water. The methods we use to find future-oriented solutions in the various areas is explained on the following pages. The ways in which our products and research and development activities contribute to environmental protection are also described.

In general, all measures aim to utilize our expertise in environmental protection, which is of great importance in metal processing, coating, and high-temperature processes. In our day-to-day work, the goal is to reduce the negative impact of business activities on the environment and to continuously promote environmental protection measures as a permanent task for all teams and at all locations of the BENTELER Group.

Environmental laws, standards and regulations

Our integrated management system is a key control element for environmental protection and resource efficiency with regard to production processes and meets the requirements of ISO 14001 and ISO 50001. All production sites in the Automotive Division and four out of six sites in the Steel/Tube Division have certified environmental or energy management systems.

We also consistently ensure compliance with the large number of environmental laws and other relevant regulations. New specifications and requirements are identified on an ongoing basis and corrective actions are initiated as needed. We became aware of four cases of violations of applicable environmental regulations in 2023. Specifically, these concerned minor infringements in wastewater limits and an infringement of legionella in a cooling circuit. In the event of a breach of regulations, we immediately initiate measures to minimize the potential impact, analyze the cause, and consult local authorities and other experts if necessary. We communicate these events across the group so that other locations can check based on the insights gained. No fines were paid in any of the cases.

CLIMATE CHANGE

The importance of climate change for BENTELER became evident in our materiality assessment. As a result, we address energy-efficient use, climate protection, and the consequences of climate change.

Energy

Increasing energy efficiency and controlling energy consumption are key aspects of BENTELER's sustainability management. We have therefore identified impacts, opportunities and risks related to energy that are significant for BENTELER. These are described on the following page. For example, we pay particular attention to substituting fossil fuels with renewable energies and the use of new production technologies that enable the use of green energy.

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MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO ENERGY

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
By adapting production energy sources, BENTELER contributes to climate protection (PPAs, certificates of origin and in-house generation) as increased use of renewable energies avoids emissions from fossil fuels.	✓				Own operations and value chain	Present
BENTELER can impact climate change through its production technologies. Adapting production technologies enables the use of green energy (electrification/green hydrogen), which leads to a reduction in emissions.	✓				Own added value	Short, medium and long term
Converting production technology from fossil fuels to green energy may result in investment and operating expenses for BENTELER.				✓	Own added value	Medium and long term
Concluding long-term contracts in the form of PPAs ensures price stability and can offer cost advantages.			✓		Value chain	Short, medium and long term

Energy consumption and intensity

In 2023, the BENTELER Group's energy consumption was 2,254,882 MWh, 6% lower than the previous year. The reason for this was the many energy efficiency projects implemented and the closure of the plant in Bottrop.

The BENTELER Group's energy intensity was reduced to €888 MWh/million added value (previous year: €952 MWh/million), which is particularly pleasing. This corresponds to a reduction of 7%. A contributing factor was that all sites continued to apply lessons learned from the previous year, for example, by improving job scheduling to significantly extend shutdown periods.

BENTELER GROUP ENERGY CONSUMPTION¹

IN MWH	2023	2022	2019
Electricity	1,080,675	1,133,723	1,199,608
Natural gas	1,092,842	1,197,812	1,211,808
Propane	41,176	44,208	48,606
LPG	14,352	1,872	-
Diesel	3,937	3,998	6,885
Oil	13	1,147	96
Petrol	6	292	163
District heating	21,880	18,090	15,039
Total	2,254,882	2,401,142	2,482,204

¹ The data is from measurements and calculations. If no values were available for the month of December, an estimate was made on the basis of the previous year's value. Non-producing sites and very small sites (< 50 employees) whose energy consumption cannot be determined are not included due to their low relevance.

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BENTELER GROUP ENERGY INTENSITY

IN MWH/€M	2023	2022	2019
Energy consumption per € million value add	887.75	952.46	1,045.58

Through intensified activities and measures, we already cover 47.4% of the stated electricity consumption with renewable energy sources today. This is a significant increase compared to the previous year (2022: 35.3%). This share will be increased in the future by concluding Power Purchase Agreements (PPAs), generating our own emission-free electricity and purchasing certificates of origin.

Energy efficiency: ISO 50001 management system

Many sites work with an ISO 50001-certified management system to increase energy efficiency. In 2023, the level of coverage for all BENTELER sites was around 26%, including 15 sites in the Automotive Division and four of the six Steel/Tube sites.

Examples of energy efficiency projects

Based on these management systems, many energy efficiency projects were implemented in 2023, which helped to reduce energy consumption at the sites. For example, the central refrigeration system at the Rumburk site was overhauled. The cooling tower’s pump technology was replaced and equipped with an extended control system. More efficient drives are now used, which can be controlled as required by

means of additional frequency control and connection to a central control system.

At our plant in Puebla, a heat recovery system was added to the compressor station, enabling waste heat from the air compressors to be fed into a heat accumulator. This supplies the heat required by the individual baths of an automated washing system for aluminum components, largely eliminating the need for additional heating. We are thus improving our energy efficiency and protecting the environment. The Steel/Tube Division also takes various measures to increase energy efficiency. One focus is on measures to optimize production processes. The Steel/Tube Division is also working on converting all production areas to modern LED lighting across all sites. This will reduce electricity consumption for lighting by around 70%.

The focus in 2023 was also on optimizing gas consumption in the production facilities and office buildings. The adjustment of heating curves during plant shutdowns to further increase efficiency is particularly important.

Green Capex

To promote energy efficiency projects, a decision was also made in 2022 to provide the BENTELER Automotive Division with a Green Capex budget for energy efficiency measures. This budget was continued in 2023 to encourage ideas from the factories to optimize production and energy efficiency. Our expectations were confirmed, and many locations have project ideas for energy efficiency projects that can-

not always be included in regular budget planning. This potential was exploited through the additional budget. A total of 56 proposals were submitted, of which 19 projects were selected for implementation. These projects were in the areas of waste heat recovery, compressed air optimization and cooling.

Waste and water projects will also be included in the program for 2024. The request for further projects has already been sent out. Once again, the feedback was overwhelmingly positive, and 57 project ideas were submitted.

Climate change mitigation

At BENTELER, many of our value-adding processes are characterized by high energy intensity. The effects of climate change and, above all, combating and mitigating them shape our strategy. We see it as our responsibility to make a contribution to climate protection and to lead by example in this area. In line with this, we are also preparing for new business areas, such as drivetrain-agnostic products. The following describes the impacts, opportunities, and risks followed by the goals, metrics, and measures in the field of climate mitigation.

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MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO CLIMATE CHANGE MITIGATION

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
BENTELER has ambitious targets for reducing emissions. The company's greenhouse gas emissions are, however, currently exacerbating climate change.	✓				Own operations	Present
At BENTELER, ESG ratings are relevant for financing and capital costs. A product portfolio that is independent of fossil fuels can improve ratings and thus achieve advantages in financing.			✓		Products and services	Long term
The pursuit of climate neutrality can lead to business areas being eliminated. This entails the risk of lost sales.				✓	Products and services	Long term
The increasing importance of climate change mitigation may lead to new business areas, such as products for e-fuel drives.			✓		Products and services	Short, medium and long term
If BENTELER products are used in areas that are harmful to the climate (such as the extraction of fossil fuels) regulation of these areas could also have an impact on BENTELER's sales.				✓	Products and services	Medium and long term

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Scope 1 and 2 emissions

The decarbonization of the company is a particularly important concern for BENTELER in the context of climate protection. That is why we want to achieve net-zero emissions by 2050. On the way, our goal is to reduce production-related absolute Scope 1 and 2 GHG emissions by 50% by 2030 compared to the base year 2019. We aim to avoid or offset 100% of absolute GHG emissions in our production by 2040.

Development of Scope 1 and 2 emissions

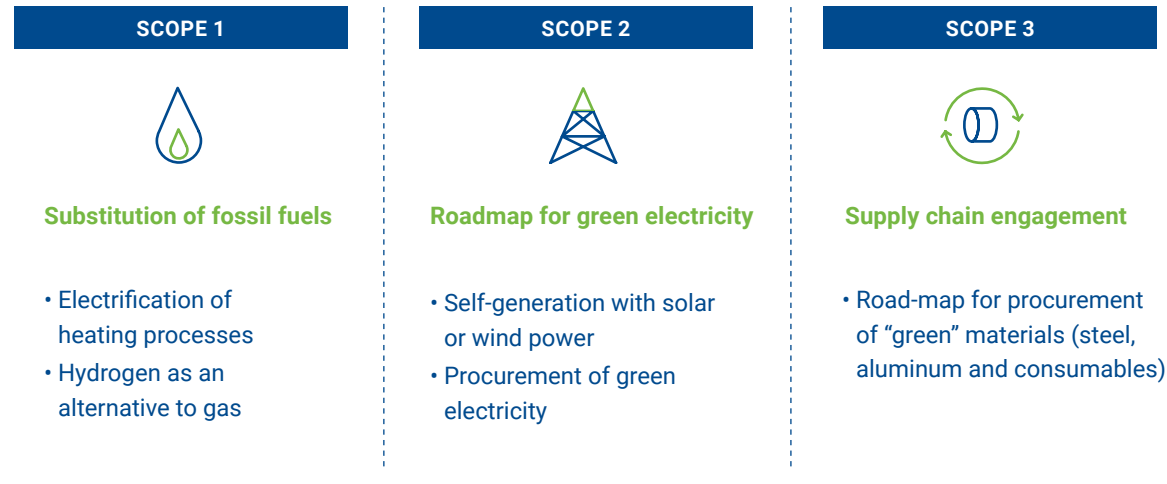
We are currently well on the way to achieving our climate change mitigation targets. The BENTELER Group's Scope 1 and 2 emissions fell to a value of 643,733 t CO₂e in 2023. This represents a 10% reduction compared to the previous year and 22% compared to 2019. This is due in particular to our increased energy efficiency, but also to the increasing purchase of green electricity.

SCOPE 1 & 2 EMISSIONS¹

IN T CO ₂ e	2023	2022 ⁴	2019 ⁴
Scope 1 emissions ²	243,920	263,414	262,019
Scope 2 emissions, location-based	392,238	366,689	383,342
Scope 2 emissions, market-based	399,813	449,997	558,827
Total Scope 1 and 2 emissions³	643,733	713,411	820,846

¹ Calculation of the key figures is based on GHG protocol. The data is from measurements and calculations. If no values were available for the month of December, an estimate was made on the basis of the previous year's value. If no consumption values can be determined, the emissions are estimated based on the size of the building footprint.
² Scope 1 emissions based on DEFRA emission factors.
³ Total calculated based on market-based emissions.
⁴ Recalculation of Scope 1 and 2 emissions due to structural changes and methodological changes in the calculation

THE BENTELER DECARBONIZATION STRATEGY



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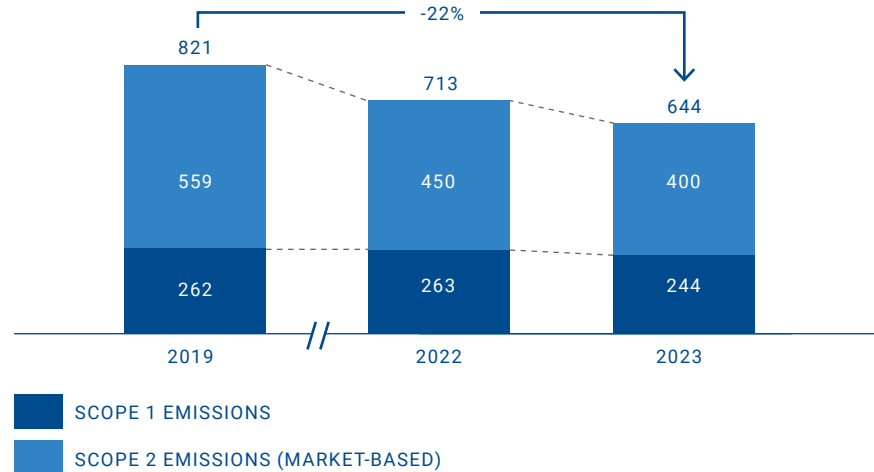
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SCOPE 1 AND SCOPE 2 EMISSIONS

IN THOUSAND TONS CO₂e



Reduction of Scope 1 emissions

To further reduce our emissions, we are focusing on substituting fossil fuels in our internal production processes (Scope 1). In 2022, a new initiative was launched for the long-term substitution of natural gas and other fossil fuels to drive the technological transformation to alternative energy sources in production. From a technical perspective, the focus here is on electrification of the processes and the use of green hydrogen.

Specific pilot projects are being implemented throughout the BENTELER Group in order to promote the long-term substitution of natural gas and other fossil fuels. In this context, the plants in Germany are particularly worth mentioning, where the technical feasibility of expanding green energy sources is analyzed using short-term tests, for example with tests on roller hearth furnaces, some of which are electrified. The results serve as a basis for further areas of action.

Reduction of Scope 2 emissions

The use of electricity from renewable sources is critical to reducing Scope 2 emissions. BENTELER's strategic measures in this regard include Power Purchase Agreements (PPAs), self-generation and purchasing green power. The key to this is the conclusion of PPAs, which should cover the majority of our electricity requirements by 2030. Where possible, we will also connect renewable energy sources directly to our plants through onsite PPAs. If local conditions allow, we will also generate emission-free electricity on our own factory premises. This year, for example, a photovoltaic system with a capacity of 732 kWp was put into operation at the Shenyang site. This will cover around a third of the site's electricity requirements in future. Further systems were installed at the Vigo (1,782 kWp), Mos (1,055 kWp) and Schloss Neuhaus (380 kWp) sites. The PPAs and self-generation that are planned will enable us to secure our long-term electricity supply. The electricity portfolio is supplemented by purchased green electricity (green electricity contracts or upgrades to existing conventional electricity contracts with certificates of origin) in order to be able to flexibly cover fluctuating energy requirements.

Internal CO₂ price

To further minimize risk with regard to our emissions, ecologically beneficial investments are also incentivized by an internal CO₂ price. By implementing an internal CO₂ price, the environmental impact of capital goods can be considered, thereby promoting investment in more climate-friendly systems and machines. Scope 1 and 2 emissions are assessed

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on the basis of the EU ETS system and taken into account in the investment decision.

Scope 3 emissions

In addition to our own activities, we are also focused on decarbonizing our value chain. BENTELER’s goal here is to reduce absolute Scope 3 GHG emissions by 30% by the end of 2030 compared to 2019. In order to achieve this goal, the transparency of emissions in the Scope 3 area must be increased. That’s why BENTELER is reporting for the first time this year on direct emissions from the use of products sold. These emissions affect all products that are installed in vehicles as part of the drive-train. As these emissions also make up a significant proportion of BENTELER’s Scope 3 emissions, the reduction of emissions from the downstream supply chain has been included in our reduction target. To further increase transparency, BENTELER conducted a survey of its employees so that the emissions from employee commuting could be calculated more accurately. In the survey, employees were able to provide information on distance, means of transportation and carpooling. Furthermore, employees who take advantage of mobile working were taken into account. In 2023, BENTELER significantly improved the quality of the calculation of emissions in the area of Scope 3.1. This was achieved through the use of supplier-specific emission factors for particularly important materials for the first time. BENTELER will continue to expand this approach in the future.

SCOPE 3 EMISSIONS¹

IN T CO ₂ e	2023	2022 ²	2019 ²
3.1 Purchased goods and services	9,116,372	9,224,623	9,714,950
3.2 Capital goods	431,380	324,193	525,270
3.3 Fuel and energy-related activities ³	140,943	155,853	177,270
3.4 Upstream transport and distribution	300,741	367,504	280,340
3.5 Waste generated in operations	14,860	12,749	14,302
3.6 Business travel	16,867	9,285	28,594
3.7 Employee commuting	26,559	26,924	33,097
3.11 Use of sold products	17,540,289	17,934,536	23,344,172
3.12 End-of-life treatment of sold products	76,375	79,517	80,914
Total Scope 3 emissions	27,664,386	28,135,185	34,198,911

¹ Scope 3 emissions were calculated based on activity-related and expenditure-based data from a recognized input-output model (Quantis). The model uses USD-based emission factors. Consequently, exchange rate fluctuations impact the CO₂ emissions shown here.
² Recalculation of Scope 3 due to structural changes and methodological changes in the calculation (in particular: Detailing of the calculation methodology for Scope 3.7 with the help of an employee survey, first-time calculation of Scope 3.11 emissions).
³ Not included in Scope 1 and 2.

Decarbonizing the supply chain

In order to make the CO₂ reduction targets transparent within the supply chain, more than 5,000 suppliers were informed in 2022 and 2023 that BENTELER aims to achieve net zero emissions for Scope 1, 2 and 3 in its business units by 2050 and has set clear emission targets for this. Scope 3 emissions in particular are to be reduced by 30% by 2030 (for purchased goods and services as well as fuel- and energy-related emissions; base year 2019).

In addition, the largest suppliers (80% of the direct purchasing volume) were recruited to support these goals. The dialog on achieving these targets will continue in 2024.

Green steel and green aluminum

Concrete steps towards decarbonization have been initiated, particularly in the steel and aluminum sectors. In the steel sector, we have issued various declarations of intent to purchase green steel, for example with ArcelorMittal Europe. Considering the

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potential of using low-carbon steel in components manufactured by BENTELER Automotive, we are jointly testing the use of XCarb® recycled and renewably sourced steel. On a life cycle basis, this has a CO₂ footprint that is up to 70% lower than a comparable product manufactured using the conventional blast furnace process.

We have also concluded a letter of intent with thyssenkrupp Steel Europe for the purchase of bluemint® Steel. bluemint® Steel already has a significantly reduced CO₂ intensity. In the production of the certified, climate-friendly steels, pre-produced sponge iron or specially prepared scrap steel replaces a proportion of the coking coal in the blast furnace process. In addition, the cooperation between thyssenkrupp Steel and BENTELER is to be further intensified from 2026: The steel will then come from direct reduction plants in conjunction with meltdown units which will in the future be operated with green hydrogen and green electricity.

Another partner for the procurement of green steel is POSCO. We already have several years of constructive cooperation with POSCO. POSCO has proven to be a reliable supplier and is therefore an important partner for us who shares our commitment to sustainability. This cooperation will therefore be consolidated with the signing of a letter of intent to intensify our collaboration in the coming years.



BENTELER Automotive and ArcelorMittal test CO₂-reduced steel in chassis and structural components.



Partnership for climate protection: Long-term supply of climate-friendly bluemint® steel from thyssenkrupp agreed.

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In addition to the green projects in the steel sector, we sold a product made from green aluminum for the first time this year. This is a crash management system in which we use green aluminum in the manufacturing process at our foundry in Raufoss. We use aluminum with a CO₂ footprint of 4 kg CO₂e per kg of aluminum. That's a reduction of more than 50% compared to the typical consumption mix in Europe. This is an important first step towards decarbonizing our supply chain.

Adaptation to climate change

Along with the effects of climate change, new circumstances arise for BENTELER to which we must

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO CLIMATE CHANGE ADAPTATION

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
BENTELER protects its building infrastructure against extreme weather events (heavy rain, tornadoes, etc.). Nevertheless, there is a risk of damage to the infrastructure in the event of extraordinary events.				✓	Own operations	Present

Our long-standing partner POSCO will supply BENTELER Automotive with CO₂-reduced steel in the future - this was sealed by a joint declaration of intent.

adapt flexibly. For example, we want to be prepared for extreme weather events in order to counteract possible production losses or damage.

We therefore identify locations at risk from extreme weather events and implement suitable countermeasures, such as the construction of rainwater retention basins.

To adapt to climate change, we are also continuously reviewing our product portfolio so that our products are independent of the form of drivetrain used. For example, more than 90% of our automotive sales are technology and drivetrain agnostic. As a result, we are already well prepared for future changes in the markets caused by climate change.

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Environmental pollution

As a manufacturing company, we are aware of the impact of our processes and take into account that these can potentially lead to environmental pollution in the air, water and soil. We have introduced appropriate countermeasures to meet these challenges. For example, we reduce emissions of dust or volatile organic compounds through the use of modern filter technologies, thermal waste gas purification systems and efficient production facilities. In addition, we invest in wastewater treatment to ensure that the environmental impact is minimized.

It goes without saying that we take legal requirements into account and work closely with local authorities to ensure compliance with these regulations. Regular analysis and measurements help us understand current legal requirements and take measures to ensure compliance.

Our efforts to reduce pollution in the air, water and soil are an ongoing process in which we continuously look for ways to further minimize our environmental impact and thus contribute to a more sustainable future.

WATER AND MARINE RESOURCES

Water plays an indispensable role in the production processes at BENTELER and also plays an important role in operational safety. We use it to cool equipment

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO WATER WITHDRAWALS

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
BENTELER recognizes the value of water as a resource and is working accordingly to improve the efficiency of water use. Nevertheless, BENTELER currently has an impact on the local water shortage through water withdrawals.		✓			Own operations	Present
Low water availability due to water shortages can lead to a reduction in production and rising water costs at BENTELER.				✓	Own operations	Present
Low water levels can affect transportation via inland waterways, which can lead to an interruption in BENTELER's supply chain and production downtime.				✓	Value chain	Short, medium and long term
Changes in water legislation may result in future costs for technical investments, or production may be halted if limit values are exceeded.				✓	Own operations and value chain	Medium and long term

and, in the Automotive Division, to clean our products as well as in the paint process. BENTELER is therefore committed to the conscious use of water resources. This is why we are working, among other things, to significantly reduce our water withdrawal in order to

counteract local water shortages. We also continuously analyze our water usage to assess the impact on our business activities and the environment. As a result, we are implementing projects that focus on reducing water withdrawal and use.

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The impacts, opportunities and risks are explained on the previous page. The objectives that BENTELER pursues with regard to water, how much water is extracted and how this is to be made even more efficient in the future are then also described.

Water withdrawal targets

BENTELER set itself a new target for the group in 2023: We aim to reduce water withdrawal by 20% by 2030 compared to the base year 2019. The target applies to areas with high or extremely high water stress. We refer here to version 4.0 of the Aqueduct Water Risk Atlas published in August 2023. With the new version, a total of 15 (previously 17) BENTELER plants are now located in areas with high and extremely high water stress. BENTELER is working on suitable measures for the production sites concerned, with which water withdrawal can be further reduced in the future. To achieve the goals, measures are being implemented to recycle washing and rinsing water, to use water more efficiently, for example in painting processes, and to collect, treat and use rainwater. In 2024, part of the special budget from the Green Capex program (see page 176) will also be used explicitly for water-saving measures and initiatives.

Water withdrawal in numbers

The group's water withdrawal in 2023 amounted to 10,793,959 m³ (previous year: 10,409,365 m³). The reasons for the increased water withdrawal in the

BENTELER GROUP WATER WITHDRAWAL^{1, 2}

IN m ³	2023	2022	2019
Surface water	8,614,668	8,190,186	-
Brackish water/sea water	0	0	-
Groundwater – renewable	552,685	562,635	-
Groundwater – non-renewable	0	0	-
Produced water	0	0	-
Third party water	1,626,606	1,656,544	-
Total water withdrawal	10,793,959	10,409,365	9,771,170

¹ Calculation of the key figures is based on GRI 303-3 The data is from measurements and calculations. If no values were available for the month of December, an estimate was made on the basis of the previous year's value. Non-producing sites and very small sites (< 50 employees) whose water withdrawal cannot be determined are not included due to their low relevance.

² Water withdrawal by source has only been fully available since 2022, water withdrawals have been recalculated due to structural changes.

group are changing weather and climate conditions, and changes in production technology. Withdrawals are made from third party water systems, surface water and groundwater, with permits from local agencies for the withdrawals. This ensures that no quantities are withdrawn in excess of the naturally occurring after flow and drawdown of groundwater levels is avoided.

365,633 m³ of the water amount comes from. production sites in regions with high or extremely high water stress (previous year: 358,285 m³). In light of this, we have reduced our water withdrawals in areas with water stress by 15% compared to 2019 and are therefore well on the way to achieving our target.

WATER WITHDRAWAL IN AREAS WITH HIGH AND VERY HIGH WATER STRESS¹

IN m ³	2023	2022	2019
Total water withdrawal	365,633	358,285	431,902

¹ At the plants in areas with high and extremely high water stress, water is drawn exclusively from third parties. The quantities are already taken into account in the total water withdrawals in the table.

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Examples of projects for more efficient water use

Individual locations also have separate targets for reducing water consumption, depending on local conditions. These goals are implemented by renewing systems and improving existing installations. Last year, for example, a new cooling tower was built in Dinslaken, which enables more efficient and lower-emission operation. Process and cooling water is reused several times and purified in the company's own wastewater treatment plants so that it can be returned to the environment in the highest quality.

In the year under review, additional water pipes were also fitted with electronic meters to limit water losses earlier in the event of leaks.

Treatment and recycling of waste water

At some locations, BENTELER recirculates water into the production processes. Wastewater is purified and then returned to the process water, reducing water extraction as well as costs. BENTELER monitors and analyzes water withdrawals at all its locations. Consumption through processes such as evaporation is not currently recorded for the entire group.

A large proportion of the wastewater arises as a result of contamination or mixing with other materials such as hydraulic, greasing, or lubricating oil, as well as dirt. It is therefore treated in proprietary wastewater treatment plants such as vacuum evaporators, centrifuges and in chemical-physical wastewater treatment plants. On the one hand, the waste that needs to be disposed of can be minimized and, on

the other hand, the treated water can be returned to production or fed into the public system.

BIODIVERSITY

The conservation and enhancement of biodiversity is essential for intact ecosystems. Accordingly, BENTELER takes biodiversity into account at its sites. We consider designated nature reserves or areas of high biodiversity value to be particularly worthy of conservation and pay attention to relevant impacts when implementing activities in these locations.

In the reporting year, we planted trees and reforested woodland at our locations again. For example, seedlings were planted again at our locations in Vigo and Mos (Spain), Rumburk (Czech Republic) and Port Elizabeth (South Africa) to support local nature and biodiversity. At the Warburg site (Germany), the wildflower area created last year was expanded to around 1,000 m² and an insect hotel was added. We are already planning further initiatives and measures for 2024 to help preserve the ecosystem.

CIRCULAR ECONOMY

The responsible use of our resources is very important to us. We therefore strive for a circular economy and particularly advocate for efficient utilization of

resource inflows, the recyclability our resource outflows, and waste reduction. This is explained below.

Resource inflows, including resource use

Our top priority is the efficient use of resources and is closely linked to the circular economy. Resource inflows, materials and resource utilization are of great importance here. We therefore continuously address the issues of production efficiency and product design, for example to enable the careful use of resources through the use of recycled materials.

As in the previous year, steel and aluminum made up the largest proportion of the raw materials used at the Automotive Division with around 83% and around 14% respectively. Other purchased parts made up around 3% in total. In the Steel/Tube Division, flat and long steel as well as steel scrap accounted for the largest share by weight of raw materials used, at around 94%. Other purchased goods such as lime, alloys and coal accounted for 6%.

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MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO RESOURCE INFLOWS, INCLUDING RESOURCE USE

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
With product design and material development, BENTELER can influence whether primary or secondary material is used in its own production. This has a corresponding effect on resource demand.	✓				Own operation as well as products and services	Present
BENTELER influences resource demand directly through its own production efficiency.	✓				Own operations	Present
BENTELER is currently working on increasing the proportion of secondary material in its products. If this goal would not be achieved, future customer requirements could be missed.				✓	Products and services	Medium and long term
The use of recycled and green materials can make BENTELER products more attractive and thus lead to higher sales.			✓		Products and services	Medium and long term
BENTELER can reduce production costs by increasing resource efficiency.			✓		Own operations	Short, medium and long term
The use of green materials can lead to cost increases for BENTELER.				✓	Own operations	Short, medium and long term

Resource outflows in connection with products and services

As part of the circular economy, we also focus on ensuring that our products are recyclable. We increase resource efficiency by designing our products to conserve resources and by using suitable materials.

The steel and aluminum components manufactured by BENTELER are basically completely recyclable. When it comes to recycling, BENTELER uses its own electric steelworks, which has been in operation in Lingen (Germany) since 1974. Up to 95% of the steel processed there is from scrap. Most of the steel scrap from our German works is reprocessed there for the Steel/Tube Division. We take a similar approach to aluminum in Raufoss (Norway). We process aluminum waste in Raufoss and reuse it in our aluminum foundry. We intend to continue expanding this approach in the future. We have therefore initiated a project to increase the proportion of recycled inputs in Raufoss to 40% by 2025. One focus here is on the use of pre- and post-consumer scrap. In doing so, we also address the technical restrictions. Details can be found on page 194.

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MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO RESOURCE OUTFLOWS IN CONNECTION WITH PRODUCTS AND SERVICES

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
Through the design of the products and choice of materials, BENTELER can positively influence the recyclability of these products and thus resource efficiency.	✓				Products and services	Present

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO WATER WASTE

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
The recovery of raw materials from waste at BENTELER has a positive impact on the amount of waste actually generated.	✓				Own operations	Present
The generation of waste results in disposal or recycling costs. Higher legal requirements and rising disposal prices in particular could cause these to increase in the future.				✓	Own operations	Short, medium and long term
BENTELER can realize cost benefits by recycling and reusing resources.			✓		Own operations	Short, medium and long term

Waste

Waste avoidance also plays a major role for BENTELER. By recovering and reusing raw materials from waste, for example, we reduce our waste volumes. This helps to conserve resources and also offers cost benefits. This can also be seen in the impacts, opportunities and risks described on the left side of this page. The following section describes our waste targets, how much waste we generate and how we reduce it.

Waste targets

Waste from BENTELER's production activities is continuously recorded at site level, reported and disposed of via certified companies in accordance with local legal requirements. Waste fractions are collected separately at BENTELER sites to maximize (re-) usability. We consider waste that cannot be recycled by disposal companies and has to be landfilled to be particularly relevant in our search for solutions, as it is no longer available to the resource cycle. Hazardous waste is generated, for example, during painting operations in production. These will be recorded and reported separately across the Group from 2024.

In 2023, we formulated a group-wide target based on absolute quantities for the first time: By 2030, we plan to reduce the amount of waste in the BENTELER Group by 20% compared to the baseline year, 2019. The formulation of a uniform target with regard to the absolute waste volumes was an important step towards more transparency within the group. The

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standardization of the data subsequently enables better comparability and the definition of targeted measures across the group.

Amount of waste

Based on the data determined by the waste disposal companies, we consolidate the respective quantities at site level for global recording in the reporting system. In 2023, the group's total waste volume was reduced to 67,358 tons (previous year: 71,445 tons). Compared to 2022, this corresponds to a reduction of 6%. We have already reduced our waste by 16% compared to 2019.

From 2024, we will report the waste generated across the group, subdivided into further categories such as hazardous and non-hazardous waste as well as the disposal and recycling processes. This will enable us to address the requirements of the CSRD at an early stage.

WASTE IN THE BENTELER GROUP¹

IN T	2023	2022	2019
Landfill (disposal)	7,561	7,014	8,364
Recycling and reuse	59,797	64,431	71,972
Total (excluding scrap)	67,358	71,445	80,336

¹ The data is from measurements and calculations. If no values were available for the month of December, an estimate was made on the basis of the previous month's value. Non-producing sites and very small sites (< 50 employees) whose waste volumes cannot be determined are not included due to their low relevance.

Example projects for reducing waste volumes

In addition to granular reporting, the focus is on reducing waste volumes. Various workshops at the Martorell site (Spain), for example, have reduced the amount of cardboard and plastic packaging. In Schloss Neuhaus (Germany), an optimization measure in water management meant that approx. 70 tons of mill scale, that previously had to be disposed of, could be recycled. This was made possible by changing the settling behavior of the solid particles in the wastewater through additional circulation and optimizing the efficiency of the overall system. This prevented the scale particles from settling prematurely.

In order to reduce our waste volumes, we also installed a filter cake drying system at the Schloss Neuhaus site last year. This is used to dry the residues from filtration processes, thereby reducing the moisture content by approx. 40%. By reducing the amount of waste, we protect the environment and save costs at the same time.

In 2024, part of the special budget from the Green Capex program (see Green Capex section) will also be used explicitly for waste-reducing measures and initiatives.

SUSTAINABLE PRODUCTS

We also take environmental protection into account with our products. The following section describes

which products promote sustainability, what expertise we use in this regard and how we intend to drive this forward through our research and development activities.

BENTELER Automotive sustainable product portfolio

BENTELER moves at the same fast pace as the transformation taking place in the automotive industry. For climate protection, we look for solutions to reduce emissions along the entire value chain. Megatrends that will have a long-term impact on the industry and thus also on BENTELER include digitalization, electromobility and, in general, changes in mobility-related behavior in society. In addition to these trends, BENTELER takes into account customer requirements for the supply chain, developments related to the circular economy, and electrification when designing its product portfolio.

With the ongoing electrification of the portfolio, BENTELER is ready for a fully electric future and the upcoming ban in the EU on new registrations of vehicles with combustion engines. The majority of our sales are already generated with drivetrain-agnostic products. The remaining share of products for internal combustion engines is being continuously reduced. Since 2014, our portfolio has included a comprehensive range of products specifically for electric vehicles. These include, for example, battery trays in the components area and electric axles in the modules area.

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Our products also make a significant contribution to sustainable transformation in general. The steel and aluminum materials used are almost completely recyclable and thus support the principle of a circular economy. By consistently optimizing our products in terms of lightweight construction, we are also making a contribution to the energy-efficient mobility of tomorrow.

E-mobility solutions

The growing market for electromobility is changing the demands on the production chain. We are therefore also addressing this change with our products. Varying quantities, a wide range of series models and the increasing demand for electric vehicles, for example, require the greatest possible flexibility in the production of the necessary components. The principle of constructed rotor shafts that we developed offers such flexibility. Seamless drawn precision steel tubes from the Steel/Tube Division are used.

To meet strength requirements, various high-strength steels have also been successfully tested. For the development of component solutions specifically optimized for electric vehicles, we analyze relevant influencing factors, in particular using state-of-the-art simulation methods. Initial prototype orders have been booked in preparation for series orders.

Autonomous mobility: HOLON

We are already thinking one step ahead and working on the mobility of the future with our spin-off HOLON. By developing a mover (autonomous minibus), we want to make this mobility sustainable and inclusive.

HOLON manufactures the first autonomous mover that meets current automotive standards. Autonomous, inclusive, sustainable and safe, the mover is designed for the demanding everyday life of local public transport. With a high level of comfort, the mover can be used in a variety of ways, for example to connect rural and urban areas. Reliable and sustainable, the fully electric HOLON Mover travels at a maximum speed of 60 km/h.

HOLON aims to make mobility available to everyone. Accordingly, the vehicle offers barrier-free transport for people and goods. The vehicle can be entered and used independently by people with strollers as well as by people with disabilities. With an integrated fully automatic ramp, a dedicated wheelchair position and automatic restraint, the mover sets new standards for barrier-free travel. Infotainment provides an intuitive and easily understood display of information with audiovisual signals and additional markings in Braille.

The Mover is electric and zero emission driving comes as standard. And it offers even more advantages: Over-the-air updates significantly simplify vehicle maintenance and reduce trips to the depot. Fifteen people can fit in the vehicle, ten seated and five standing.

The Mover could replace 14 out of 15 passenger cars, significantly reducing traffic in cities and saving CO₂ emissions. Thanks to the flexible production concept, different variants of Mover can simply be built on the same production line in the future.

BENTELER Steel/Tube product portfolio

CliMore® – steel products for the future

One of the core competencies of our BENTELER Steel/Tube Division is the development of customized and innovative tube solutions. Our 100 years of experience in handling tubes and special materials and technical consulting expertise make BENTELER Steel/Tube the leading supplier of steel tube solutions, also with regard to sustainability. That's why we launched BENTELER Steel/Tube CliMore® in the reporting year, the brand for sustainable steel products of the future.



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What are the special features of the CliMore® product family?

BENTELER Steel/Tube is an innovative partner that develops and produces steels as well as seamless and welded quality steel tubes. As a leading manufacturer, we offer our customers worldwide solutions along the entire value chain, from material development to tube applications and beyond. This is how we create tailor-made tube products for the automotive, energy and industrial markets. The CliMore® product family launched in 2023 saves up to 85% of CO₂ emissions compared to conventional steel production. It does this by using recycled material instead of ore and by using green electricity.

The CliMore® product portfolio comprises three sustainability categories:

- › **Basic Advantage level** – low-emission steel made from recycled scrap, which reduces CO₂ emissions from primary products by up to 75% compared to new steel production (blast furnace route).
- › **Ambition level** – we also use green electricity in the tube mills and for the operation of the electric arc furnace. That results in a saving of up to 85% of CO₂ emissions.
- › At the highest **Excellence level** we will also electrify our entire facilities as soon as possible or switch to green hydrogen as an energy source for process heat.

PRODUCT CATEGORIES – STEEL AND STEEL TUBE PRODUCTS



	Primary route	CliMore Advantage ★	CliMore Ambition ★★	CliMore Excellence* ★★★
Steel production	 Blast furnace	 Electric arc furnace (from recycled steel)	 Electric arc furnace (from recycled steel)	 Electric arc furnace (from recycled steel)
Electricity mix	 Standard power mix	 Standard power mix	 Green electricity	 Green electricity
Energy source for process heat	 Natural gas	 Natural gas	 Natural gas	 Green hydrogen / electrification

*not currently available

With our more sustainable steels and steel tube products, we enable our customers to effectively reduce their upstream emissions (Scope 3) from the purchase of goods and thus achieve their climate targets.

Ralph Mathis, CSO of BENTELER Steel/Tube: “Climate change and the associated decarbonization of industry, especially the steel industry, are among the most important challenges of our time. The joint alliance between BENTELER and its customers demon-

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strates our strong commitment to operating more sustainably and making our contribution to reducing the carbon footprint.”

How do we support our steel trading partners in achieving their strategic sustainability goals? By helping them to be pioneers in their industry when it comes to doing business in a more sustainable way within the value chain. With CliMore® tubes made from CO₂-reduced steel, produced in our electric arc furnace in Lingen, we are helping our customers on their way towards climate neutrality.

What impact do more sustainable steels and steel products have on our customers’ strategies for decarbonizing the supply chain? Our customers also need to work with various stakeholders, including suppliers, customers and regulators to develop and implement sustainable practices for their supply chains. This collaborative approach can help create a more resilient and sustainable ecosystem in the supply chain. And the introduction of low-CO₂ steels and steel tube products supports the decarbonization of the supply chain; they not only reduce carbon emissions, but also improve the brand image. They also help to comply with growing regulatory requirements and promote partnership-based cooperation in the supply chain as well as innovation.

One example of successful cooperation is the collaboration between BENTELER Steel/Tube and thyssenkrupp Hohenlimburg. The agreement involves us delivering CO₂-reduced primary material, so-called slabs, from the electric steelworks in Lingen. “Through our

sustainable commitment, we ensure that climate protection and economic efficiency are better reconciled. At the same time, we are helping our customers to achieve their own climate targets,” says Ralph Mathis, Chief Sales Officer at BENTELER Steel/Tube, who is delighted with the joint path being taken.

Jens Schöllnershans, Head of Procurement & Supply Management at thyssenkrupp Hohenlimburg said: “We are delighted to have BENTELER as a partner who fully supports our decarbonization strategy with the supply of CO₂-reduced slabs.” Dr. Henner Diedrichs, Head of Sales, adds: “Another milestone on the road to ‘green steel’ – for our customers and for climate protection.”

The CO₂-reduced steel strip produced in this way can contribute to the production of CO₂-reduced automotive components and at the same time supports the path to a circular economy through an increased proportion of recycling. In initial trials, the steel produced by BENTELER Steel/Tube and further processed by thyssenkrupp Hohenlimburg was successfully tested for its suitability for use in automotive components in the chassis area. To this end, BENTELER Automotive produced a particularly highly stressed torsion profile of a twist beam axle from CO₂-reduced steel in a series tool. The twist beam axle was then subjected to alternating torsion tests. The tests did not reveal any differences in service life compared to the material used in series production. In future, further tests are planned for the use of CO₂-reduced materials in other automotive components.

HYRESIST® products enable the use of hydrogen

In addition to the CliMore products, we also have other sustainable solutions in the BENTELER Steel/Tube product portfolio. Hydrogen is considered to play a central role as an energy source in the further development and completion of the energy transition. In the short to medium term, the focus will be on different types of hydrogen production. Fossil produced gray hydrogen as well as blue hydrogen, fossil produced under CO₂ capture and storage, are seen as part of the solution. To support our customers in using hydrogen, we have launched our HYRESIST® initiative. As part of this initiative, very intensive discussions were held with potential customers in the areas of manufacturing, transportation, and industrial and automotive use of hydrogen. The initiative’s portfolio ranges from hot-rolled tubes (HYRESIST® HFS) to cold-drawn tubes (HYRESIST® CDS) and welded tubes (HYRESIST® TLD) to tube and pipe products for vehicles (HYRESIST® MOBILITY). In the field of hot-rolled hydrogen-conducting tubes and pipes, our specifications take into account all the challenging aspects encountered given the current state of the technology. Feedback from the market shows that we are on the right track with these products: For example, an industrial customer has decided to validate the suitability of our cold-drawn carbon steel tubes for HYRESIST® CDS in comparison to the stainless-steel tubes commonly used today in a test facility.

The focus of HYRESIST® MOBILITY is a range of seamless cold-drawn high-pressure line pipes. High-pressure line pipes are used in hydrogen-pow-

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ered vehicles between the filler port and pressure tanks as well as between the pressure tanks and the fuel cell and hydrogen combustion engine. We have developed a new material for this product and are using a new red ZISTAPLEX coating. As a result, our high-pressure line pipes offer the potential to replace the significantly more expensive stainless-steel pipes currently used in hydrogen-powered vehicles. We have also started developing hydrogen-resistant carbon steels for hydrogen pressure vessels and have already delivered the first prototypes.

In addition, transformation technologies and their relevance continue to be the focus of BENTELER Steel/Tube's pre-development activities. For example, technology and market studies have been launched for the transportation of liquid hydrogen and ammonia as well as in the field of geothermal energy.

Lightweight construction, resource conservation and material expertise

Lightweight construction is still an important factor in automotive engineering – especially for electric vehicles. On the one hand, less mass means less energy is required for acceleration, and on the other, fewer resources are needed.

One principle that has been tried and tested for many years is the use of hot forming to produce ultra-high-strength structural components. This technology allows high-strength products to be manufactured using a minimum amount of material, ensuring a

high level of safety with minimum weight. BENTELER has 44 hot-forming lines worldwide for the production of such components. In addition, we can offer design solutions made of high-strength aluminum or steel that reduce weight by up to 30%.

However, new high-strength materials with better forming properties have also become established in the field of cold forming in recent years, thereby enabling the manufacture of more complex lightweight components. The main issue with these materials is the simulation-based prediction of the recovery behavior after forming. Significant progress has been made here through cooperation with the material suppliers, so that good prediction accuracy can now be achieved for selected high-strength materials.

Sustainable products are also characterized by the selection of the material used. The choice of materials has a decisive impact on weight, costs and the carbon footprint. These features are not only important for vehicles. Innovation Management is therefore working on new types of steel and tube solutions using innovative materials and processes in the area of tube applications. Relevant trends and developments are anticipated as early as possible and translated into new products for customers. High-strength steels contribute to lightweight construction since comparable loads can be realized with less material, thereby saving weight. We continued to work on increasingly replacing solid material solutions with tube solutions in 2023 with the aim of reducing weight. Designing tube wall thicknesses according to load requirements also contributes to

weight reduction and was also a focus in the reporting year.

The use of high-strength aluminum alloys to achieve significant weight savings also plays an important role in the aluminum sector. For example, by using high-strength 7000 series aluminum alloys, complex crash management systems can be designed to meet new crash requirements while optimizing weight. A further advantage of using this alloy group, in addition to the high strength combined with high deformability, is that a high weld seam strength can also be achieved. We benefit from the fact that we develop and qualify our 7000 series aluminum alloys ourselves at our Raufoss site in Norway and will also produce them using electricity from renewable sources in the future. The use of aluminum process scrap is to a certain extent state of the art and is therefore also used by us in series production. Increased proportions of scrap, including from external sources, are currently part of qualification measures to further increase the conservation of resources and meet future customer requirements.

R&D activities

In our research and development work, we rely on international cooperation between our development departments and selected suppliers and customers to solve global issues. In this way, we ensure that existing resources and know-how will lead to the development of optimal solutions. 664 employees worldwide work intensively together in research and development. In 2023, 38 priority applications were

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filed with the patent office. Expenditure on research and development amounted to €65 million (previous year: €67 million). Through market and customer proximity, we ensure that we incorporate regional customer requirements and market conditions into our research and development activities in the best possible way.

Research activities take place primarily at our central location in Paderborn, Germany. Research contracts are also awarded to other European countries. Our international locations are also involved in individual research projects. For example, our development and production site in Raufoss, Norway, which is also driving forward a number of independent research projects related to aluminum in the area of alloy development. This enables us to take regional requirements into account and ensures proximity to the customer. Another example is our Shanghai site, which plays an important role in the growing Chinese market.

In addition to internal research projects, BENTELER is also involved in numerous publicly funded projects in which pre-competitive research is carried out together with partners on fundamental issues.

Research focus

Sustainability is a key aspect of our research work. The focus here is on reducing CO₂ emissions and the circular economy. The considerations include not only the actual product manufacture, but also the materials or semi-finished products used. In addition

to improved material manufacturing processes, the use of a high proportion of recycled content in particular enables a significant reduction in a product's CO₂ footprint. The effects of a high proportion of recycled content on the properties of semi-finished products are the subject of current research projects, particularly in the field of aluminum alloys.

Our research projects therefore also consider the aspects of reusability, re-processability and recyclability at an early stage. If, for example, a product consists of differing types of materials, consideration must be given during the design phase as to how the materials can be reliably separated from each other again after the product-use phase. This is also known as "Design for Recycling" and is part of the BENTELER research roadmap for the coming years.

Future changes in vehicles are also already being considered in current research projects or are part of the BENTELER research roadmap. In the field of electromobility, for example, the increasing integration of batteries into vehicle structures should be mentioned here, which is due to the increasing energy density of new generations of battery. The future technological leap towards autonomous driving will also change vehicles. This is clear, for example, with our activities regarding the autonomous HOLON Mover (see page 189).

Sustainable innovation

Sustainability is taken into account in research and pre-development projects, for example, through light-

weight construction and resource conservation. An innovation process exists in the automotive sector for this that includes the phases of idea management, concept, laboratory and series production. For each project phase, firmly defined services have to be provided – based on the system of readiness levels (technological, economic, production-related). A simple sustainability checklist is taken into account as early as the ideation phase. This includes topics such as:

- › Materials, resources, procurement (purchased parts)
- › Production (energy and logistics)
- › Product or process utilization
- › Recycling

An "eco-design matrix" is used in the concept phase. In this, various sustainability aspects of solution variants are analyzed in detail and graphically depicted in a weighted manner that compares them to the reference product and process. In the final two project phases of the innovation process, complete life cycle assessments focused on CO₂ emissions are prepared to enable a detailed analysis of specific solutions. These are then optimized, and possible negative effects are further reduced.

The findings from the life cycle assessments of research projects serve as a model for our development projects. As a first step, the CO₂ emissions calculation is currently being integrated into our cost calculation tool so that the CO₂ footprint can be systematically determined at the inquiry stage if required.

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The processes described are also used in research projects with a focus on sustainability. One project, for example, involves cooling plates for electric vehicle batteries. These cooling plates are often manufactured using an oven process, which consumes a comparatively large amount of energy. We are therefore investigating more energy-efficient alternatives that don't require processing in an oven as part of a research project. We have developed a variant using press-brazing to such an extent that a number of prototypes have already been produced for customers using this new process. A second variant, which was developed in cooperation with the company Trumpf, uses laser welding and is already showing very good results with scaled patterns. Intensive testing is currently taking place on large panels with physical cooling channel structures.

Efficiency is also an ongoing issue in the hot-forming area. New tooling approaches that are close to series production are now being tested. These also use various additive manufacturing processes to shorten the cooling and thus the holding time of the components. Another example is partial hot forming, in which soft and hard zones can be created by applying special tempering to the blank or component. This process, which is already in series production, is currently being supplemented by research into methods that would enable partial tempering, which is significantly more energy efficient.

As mentioned, new ultra-high-strength cold-formable steels are another way of reducing component

weights in addition to hot forming. In addition to benchmark activities for this third generation of advanced high-strength steels, we have also worked with material manufacturers on improving predictive accuracy in forming and crash simulation. This was completed in 2023 with good results for the material variants that we consider to be effective, and the research project will now focus on tool-related measures to reduce springback.

A weld seam and the associated area affected by heat always represent a discontinuity in components that can affect component performance and end-user safety. Two research projects are therefore working on finding alternatives for welded joints. The longer running of the two projects involves the mechanical joining process for a towing sleeve. The project involves integrating this operation into the forming process of a crash management system, eliminating the need for the welding operation and welding cell, saving resources. The research work was successfully completed in 2023, making series production possible. Based on these positive experiences, a second research project is already investigating ways in which other welded joints could be substituted.

Public funding and the associated cooperation with universities, research institutes and industrial partners are an important part of the research roadmap at BENTELER. The areas covered are diverse, ranging from topics in the areas of Industry 4.0 and future electromobility to innovative processes and improved sustainability.

For example, in 2023 we completed a cooperation project funded by the ZIM program of the German Federal Ministry for Economic Affairs and Climate Action (BMWK). The project, in collaboration with the Technical University of Berlin's Extrusion Research Center and others, focused on making tooling adjustments to vary the longitudinal wall thickness profile of extruded profiles. In future, additional weight could be saved on components made from extruded profiles, for example, by only increasing the wall thickness in zones with higher loads. Corresponding sample profiles have been produced. However, the tooling technology used requires further research before it can be incorporated into series production.

The ULAS E-VAN research project, funded by the BMWK's TTP lightweight construction program, made significant progress in 2023. The project, which includes Ford and eight other partners from the supply chain, is for a next-generation electric "last mile delivery" vehicle. The design of the modular and scalable battery box, which is BENTELER's responsibility, was finalized in 2023. The findings will now be implemented in demonstrators by the end of the project in 2024. The focus is on current and future battery technologies such as LFP and sodium. The solution developed enables battery capacity to be tailored to the respective customer and their range requirements. This saves resources, reduces CO₂ emissions and reduces costs. Lightweight construction is also a priority in the project, allowing battery capacity to be reduced or the payload to be increased.

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In addition to our ongoing Norwegian research project AluGreen, we and our partners have received approval for two further research projects funded by the EU's Horizon Europe funding program in 2023. The two new projects also focus on the sustainability of aluminum, although the priorities are different. While ZEVRA (Zero-Emission Electric Vehicles) is focused on the product, including "Design for Recycling", RecAl (Recycling Technologies for Aluminum) deals in detail with the sorting, smelting and processing of aluminum alloys with high recycled content, including a digital map for available aluminum scrap.

The Federal Ministry for Economic Affairs and Climate Protection has funded a project to develop and validate the use of high strength welded lightweight tubes for the production, transport and use of compressed hydrogen. The approach is to validate micro-alloyed steel strip grades from cooperation partner Thyssenkrupp Hohenlimburg without the need to heat treat the welded tubes. Furthermore, a simpler testing technique for material qualification regarding hydrogen suitability is to be developed and, if applicable, subsequently incorporated into standardization. Steel strips in differing grades and welded tubes were produced as part of this project over the course of the year.

Cost-effective air-hardened materials continue to be one of the core topics in materials development. After previous testing with small test smelts, a smelt of a newly developed low-cost air-hardened material was cast in Lingen for the first time this year. The suitability of seamlessly drawn tubes made from this

material for airbag generators and for hydraulic applications is currently being investigated further.

Carbon steels approved for use in pressurized hydrogen lines up to hydrogen pressures of around 210 bar are available. Up to now, only a few aluminum alloys and austenitic stainless steels have been used above this pressure. Consequently, another focus of our activities in the field of materials development is significantly more cost-effective, hydrogen-resistant carbon steels that can be produced in Lingen (Germany). Hydrogen-powered vehicles use compressed hydrogen at 350 bar (commercial vehicles) and 700 bar (cars and vans). Carbon steels with strengths ranging from approx. 500 MPa to approx. 1,100 MPa are being developed for pressurized hydrogen systems in these vehicles. The first result of these developments is a steel that can be used in high-pressure lines for vehicles. This has already been cast in Lingen. Hydrogen suitability tests have been carried out with this steel and with high-pressure pipes made from it and have so far passed successfully. Prototypes of various dimensions of high-pressure pipes have been produced and are being presented and offered to interested pilot customers. Even more complex vehicle suitability tests with these high-pressure line pipes are required and will now follow.

Overall, the various research and development activities help to conserve resources, improve energy efficiency and increase end user safety.

LCA and PCF

We have been analyzing selected products from key product families in product life cycle assessments (LCAs) since 2017. These analyses, which are carried out on our main product families, are based on ISO 14040 and ISO 14044. With the LCAs, upstream processes such as the production of materials, the impact of production at BENTELER, product use and disposal/recycling are considered. Numerous impact categories such as CO₂ emissions and water consumption are analyzed. Important insights have been gained from these analyses, particularly with regard to measures to be taken and their impact on the product.

Our customers are currently focusing on the factors that we can influence and measures to reduce CO₂ emissions. For this reason, we are currently pursuing an approach known as "From Cradle to Gate", in which the analysis ends after the manufacturing process and, if necessary, after transportation to our customers. Furthermore, we are concentrating on the CO₂ emissions generated there, i.e. the global warming potential impact category. The CO₂ footprint of a product (product carbon footprint, PCF) is calculated in accordance with ISO 14067. In the tube production area, five grades have already been certified: A specific steel grade manufactured at the Lingen steelworks, two specific seamless tubes manufactured at the Schloss Neuhaus tube mill, and two welded tubes made from strip steel (one based on blast furnace, the other on electric steel from Lingen), manufactured in Paderborn.

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In the “Decarbonization of the BAT portfolio 2030” research project, we determined the status quo by systematically analyzing the carbon footprint of numerous products from the structural and chassis components product families. Different materials and the specific manufacturing processes used at BENTELER have a significant impact on the CO₂ footprint. Clusters of products in our portfolio grouped by similarity exhibit varying potentials for reducing CO₂ emissions. Scenarios were subsequently developed to provide insight into how the decarbonization of the industry, including our own production and that of relevant suppliers, could evolve and what measures would be necessary at BENTELER for this purpose. A target scenario was determined based on the CO₂ emission reduction targets set for the group. Corresponding reduction measures were then defined and communicated within the company. The sustainability strategy uses findings from this research project to implement targeted measures in the right time frame.

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SOCIAL

With regard to the social aspect of sustainability, we focus on the most important interest groups that we have a significant impact on. These are our own workforce, the workers in the value chain, local communities, consumers and end users. These various interest groups are discussed below.

OWN WORKFORCE

The working conditions at BENTELER, the issue of equal rights and respect for human rights as they relate to our own workforce are explained below.

Working conditions

Our employees are at the heart of BENTELER. Our working conditions are therefore also a core topic of the sustainability strategy. We focus on maintaining and improving good working conditions and paying fair salaries and wages with various initiatives. In particular, we focus on the safety of our workforce and employee training. The impacts, opportunities and risks relating to our working conditions and the composition of our workforce are explained below, followed by a description of these topics.

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO WORKING CONDITIONS

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
BENTELER has an impact on its own employees by paying salaries and wages at or above the fair level. This is a sign of appreciation and has a positive impact on employees' motivation and work performance.	✓				Own operations	Present
BENTELER reduces the frequency of accidents through staff training and thus increases the safety of employees.	✓				Own operations	Present
Through the ergonomic and pleasant design of workplaces and the working environment, BENTELER has a positive impact on employee satisfaction and their mental and physical health.	✓				Own operations	Present
Good working conditions can lead to higher employee satisfaction and reputation, which makes BENTELER more attractive to potential employees.	✓				Own operations	Short, medium and long term
Good working conditions are firmly anchored in BENTELER's philosophy. If this were neglected in the future, it could lead to violations of laws and guidelines.	✓				Own operations	Short, medium and long term

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EMPLOYEES BY EMPLOYMENT CONTRACT AND EMPLOYMENT RELATIONSHIP¹

AS OF DECEMBER 31	2023		2022		2023		2022	
Gender	temporary	full time	temporary	full time	part time	full time	part time	full time
Female	398	2,800	437	2,805	418	2,780	429	2,813
Male	2,130	17,384	2,141	17,642	528	18,986	650	19,133
Regions Automotive Division								
<i>thereof Northern Europe</i>	418	6,521	367	6,558	282	6,657	334	6,591
<i>thereof Southern Europe</i>	199	2,475	204	2,841	51	2,623	151	2,894
<i>thereof NAO</i>		2,921	1	2,898	1	2,920	1	2,898
<i>thereof Mercosur</i>	193	2,052	203	2,037		2,245	3	2,237
<i>thereof Asia/Pacific</i>	1,277	892	1,333	781	1	2,168	6	2,108
<i>thereof other</i>	46	1,562	36	1,536	198	1,410	189	1,383
Steel/Tube Division	352	3,239	387	3,321	277	3,314	272	3,436
Holding	43	522	47	474	136	429	122	399
Total²	2,528	20,184	2,578	20,446	946	21,766	1,078	21,946

¹ Headcount

² Total number of employees may differ because relevant data characteristics are not consistently available.

Number of employees

On average, the BENTELER Group employed 20,990 FTEs (Full Time Equivalents) worldwide in the reporting year 2023, 1.7% fewer than in the previous year. In the Automotive Division, the average number of employees decreased by 329 FTEs to 17,356 FTEs. The average number of employees in the Steel/Tube Division fell in comparison to the previous year by 75 FTEs to 3,185. Other companies, including holding companies, employed an average of 450 FTEs, 46

FTEs more than in the previous year. This increase is due to the organizational transfer of FTEs to the shared shared-service in the Czech Republic from the Automotive Division.

Of the 22,712 employees (HC) worldwide in the reporting year, 21,766 were full-time employees, of which 18,986 were men and 2,780 women. 946 people (528 men and 418 women) had part-time employment contracts (as at December 31, 2023).

EMPLOYEES WHO ARE NOT SALARIED

AS OF DECEMBER 31	2023	2022
Trainees ¹	484	500
Temporary workers ²	2,561	2,566

¹ Headcount

² Full Time Equivalent

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EMPLOYEE DEPLOYMENT¹

AS OF DECEMBER 31	2023			2022		2022
Gender	Direct	Indirect	Overhead	Direct	Indirect	Overhead
Female	1,053	673	1,472	1,092	686	1,464
Male	9,357	7,062	3,092	10,200	6,627	2,956
Total²	10,410	7,735	4,564	11,292	7,313	4,420

¹ Headcount

² Total number of employees may differ because relevant data characteristics are not consistently available.

TRAINEES¹

AS OF DECEMBER 31, 2023	Female	Male	Total
Automotive Division by region			
thereof Northern Europe	1	109	110
thereof Southern Europe	1	2	3
thereof NAO	2	9	11
thereof Mercosur	53	72	125
thereof Asia/Pacific		5	5
thereof other	2	21	23
Steel/Tube Division	23	179	202
Holding	4	1	5
Total	86	398	484

¹ Headcount, incl. 1 trainee in BENTELER KITA

Corporate values

To remain successful in the long term in a rapidly changing market environment, we need employees who think entrepreneurially, act on their own initiative and respond flexibly to change. Our corporate values of courage, ambition and respect are also based on

this aspiration. Every employee at BENTELER has both the freedom and the mandate to contribute in the spirit of our company's goals, values and culture. Our corporate values should be understood as a trinity that promotes harmonious cooperation. In the process, values come to the fore individually on

different occasions. In an international company like BENTELER, respect for others is especially important in keeping us together as a global team.

Organization and personnel strategy

The Human Resources function safeguards and supports the group's corporate development and strategy by means of a uniform HR strategy with which we aim to reach all employees equally. The fundamental objective of the department is to identify internal needs at an early stage so that vacant or newly created positions can be filled with qualified and motivated employees. In doing so, we focus on the social and professional qualification of our own employees and promote them while taking country and region-specific requirements into account. In addition, the department supports both divisions in the introduction and implementation of HR organizational measures and tools, whereby we are increasingly digitizing HR processes.

Employee communication and dialog

With regard to our employees, our goal is to provide transparent information, to provide orientation in a rapidly changing market environment and to strengthen the bond with the company. For example, the Executive Board addresses all employees directly in a quarterly video message with a "Business Update" to talk about the current market and company situation, among other things. This format was continued in 2023, with the update broadcast on the intranet, shown on screens in the plants, and shared by managers.

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In 2023, BENTELER will continue to focus on targeted online campaigns to attract and recruit new applicants at various locations such as Palmela (Portugal), Mor (Hungary), Klášterec (Czech Republic), Bratislava (Slovakia), Skultuna (Sweden), Raufoss (Norway), Paderborn (Germany) and Düsseldorf (Germany). BENTELER is also present on Instagram, Google and YouTube with target group-specific campaigns for BENTELER training and further education.

Landing pages have been implemented on our international career websites to highlight attractive entry opportunities at various locations at BENTELER IT. As part of HR marketing and recruiting, separate LinkedIn recruiter tools and promoted job slots were also implemented for individual regions to reach international specialists and highly qualified candidates even more effectively. In addition to various online measures, the BENTELER Group is once again focusing on participating in local careers fairs and internal careers days (open house), for example in Brazil, the USA, Norway and the Czech Republic.

At our Open Day event at the training and education center in Paderborn (Germany) attended by around 2,000 visitors, BENTELER very successfully used additional media formats such as large Out of Home digital screens, illuminated display boards at bus stops as well as radio and cinema advertising.

Large-scale posters were displayed at all German training locations of the BENTELER Group as early as the beginning of the 2023 school year. For the first

time, training films were also produced for all training locations. These can be used by local colleagues both internally and externally at careers fairs, during school visits or for local online advertising. In Lingen, for example, our Lingen digital training location film was shown for eight weeks in cinemas as an advertising spot.

Click rates, dwell time and the number of applications increased significantly with the use of digital and Out of Home marketing of job vacancies. We also use our own channels on LinkedIn, Facebook, Instagram, YouTube and Xing to promote career-related content and provide insights into working life at BENTELER, which is regularly awarded as a TOP employer. In addition, we participate in face-to-face events as well as digital career and training fairs and offer (virtual) workshops to schools and universities for career orientation or career entry.

Developing skilled workers

In addition to recruiting new employees, the further development of our existing employees is also an important pillar of our HR strategy. Our competency model, which forms the basis of the annual appraisal, plays a major role in career development: it provides orientation for the “how” and a framework for further development at BENTELER. We’re measured against it, and it helps us focus on the key issues in our daily work. Regular information events held by top management supplement the goal and result orientation of our employees in terms of the relevance and orientation of their actions.

A key objective is to fill as many key and management positions as possible internally. In 2023, around 64% of vacant positions were filled with internal talent. We see this as proof that the processes and procedures implemented to date were successful. Because our leaders play an important role in successful talent management, we have enhanced the materials and training to meet the needs of our teams.

Succession planning is a central part of personnel-related risk management. We have conducted annual performance reviews with all employees to identify talent and potential, for example 81 LIFT conferences (LIFT = Leading in Future Times) and discussions with salaried management staff (AT/LA). 6,806 training courses were implemented worldwide by internal and external providers. We recorded a total of 50,342 participations in live training sessions worldwide as part of our further training offering for specialists and managers, and 92,103 clicks were recorded for the learning videos. Various internal academies (Leadership, Financial, Compass, etc.) provide structured support for the further development of all employees worldwide.

We also rolled out a supplementary process for employee appraisals in 2023. The main changes are focus meetings, which take place twice a year. These give all teams the opportunity to get to know and understand the priorities of the business, and to develop and negotiate goals for their own area of responsibility in the team. This tool is supplemented by individual development plans.

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On the one hand, we want to remunerate employees in line with their performance and, on the other, develop them further. These are independent processes. Both paths meet when employees have gained expertise that is needed in the company. We have therefore decoupled the areas of performance, competence and pay in order to ensure that remuneration is in line with the market and to offer employees the most varied development possible in the BENTELER career landscape. With all possibilities horizontally and vertically, across national borders, full-time or part-time, in person or virtually.

The employee appraisals were also revised worldwide and adapted to changing needs by HR Development for Global Grades. Following a pilot scheme in 2022, the global rollout took place in 2023.

The electronic employee review documents in the existing GPS system that have been used to date will be supplemented by Excel formats for individual goals and development plans. These can then optionally be uploaded to the existing system. Due to the dynamic nature of the business, it's necessary to revise and adjust annual reviews and targets in shorter and more flexible cycles.

This also applies to the annual salary adjustment process, which was previously based on the performance rating from the annual reviews and succession planning rounds. The salary review process is no longer based on this requirement and as of 2023 is no longer based on individual criteria but on uniform factors for all global level employees, such as

the inflation rate, salary trends on the market, and the economic situation at BENTELER.

In the past, we have bundled transactional services such as accounting and service center activities in central service units and are continually expanding these in order to consistently implement our goal of a globally uniform and lean, yet high-performance and professional HR organization. This is supported by a service company that, among other things, bundles and optimizes HR service processes. In this way, we focus on centrally provided services that are as digitalized and automated as possible.

Promoting young talent

The global market is characterized by increasing competitive pressure and a changeable economic environment. We are convinced that we will only be able to successfully meet these and future challenges with excellently trained employees. The continued development of performance and talent management was the central element in the reporting year for developing and retaining our internal talent in future.

This is why we offer a variety of commercial and technical apprenticeships and combined degree programs worldwide. We now have more than 30 years of training experience and more than 20 years of experience as a partner for combined courses. Our goal is to increase the number of women in skilled trades that historically tended to be practiced by men in the industrial sector.

We know how important it is to train young people in order to empower young employees at an early stage and develop skilled workers. That's why we provide training in a variety of apprenticeships. Even in the year under review, which was characterized by critical developments, 484 young people were in training worldwide (previous year: 500), of whom 43 were combined students, 9 female and 34 male.

Another program that our training and education center in Paderborn has been pursuing for many years, called "Schule und Betrieb am Samstag" ("School and Work on Saturday"), offers school students the opportunity to receive practical career guidance on Saturdays.

Training for further education and development

With regard to the further qualification of our employees, we pay particular attention to recognizing and promoting individual strengths. For this reason, the BENTELER Group offers customized courses that enable employees at all levels to fully realize their professional potential. Every year, all employees worldwide receive individual feedback and development meetings, which are supported by a global tool for non-tariff employees. Annual qualification discussions adapted to country-specific conditions are also held with employees covered by collective bargaining agreements. In doing so, we motivate our employees to engage in lifelong learning.

We have developed a digital toolbox that enables them to learn on the job and support their development. It's available to all employees with a BENTELER



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IT account. The toolbox contains around 130 suggestions to promote continuous learning and further development. The most popular formats are learning videos on topics such as giving feedback, preparing development meetings and dealing with change. This enables our employees to use learning content in an agile and demand-oriented manner and to actively integrate it into their everyday work.

In order to spread knowledge quickly internationally, we rely on digital learning formats, such as the training course “Working and Leading Virtually”. They supplement classic seminars and trainings. The focus is on blended learning. Training and exchange sessions as well as learning nuggets in the form of videos and e-learning serve the different needs and types of learners. This allows our employees to learn when and where they want. The program is already available to many employees worldwide. Our goal is to increase the use of high-quality and effective e-learning to provide access to learning content for all.

Further training related to sustainability

We also use the e-learning courses described above to provide our employees with further training related to sustainability. For example, a new training course was developed in 2023 that teaches how we as a company can have a direct and indirect impact on sustainability. Around 2,000 employees and managers received this training. In addition, we qualify our sustainability experts through external training courses, for example in the areas of sustainability management or reporting.

Continuous learning

The BENTELER Academy is another global offering to continuously develop employees worldwide both professionally and methodically. With carefully selected learning concepts, we aim to pass on tailored knowledge to our employees so that we are always in a position to provide value-oriented solutions for our customers. A global network of specialists and internal trainers offers a variety of training and workshops on finance, logistics, project management, quality, information technology as well as skills training on topics such as communication, presentation and non-managerial leadership. In addition, our employees take on multiplier roles as internal lecturers, thus further developing their own competencies and skills at the same time.

The focus of our training and development measures in 2023 was once again on teaching managers methods that support successful leadership in the VUCA¹ world. This includes topics such as flexibility, agility, cooperation in teams as well as appreciative development dialogs and health. These are addressed in our new training courses and workshops for managers: Leading Organizations in Volatile Times and Healthy Leadership. In addition, we offer small virtual learning units in which we introduce managers as well as interested employees to the topic of coaching and provide them with practical tools for daily use. To strengthen collaboration in teams, our portfolio also includes various workshop formats for different topics.

The goal of our global exchange platform is to create an internal and worldwide network. Here, colleagues

have the opportunity to exchange ideas and share best practice experiences. For example, topics covered included dealing with the coronavirus situation, resilience, dealing with emotions, mobile working, and systemic questioning techniques. In Germany, so-called “Lunch & Talks” are regularly held on specific topics. This enables us to promote continuous, agile, and demand-driven learning in our organization while providing a platform for exchange between top management and executives at all levels.

Customized development concepts

The employees and teams at BENTELER are the basis of our success. We make cooperation more effective and successful with tailor-made team development concepts. In doing so, we rely on various systematic and agile tools and methods.

We therefore specifically promote exchange among managers, employees and those responsible for further training. The Center of Expertise for Human Resources and Organizational Development sets the strategic framework, defines the global standard processes and designs the training programs. This is done in close coordination with those responsible for human resources development in the regions, who review the offerings with regard to cultural requirements and adapt them as necessary. Our experts also act as trainers, moderators and coaches and in this way support managers and employees.

Employee retention and turnover

The BENTELER Group is not only an attractive employer for new hires but also benefits from the

¹ VUCA = acronym for volatility, uncertainty, complexity, ambiguity

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AVERAGE HOURS OF TUITION¹

TOTALS	Automotive Division		Steel/Tube Division		Holding		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
By gender								
Female	13.2	12.3	8.8	3.6	8	8.8	12.3	11.1
Male	10.7	11.5	5.5	5.7	7.6	13.9	9.6	10.4
By employee category								
Employees	9.9	10.9	5.1	5.5	7.5	11.4	8.9	9.8
Management	24.7	19.8	13.8	6.8	10.4	12	22.3	17.1

¹ Based on the hours recorded in the learning management system. This is currently being further implemented in the group. Employee coverage was 74% in 2020, 80% in 2021, 82% in 2022 and 82% in 2023. The actual average value may be higher than these values.

experience and expertise of long-serving employees. 22% of our workforce have been with the BENTELER Group for over 20 years, another 26% have been with us for between ten and twenty years, 22% have been with the company for between five and ten years, and 30% have been with BENTELER for less than five years.

The turnover rate is an important indicator of employee satisfaction for us. It indicates the percentage of employees and trainees who voluntarily left the company. In 2023, the rate for the BENTELER Group was 6.8% (previous year: 7.3%), while in the Automotive Division it was 7.4% (previous year: 8.1%) and in the Steel/Tube Division was 4.1% (previous year: 3.6%). The key figure does not include temporary workers.

Employee benefits

Our employees receive remuneration in keeping with the market. Depending on their classification, this also includes a market-typical bonus and a wide range of fringe benefits in addition to their basic salary. Our global Compensation & Benefit Team ensures a globally uniform approach to the assessment and classification of core professional tasks, compensation, and contractual fringe benefits. Dependent on location or country, fringe benefits include company pensions, entitlement to the use of company cars as well as health and other insurance benefits.

The jobs we create around the world are filled locally and compensated appropriately. In our Global HR Governance, we commit to always paying salaries at least in line with local minimum wage requirements.

An analysis showed that, without exception, all starting salaries (also supported by the local pay scale) significantly exceed the applicable local minimum wage. Through collective agreements or, alternatively, salary bands aligned with the overall market or industry standards, we can offer attractive salaries at many of our locations that are commensurate with the average cost of living. An analysis based on available living wages for some countries showed that these are also exceeded by the lowest salaries paid. This analysis will be expanded in the future.

We were also able to expand our local benefits portfolio in 2023. In Paderborn (Germany), for example, the Employee Assistant Program (EAP) was initiated (details under Targeted Health Promotion). For our employees in Klášterec (Czech Republic) we offer the option of deferred compensation in their pen-

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sion plan since 2023. As an employer, we match the employee's contribution if they participate. We also increased meal contributions at our plants in the Czech Republic.

TURNOVER RATE

IN % BY REGION	2023	2022
Automotive Division	7.4	8.1
thereof Northern Europe	3.8	5
thereof Southern Europe	5.9	3.5
thereof NAO	13.7	16.7
thereof Mercosur	7.8	9.2
thereof Asia/Pacific	15.2	14.8
thereof other	2.5	4.8
Steel/Tube Division	4.1	3.6
Holding	4.3	5.8

Flexible working models

The places where we work in future will become more diverse. That's why we rolled out a global Mobile Working Policy in 2021. It gives employees and managers orientation on this subject and defines the framework for local managers. To successfully implement mobile working, local conditions such as legal requirements and local working conditions must be taken into account. In addition, we offer our employees modern working conditions. In this way, we pursue the goal of ensuring that they can always be successful in a changing world of work as well as reconcile their professional and private interests. In doing so, we go beyond legal requirements in some cases. Our offering includes, for example, flexible working hours, part-time

work and mobile working as far as they are compatible with operational processes.

Promoting personal responsibility enables the implementation of individual solutions for shaping the reality of our employees' own lives. Coronavirus propelled us overnight to the forefront of technology in mobile and remote working that allows family and work, hobby and job, personal preferences and career, etc. to be combined in a way that suits everyone. It's all about balance as well as promoting the health of all employees. As a commercial enterprise, we ensure the performance of our workforce and at the same time promote individual well-being. Because one requires the other.

In addition to flexible working hours and local flexibility, parental leave is an important element in promoting the compatibility of career and family. In the year under review, 355 employees within the BENTELER Group took parental leave, 28% of whom were male and 72% of whom were female.

Promoting health in a targeted way

The safety, well-being and health of all employees are important to us. We therefore work continuously to maintain and, where possible, improve the health and safety of our employees. That is why, among other things, the principle "Everyone must ensure that the health and safety of all employees are guaranteed" is anchored in the Code of Conduct.

With regard to the sickness rate in the Automotive Division, a global project consisting of an interdisciplin-

ary project team from the departments of personnel development, HR controlling and HR processes as well as safety, health and environment continued. A major advantage is the exchange of best practices among plants throughout Germany. The regular exchange of experience between HR managers across plants and divisions has resulted in a toolbox that contains an overview of the measures that have been implemented locally in the plants and divisions. Each plant or area can decide whether the measures are also relevant for their respective plant or area. The CIP cycles (Continuous Improvement Process Cycle) for the systematic and structured analysis of sick leave were also continued in 2023.

As part of the project, we addressed the question of how we can shape our corporate culture in a healthy and respectful way. Raising awareness and supporting our managers is an important starting point. For this reason, the cross-divisional initiative "Healthy Leadership – For Yourself and Others" was developed and launched in Germany in 2022. In this initiative, we discuss with our managers in Healthy Leadership workshops, which aspects in addition to self-care are part of healthy leadership and how these can be practiced. So far, 651 people (managers and employees from HR and the works council) have taken part in the events.

To promote the health of our employees, we also offer various sports activities. In Germany, for example, membership of Wellpass, a fitness and recreation program, is subsidized. There are also various sporting activities around the world, such as our company's own soccer team in South Africa.

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An information campaign against breast cancer was conducted at our plants in Brazil, as this is one of the main causes of death in the female population. Information was provided on the possibilities of prevention, including in discussions. The male workforce was also informed and educated about cancer prevention measures as part of a government-sponsored program. In addition, there are various pragmatic and health-promoting offers, be it flu vaccinations, metabolic analyses or tips for a healthy diet.

In Paderborn, BENTELER received the “Bicycle-Friendly Employer” award at the end of October 2023. With the “Bicycle Friendly” certification, BENTELER underlines its commitment to a sustainable and bicycle-friendly corporate culture, offers future-oriented solutions in the area of mobility and promotes the health of its employees. In doing so, BENTELER is making a contribution to reducing CO₂ emissions and thus to climate protection and sustainability.

A total of 30 evaluation criteria were surveyed across various categories such as bicycle infrastructure, communication and information within the company, company-specific approaches and sustainability. These include secure parking spaces, changing rooms and showers, repair stations and the option of bike leasing for employees.

We are not neglecting mental health either. To better protect our employees and increase the compatibility of work and family, we are working on various offers for psychosocial counseling services, seminars or joint sports activities. We’ve made a new offering

available to employees at the Paderborn site in the form of an EAP (Employee Assistance Program) from October 2023. EAP is an external advisory service for all managers, employees and their families. It offers fast and confidential support from professional, independent experts for everyday issues as well as for serious difficulties or crises – both professional and personal.

We have launched the social counseling concept in Germany as a pilot project: Employees can get help for private problems at the company’s expense, whether it’s because their parents suddenly need care, they can no longer afford their mortgage due to rising interest rates or they themselves are suffering from depression and don’t know what to do next. For each of the ten specialist areas listed, experts are available to provide free advice for BENTELER employees:

- › Work and profession
- › Private and partnerships
- › Family and care
- › Medical health examination
- › Mind & body
- › Financial imbalance & over-indebtedness
- › Life balance & health
- › Legal advice
- › Executives and officers
- › Supply management

Occupational safety and health protection

As a manufacturing company, occupational safety naturally also plays a major role. The typical work

processes at automotive suppliers differ significantly from those in steel production and hot forming. The BENTELER Group has therefore implemented numerous technical and organizational measures in all areas of the group to protect its employees.

To this end, the Automotive Division uses a global health and safety management system that is regularly reviewed by internal and external audits. 42 production sites are certified to the ISO 45001 standard. A management system based on ISO 45001 was also introduced at the Steel/Tube division. It covers all employees, activities and workplaces.

Both divisions have relevant management goals for various accident indicators, ergonomic improvements or safe machines, especially at plant level. We are convinced that all accidents are fundamentally preventable and therefore pursue the vision of zero accidents. To further improve safety through preventive measures, first aid cases, near misses, unsafe conditions and unsafe actions have been systematically recorded and evaluated in a safety pyramid in the Automotive Division since the beginning of 2023. Potential for improvement is then derived from the results, technical measures are implemented where possible and employees receive further training based on these findings.

Occupational safety measures

In the Automotive Division, a safety leadership training course was held for managers in the Northern Europe region in order to further strengthen the safety culture.

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In the Steel/Tube Division, safety days were held at the Paderborn site with the theme “Just Quickly”. At three stations, 221 employees were sensitized to the potential impact of “quick and easy” actions.

At the Schloss Neuhaus plant, fall protection measures were successively installed over a period of six years in the wagon loading area, covering a total length of 313 meters. This has made it possible to almost completely eliminate the risk of falling when loading and unloading wagons.

Our plants in Mexico ran an “Awareness in Action Workshop” campaign, where workshops were held to develop a safety culture (beliefs, meanings and values).

Occupational health services and health promotion

In addition to occupational health care, the BENTELER Group offers its employees the opportunity to promote their own health in cooperation with health insurance companies, pension insurance companies, employers’ liability insurance associations, occupational physicians and other external contacts. In addition to online programs, regional offerings, screenings, and on-site consultations, social counseling provides support for issues outside the context of the workplace.

Accident prevention

Work-related hazards and risks are regularly assessed as part of the established management systems and appropriate control measures are implemented to eliminate or minimize them. These are therefore subject to, among other things, the usual management reviews, committee meetings, and

departmental improvement measures.

Before starting work, employees receive initial general instruction and job-related safety instruction from their respective managers. Depending on the location or regional requirements, they receive further instruction or training – for example, before taking up new activities or using new machines. As part of the so-called “Lessons Learned” framework, employees are also informed about accidents at other plants in order to prevent such accidents in their own plant.

Near-miss reporting systems are in place at all plants. In addition, the Automotive Division’s Health and Safety Guideline, for example, describes how employees can remove themselves from work situations that they believe could cause injury or illness. For instance, our employees are encouraged to report observed situations or safety-critical concerns to their managers or known safety professionals, or to report them via the anonymous whistleblower system.

At the same time, it is enshrined in our corporate values that our employees are to be treated with respect and that they should not suffer any disadvantage in the event of critical reports. On the contrary, constructive reports help to constantly supplement improvement measures within the framework of the management system and to further reduce the accident rate. In the Steel/Tube Division, employees can participate in making work safer. This is done through the “EVA process” (Attitude and Behavior Change for Occupational Safety). Risk assessments, in which supervisors and colleagues take a fresh

look at situations, reveal unsafe conditions and actions. These are then discussed together with the respective employee and, if necessary, measures are defined. These are processed continuously.

To protect the health of our employees beyond accident prevention, the plants have appropriate occupational health services in order to meet all legal requirements. Preventive medical checkups are documented via BENTELER’s human resources department and initiated by managers. Regular dates for occupational safety committee meetings or workplace inspections are regularly planned and communicated.

Accident frequency and WOC

The accident frequency rate for the entire BENTELER Group in the reporting year was 3.0 accidents per million working hours (recordable accident rate). We thereby continued to keep the accident rate at a low level.

In the Automotive Division, the accident frequency rate in the reporting year was 1.3 accidents per million hours worked (recordable accident rate). Detailed accident analyses based on the experience of our employees and regular assessments of accident occurrences at all relevant management levels have contributed to this. In addition to individual improvement programs at various plants, the Walk-Observe-Communicate (WOC) system that was introduced contributes to the appreciation of safety-compliant behavior and thus to this significant improvement. This raises awareness of safe behavior by positively reinforcing safe working practices and drawing attention to unsafe behavior. The aim here

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is to allow employees to identify unsafe behaviors through their own observations.

In the Steel/Tube Division, the accident frequency rate was 15.8 accidents per million working hours. This means that the accident rate has worsened compared to 2022. As a measure to reduce accidents, safety days are planned at the plants to further sensitize employees with regard to work-related accidents. In the Steel/Tube division, bruises and cuts to fingers and hands are the most common injuries. We believe that appreciative communication and attentive behavior are important levers for reducing this rate. We have therefore introduced a feedback process on work behavior that increases employee awareness of workplace hazards.

ACCIDENT FIGURES BENTELER GROUP

	2023	2022
Accident rate ¹	3.0	2.7
Absolute number of accidents	128	104
First aid cases	1,560	1,501
Deaths	0	0

¹ Per million working hours

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

Description	Impact		Opportunity	Risk	Origin	Timescale
	Positive	Negative				
BENTELER has a positive impact on equal rights for employees by avoiding differing salaries or other differences in treatment based on gender/age/origin etc.	✓				Own operations	Present
BENTELER has a positive effect on equal rights among employees by complying with the Code of Conduct, collective agreements and laws.	✓				Own operations	Present
BENTELER has a positive impact on the equality of its employees through the fair distribution of training sessions among all employees.	✓				Own operations	Short, medium and long term
Key figures on diversity and equal opportunities, such as the proportion of women on the Executive Board, can have an impact on the decisions of external investors.				✓	Value chain	Long term
By treating employees fairly, BENTELER can act as a role model and become more attractive to new applicants.			✓		Value chain	Short, medium and long term
Mutual respect and the equal treatment that goes with it are firmly embedded in BENTELER's values. If BENTELER does not make sufficient efforts to ensure equal rights in the future, this could result in lawsuits or accusations of discrimination.				✓	Value chain	Short, medium and long term

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Equal treatment and opportunities for all

Equal treatment and opportunities are firmly embedded in BENTELER's philosophy. We are committed to this through fair and equal salaries, our Code of Conduct (CoC) and the Global HR Governance Policy as well as our further education and training opportunities. In this way, we fulfill a role model function and position ourselves as an attractive employer. How we implement these topics in detail at BENTELER is explained after the following description of the impacts, opportunities and risks.

Diversity and equal opportunities

Interaction between BENTELER Group employees is based on mutual respect. No one may be personally discriminated against – whether because of their country of origin, skin color, gender, age, religion, or because of disabilities, sexual orientation or political and trade union activity. We have implemented appropriate guidelines as well as organizational precautions to ensure respectful interaction within the organization and with business partners. Among other things, there is a representative for the General Equal Treatment Act ("AGG").

The global average age of our workforce is 42.1 years and is divided into the following age groups:

AGE GROUPS IN THE WORKFORCE

Age distribution	Women	Men	Nonbinary
< 30 years	599	3,385	0
30-50 years	1,937	10,768	0
> 50 years	662	5,360	0

In 2023, our global workforce was made up of 108 nationalities.

In order to give all employees the opportunity to make the most of their professional opportunities, we promote work-life balance. To this end, the BENTELER Group supports flexible working hours and part-time employment. Numerous additional fringe benefits are based on the needs of the employees as well as the respective location and employment relationship.

In Paderborn, for example, we support fathers and mothers by providing childcare in our own daycare facility. In Spain, childcare costs are subsidized under a flexible benefit system. As part of deferred compensation, employees can choose between various tax-exempt or tax-privileged fringe benefits. There is also a financial subsidy for the care of children aged between six months and four years in Brazil.

BENTELER ensures equal rights and advancement of women through a gender-neutral evaluation system and fair compensation.

We continue to strive to increase the proportion of female employees and pay particular attention to equal opportunities for all applicants when filling vacancies. In 2023, we employed 3,198 women and 19,514 men worldwide. Of 2,800 management positions, 517 were held by women. The proportion of female executives was thus 18.5%. We aim to increase the proportion of women in management positions to 25% by 2030. We have launched various initiatives to support this goal. In addition to supporting coaching and mentoring programs for women and sharing experiences with other female company representatives at a local level, the international "female leadership network @BENTELER" was launched in 2023 with over 90 members. In 2024, there are also plans to roll out a diversity mindset online training course for managers worldwide

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AVERAGE AGE BY GENDER

AS OF DECEMBER 31, 2023	Female	Male	Total
Belgium	43.0	41.0	41.1
Brazil	29.8	35.9	35.3
China	37.2	36.5	36.6
Germany	43.3	45.3	45,1
France	52.8	46.8	48.0
Great Britain	54.3	48.0	48.6
India	30.1	36.0	35.8
Japan	49.2	53.2	51.9
Mexico	39.4	42.4	42.1
Norway	45.3	43.1	43.3
Austria	37.7	43.1	39.6
Poland	39.2	33.1	33.9
Portugal	40.8	41.2	41.1
Russia	42.3	40.3	40.8
Switzerland	47.7	46.4	46.5
Sweden	45.6	41.2	41.8
Slovakia	39.2	41.6	41.3
Spain	41.8	43.8	43.6
South Africa	38.0	39.9	39.4
South Korea	48.0	50.0	49.0
Thailand	46.0	45.5	45.7
Czech Republic	40.1	41.3	41.0
Türkiye	34.4	34,9	34.9
Hungary	43.1	43.0	43.1
USA	43.9	41.7	42.2
Total	40.9	42.3	42.1

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PROPORTION OF WOMEN¹

IN % (AS OF DECEMBER 31)	Automotive Division		Steel/Tube Division		Holding		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Employees	14	14	9	8	51	50	14	14
Management functions	18.0	18.2	11.6	10.8	34.1	35.2	18.5	18.6

¹ Management and Executive Functions.

Integration of people with special disabilities

The integration of people with special disabilities is also a given for the BENTELER Group. In 2023, there were 587 employees worldwide who reported a disability status (regardless of the degree of disability) to their employer. Due to legal requirements, systemic recording and evaluation of employees with disabilities is not possible in many countries.

We intend to further intensify measures relating to diversity and equal opportunities in our workforce in future.

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO OTHER WORK-RELATED RIGHTS

Description	Impact		Opportunity	Risk	Origin	Timetable
	Positive	Negative				
BENTELER has a positive impact on compliance with data protection and thus employee safety through appropriate training and security processes.	✓				Own operations	Present
BENTELER avoids child labor in its own company through appropriate guidelines and controls.	✓				Own operations	Present
Compliance with data protection is a high priority at BENTELER. Neglecting data protection in the future could lead to a loss of trust, reduced IT availability and lawsuits.				✓	Own operations	Short, medium and long term
The protection of labor rights plays an important role at BENTELER. However, if BENTELER were to neglect labor rights such as child or forced labor in the future, BENTELER could be subject to lawsuits and penalties.				✓	Own operations	Short, medium and long term

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Other labor-related rights

In the course of other work-related rights, we focus on compliance with human rights, children's rights and labor rights. For example, we ensure compliance with data protection and avoid child labor through appropriate guidelines and controls. Compliance with and protection of these fundamental rights is ensured by the Code of Conduct, the employee handbook and the associated training courses.

Safeguarding human rights

Safeguarding human rights is the articulation of our company value of respect. To establish a governance structure for this key aspect of our values, we implemented a Global HR Governance Policy worldwide in 2023, which includes the points required by the UN Charter. At BENTELER, we want to treat all people equally in our company, regardless of their gender, nationality, sexual orientation or religious affiliation. We firmly believe that diverse teams enrich our company. Where possible, we promote inclusion. We comply with local labor legislation all over the world with regard to the required working conditions. We do not hinder employee representation and promote training and further education within the company. We prohibit child labor, despise slavery and the exploitation of human and natural resources, as well as all forms of human trafficking.

From 2023, this will be accompanied by mandatory e-learning for 2,300 managers on the topic of "DEI" (Diversity/Equality/Inclusion), which will be cascaded in annual waves to all employees with PC access.

Further classroom training courses will be held for employees without PC access.

In addition, there is a further mandatory training section on Human Trafficking for HR, FiCo, Sales, Procurement, Quality, SCM, Facilities, Tax, Legal, Compliance and IT. Naturally, the training is offered in the BENTELER Group's principal national languages. Our goals for this training are as follows:

- 1. exemplify correct behavior,**
- 2. ensure that everyone knows what is expected of them,**
- 3. provide training**
- 4. receive and process information and draw conclusions.**

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WORKERS IN THE VALUE CHAIN

In addition to our own employees, we also take responsibility for all employees in our supply chain. We actively address unacceptable working conditions in the value chain and set guidelines for our suppliers and partners, particularly with the help of our BENTELER Code of Conduct for Suppliers.

The BENTELER Code of Conduct for Suppliers specifies our standards for social, ethical and ecological responsibility. Our business partners must acknowledge these requirements and also commit to address them within their own business relationships. After the complete revision of BENTELER's Code of Conduct for Suppliers in 2022, the core requirements are formulated in six chapters. These cover work (including the ban on child labor, respect for human rights and the ban on discrimination), health and safety, the environment, market behavior and ethics, and responsibility within the supply chain.

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO WORKERS IN THE VALUE CHAIN

Description	Impact		Opportunity	Risk	Origin	Timetable
	Positive	Negative				
BENTELER exerts a positive influence on the treatment of employees in the supply chain through effective implementation and active monitoring of the Supplier Code of Conduct.	✓				Value chain	Present
BENTELER exerts a positive influence on equal rights for employees in the supply chain through effective implementation of the Supplier Code of Conduct.	✓				Value chain	Present
If inadequate supplier screening were to take place in future, BENTELER could end up working with suppliers who use forced and child labor.		✓			Value chain	Short, medium and long term
Working conditions that violate applicable regulations could lead to production interruptions at BENTELER suppliers. This can lead to delivery difficulties and even production stoppages at BENTELER.				✓	Value chain	Short, medium and long term
Violations of human rights could lead to production interruptions at BENTELER suppliers. This can lead to delivery problems and even production stoppages at BENTELER.				✓	Value chain	Short, medium and long term
BENTELER avoids the use of conflict materials as a matter of principle. The unintentional use of conflict materials at BENTELER could lead to penalties and increase the risk of forced and child labor in the supply chain.				✓	Value chain	Short, medium and long term

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AFFECTED COMMUNITIES: ECONOMIC, SOCIAL AND CULTURAL RIGHTS

At our sites, we seek to engage with local communities on regional economic development or other topical issues that are relevant to the local community or to BENTELER. In addition to publishing press reports, the specialist departments engage in a dialog with stakeholders through various committees, associations and specialist groups.

Examples of CSR projects

Help that gets there – BENTELER tents for earthquake victims

Many people lost their homes and many other things that were dear and important to them as a result of the earthquake in Türkiye and Syria at the beginning of February 2023. The Hatay region is one of the worst affected areas. BENTELER was involved in a special initiative there: thanks to numerous donations from our colleagues in Türkiye and Spain as well as support from the company, a tent city was built in Hatay-Samandağ. Each tent is 24 m² in size and offers space for up to eight people.

World Cleanup Day: a year-long commitment

In September 2023, employees from all BENTELER regions once again took part in World Cleanup Day to free the environment from waste. Whether in teams from our locations around the world or in the private sphere, whether in China, the USA, Brazil, South Africa, Spain, Germany and the Czech Republic, we are

committed to the environment and collect many kilos of waste, which is then disposed of properly.

Diversity is a central pillar of our work culture

In 2023, people from 108 nations worked at the BENTELER sites in 25 countries. We believe that diversity enriches, and different perspectives enable the best solutions.

Improving biodiversity

In the reporting year, we planted trees at our sites in Mór, Hungary, and Rumburk, Czech Republic, to improve biodiversity. At the Rumburk site alone, this amounted to 1,000 new trees. A wildflower area was created in Warburg, Germany, and birdhouses were built in Klášterec, Czech Republic.

BENTELER's volunteers: Help on the ground

We support the communities in which we operate through various volunteering activities. In the regions in North and South America, for example, our colleagues volunteer as part of the "BENTELER's Volunteers" program or regularly collect blankets, clothing and toys. These are donated to local organizations that support people in need.

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PERSONAL SAFETY OF CONSUMERS AND/OR END USERS

BENTELER’s mission to make mobility safer and more sustainable is what drives us every day. Consequently, the personal safety of consumers and end users is also firmly anchored in our corporate and sustainability strategy. Specifically, we ensure and improve our high product quality and take measures to minimize the risk of damage. How we do this is described below after the explanation of impacts, opportunities and risks.

BENTELER Automotive safety standards

The production of ever larger vehicles also brings with it increasing safety requirements. The Automotive Division addresses this development both indirectly with its hot forming solutions and expertise in various materials, and directly with, for example, the production of crash management systems made of steel and aluminum, which ensure compliance with the highest safety standards (see R&D, Page 192).

BENTELER Steel/Tube safety standards

The Steel/Tube Division helps customers meet increased safety requirements, for example, with BENTELER sleeves for airbag generators. High-strength cold and hybrid gas-generator sleeves store the gas for a long time at high pressure of up to several thousand bar and release it in a controlled manner under extreme load when needed. Pyrotechnic gas generator sleeves reliably direct the pressurized gas, which is only generated when needed,

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO THE PERSONAL SAFETY OF CONSUMERS AND/OR END USERS

Description	Impact		Opportunity	Risk	Origin	Timetable
	Positive	Negative				
Safety-relevant components for both automotive and industrial applications have a major impact on consumers and end users.		✓			Products and services	Present
BENTELER’s vision is to make mobility safer. However, if damage is caused by faulty components, BENTELER’s reputation could be severely impacted. Costs could also arise from lawsuits or product recalls.				✓	Own operations	Short, medium and long term

through specially manufactured outlets. The highest material and production standards together with test methods integrated in the process often exceed customer requirements. As such, our safety products make the best possible technical contribution to passenger safety on the road every time, even after many years.

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Product quality

The highest quality standards apply to all products and components from BENTELER because they are directly relevant to human safety. Safety, highest quality and durability are central characteristics that all BENTELER products have in common. Our quality management supplemented by special product conformity and product safety officers ensure that product quality is not compromised.

Quality management

All locations of the Automotive Division and all plants of the Steel/Tube Division that manufacture automotive products are certified in accordance with IATF 16949 and are obliged to implement and comply with the process-oriented management system defined in the process governance requirements.

At the start of a customer project, a comprehensive evaluation of potential failures and an analysis of factors influencing failure for the product and the processes is carried out as part of advance quality planning. As a result, errors and risks are basically detected and avoided at a very early stage of the product's development and creation.

We also carry out quality controls during manufacturing and monitor production quality constantly. In the event of safety-relevant faults in the product, the responsible product conformity and safety officers in the plant are informed in accordance with the process descriptions and included in the definition of measures for fault rectification and future fault prevention. This makes early detection and correction

of defects possible and prevents defective products from reaching the customer.

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GOVERNANCE

We focus on acting entrepreneurially in all of our activities. In these activities, we have a responsibility towards our stakeholders and the environment. The policies anchored in our corporate culture, how we protect whistleblowers, deal with our suppliers and use responsible tax principles are outlined below.

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO CORPORATE CULTURE, AND CORRUPTION AND BRIBERY

Description	Impact		Opportunity	Risk	Origin	Timetable
	Positive	Negative				
By communicating and implementing guidelines and behavioral principles, BENTELER has a positive impact on the mood, motivation and (mental) health of employees.	✓				Own operations	Present
BENTELER influences employees' awareness of sustainability through the corporate culture it conveys. This can have a positive impact on employees' behavior towards sustainability issues.	✓				Own operations	Present
BENTELER combats corruption and bribery through its own standards, policies, a whistleblower process and training.	✓				Own operations	Present
An environmentally conscious corporate culture can make BENTELER more attractive to employees and young talent.			✓		Own operations	Short, medium and long term
The BENTELER Group conducts its business responsibly and in compliance with the laws of the countries in which it operates. Potential risks include violations of antitrust and competition law and export control regulations and sanctions, as well as anti-corruption laws.				✓	Own operations	Short, medium and long term

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CORPORATE CULTURE, CORRUPTION AND BRIBERY

We lay the foundation for responsible corporate behavior through our policies and principles of conduct. Our corporate culture also strengthens our employees' awareness of sustainability and positions us as an attractive employer. The following section explains the impacts, opportunities and risks in this area followed by the guidelines in our corporate culture and how we ensure compliance with them.

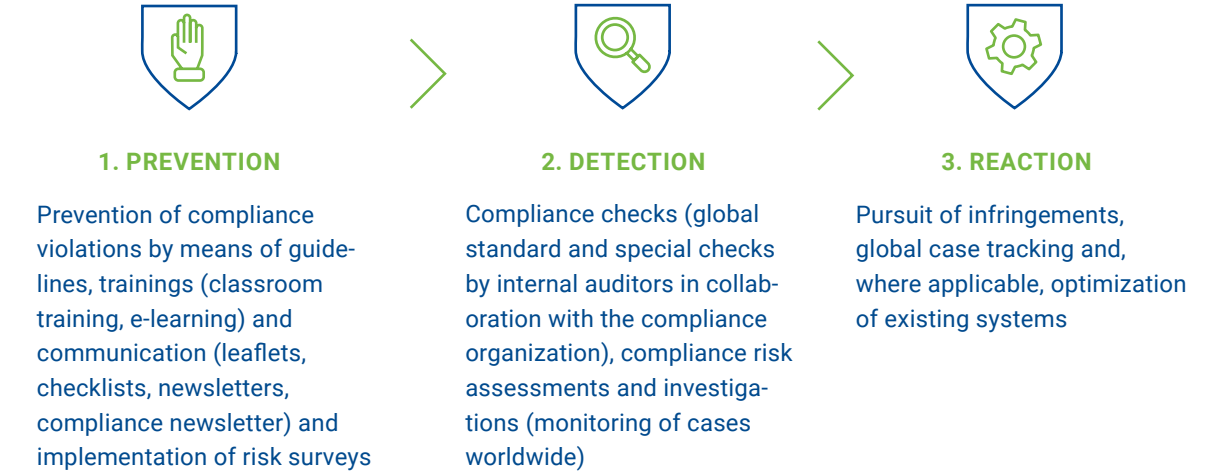
BENTELER guidelines and Code of Conduct

We conduct our business responsibly and in compliance with the laws of the countries in which we operate. We set our own ethical standards that go beyond the legal requirements. These are primarily enshrined in our corporate values and in the BENTELER guidelines and principles of conduct. Anyone who violates these principles must, in addition to possible legal sanctions, expect disciplinary consequences. We pursue a zero-tolerance approach with regard to corruption (bribery and graft).

Our code of conduct covers the following topics:

- > Social responsibility and legal compliance
- > Interaction with employees
- > Competition and antitrust law
- > Corruption, gifts and benefits
- > International trade
- > Environmental protection
- > Data protection
- > Relationships with business partners

BENTELER COMPLIANCE PROGRAM



Compliance organization

All employees are responsible for acting in accordance with the principles described above. Our managers have a role model function. Responsibility for the Compliance department is assigned to the CEO. Compliance is a holding function responsible for the strategic orientation and operational development of the compliance organization in the BENTELER Group. It is headed by the Chief Compliance Officer (CCO). Corresponding officers have been appointed

at country and regional level who report to the Divisional Compliance Officers (DCOs) on a monthly basis. Management at divisional level is regularly informed by the DCOs about compliance issues. Written reports are sent to the CCO and the division CEOs every six months. In addition, monthly meetings are held between the CCO and the global compliance team. The CCO reports to the CEO on a monthly basis and to the full Executive Board on a bi-monthly basis.

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The compliance organization focuses, among other things, on compliance with antitrust and competition law, anti-corruption law and export control regulations. To this end, it provides information, develops regulations, and conducts consultations, training, inspections, and internal investigations. As part of the group-wide compliance program, it sets internationally binding minimum standards for compliant behavior. Details are set out in compliance guidelines, instructions for action and other requirements. In addition, the dual control principle applies throughout the group.

The contents of the Compliance Management System are continuously reviewed and modified. The group Anti-Corruption and Whistleblower policies are updated regularly, and the revised versions came into effect in 2022.

E-learning and training compliance

E-learning courses are offered on a rolling basis to explain the content of the guidelines. Compliance with the training deadlines is monitored by the Learning Management System. New employees must have completed assigned training within six months of being hired. Refresher training is provided at regular intervals. Regular and repeated mandatory training for all employees is essential for compliance. This is just one of the reasons we record the fulfillment rate.

In 2023, 4,147 training courses on export control, anti-corruption, and antitrust and competition law were successfully completed via e-learning. The overall compliance rate for these trainings in 2023

was 97.7%. This represents an improvement of 1.2 percentage points on the previous year.

In addition, training was provided on various topics in the form of classroom training or web meetings.

- › General training on the three compliance focal points of anti-corruption, antitrust and competition law, export control: 142
 - Antitrust and competition law: 98
 - Export control: 9
 - Anti-corruption/conflicts of interest: 35
- Accesses to the “Change to Anti-Corruption Policy, Version 2.0, January 2022” learning nugget (on-demand video): 102
- Accesses to the “Conflicts of Interest” learning nugget (on-demand video): 1,184

In addition, the Compliance department conducted further training courses on special topics for specific departments and employee groups:

- › B-AWARE whistleblower system, training case workers on how to correctly process incoming reports: 15 people
- › Official investigations
 - Instruction of the globally appointed house search coordinators on the correct behavior in the event of a house search: 85 people
 - Instructing employees on the correct behavior in the event of a house search by DCOs and RCOs: 274 people. In addition, house search coordinators around the world provided training on this topic in their respective national language.

- › Instructions for inviting public officials: 11 people
- › Classroom training “Compliance@BENTELER” for new employees: 95 people (only by DCOs and RCOs)
- › General compliance training for works councils (Germany): 11 people
- › General compliance training for employees: 285 people
- › Training on purchasing cooperation: 6 people

Furthermore, 141 people worldwide were familiarized with the content of the compliance campaign “Speak up – Be the Voice of Integrity”, who then took over the roll-out of the campaign. The aim of the campaign was to inform shop-floor employees in particular about the company’s expectations with regard to reporting any grievances. Around 14,500 people were addressed personally in this way.

Conflicts of interest

Our rules on avoiding conflicts of interest are set out in the group’s Anti-Corruption Policy. Onboarding sessions for new employees and training sessions on our guidelines and Code of Conduct discuss how conflicts of interest can be avoided or disclosed. When employees disclose such situations, they are managed by the Compliance department. The subject of conflicts of interest is also a regular component of internal training and training materials.

When preparing the annual financial statements, potential conflicts of interest are identified by the Executive Board and the Supervisory Board and checked by the auditor. In its procedural rules, the

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Supervisory Board has adopted its own rules for resolving conflicts of interest and informs the Annual General Meeting of any cases that arise and how they have been dealt with.

WHISTLEBLOWER PROTECTION

Whistleblower system

Anyone who becomes aware of possible compliance violations can communicate this in various ways. As a supplement to direct contact with the compliance officer (in person, by telephone, email or post), the B-AWARE digital whistleblower system offers employees and third parties an additional method of submitting reports to the established email address compliance@benteler.com. Anonymous reporting is not permitted in every country and therefore depends on the applicable local legal situation. All information is treated confidentially and reviewed by the relevant specialist department. The effectiveness of the grievance procedure will be reviewed annually and, where necessary, on an ad hoc basis. The digital whistleblower system including the rules of procedure is available on the BENTELER website: <https://www.benteler.com/en/contact/>

In addition to the compliance officers, contact persons were nominated in all European companies with more than 50 employees to receive and investigate tips in person.

The whistleblower system is used exclusively to receive and process information about actual or alleged violations. It is not available for general complaints or for product and warranty inquiries. We track leads in the following categories:

- › Data protection
- › Discrimination, harassment, bullying and other labor law issues.
- › Export control, embargoes, sanctions and customs regulations
- › Health and safety at work
- › Antitrust and competition law
- › Corruption and bribery, conflicts of interest, gifts and invitations
- › Suppliers, Code of Conduct for Suppliers, human rights violations in the supply chain
- › Quality and production safety
- › Accounting, bookkeeping, financial reporting and other financial and tax topics.
- › Environmental protection
- › Other (e.g. theft, misuse of company property, sabotage)

Whistleblower Policy

In internal newsletters and on plant notices, we address how to avoid or deal with critical concerns in advance. In addition, a whistleblower guideline has been published internally and externally. It describes how we process tips:

- › Confirmation of receipt is sent within seven days.
- › A plausibility check is performed.
- › The result of the plausibility check is documented in B-AWARE.

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- > If the complaint seems plausible, an investigation follows.
- > The result of the examination is also documented in B-AWARE.
- > Feedback is given to the person reporting the incident – if necessary in the form of a progress report – no later than three months after the submission.

Misconduct that has been detected is sometimes communicated internally for training purposes as “compliance case information.” We regularly conduct employee surveys to continuously improve the whistleblower process.

GEOPOLITICAL RISKS

The ongoing war in Ukraine and the Hamas attack on Israel have also had an impact on the BENTELER Group’s business operations. In addition to ensuring functioning supply chains, measures have also been stepped up to gain an even better understanding of business partners, firstly for ethical reasons and secondly for legal reasons, so that sanctioned persons do not benefit unlawfully from the business activities of the BENTELER Group. For example, a system has been established to identify the ultimate beneficial owner of a current business partner.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS, INCLUDING PAYMENT PRACTICES

In dynamic and volatile times, long-term partnerships and good, trusted relationships with suppliers are particularly relevant. We have therefore defined clear contractual regulations for cooperation and thereby avoid interruptions in the supply chain, for example.

The impacts, opportunities and risks are described below followed by a description of supplier management, the purchasing network and risk management within this network.

MATERIAL IMPACTS, OPPORTUNITIES AND RISKS RELATED TO MANAGING RELATIONSHIPS WITH SUPPLIERS, INCLUDING PAYMENT PRACTICES

Description	Impact		Opportunity	Risk	Origin	Timetable
	Positive	Negative				
BENTELER influences the business activities of suppliers through clear contractual regulations, such as the Code of Conduct for Suppliers.	✓				Own operations	Present
BENTELER attaches great importance to fair cooperation with suppliers. If, however, BENTELER were to neglect its payment terms and deadlines in future, this could lead to liquidity problems at suppliers and thus interruptions in production at BENTELER.				✓	Value chain	Short, medium and long term

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Short, medium and long term

We communicate our standards of social, ethical and ecological responsibility through the BENTELER Code of Conduct for Suppliers. Our requirements related to work (including the ban on child labor, respect for human rights and the ban on discrimination), health and safety, the environment, market behavior and ethics and responsibility within the supply chain, which also includes safer reporting of potential violations, are communicated in six chapters. Our business partners must acknowledge these requirements and also commit to address them within their own business relationships.

The purchasing processes at BENTELER ensure that approval as a supplier and placement of orders can only take place if corresponding compliance with the minimum requirements specified in the Code of Conduct for Suppliers has been documented beforehand. 99% of suppliers were approved in 2023.

In addition, all employees in Global Procurement are required to complete the associated e-learning course, which ends with a digital knowledge check on the statements in the Code of Conduct for Suppliers. The training required for this was assigned to 389 employees; in January 2024, 98.5% had completed it in accordance with the curriculum.

The BENTELER Code of Conduct for Suppliers is reviewed annually to determine whether it needs to be updated. To this end, we take into account the findings from focused risk monitoring as well as global framework conditions and regulatory requirements. If necessary, the updates also affect the supplier

self-assessment and e-learning for employees.

Supplier selection

Potential new business partners not previously known to BENTELER undergo a multi-stage process for overall evaluation. As part of this assessment, they must complete a detailed supplier self-assessment, provide evidence of certifications and sustainability standards and accept the BENTELER Code of Conduct for Suppliers. Only then can they undergo an internal review process, which is guided, amongst other things, by the supplier class, the country of origin and the CPI¹ available there.

Since the beginning of 2023, every new business partner has also been subject to an ad hoc review by the risk management system. The Supplier Self-Assessment was revised in 2023 by a team of experts from the Procurement, Sustainability, Compliance, Strategy and Legal departments and aligned with the principles of both the BENTELER Code of Conduct for Suppliers and extended sustainability requirements. The assessment covers the following topics, among others:

- › Protection of human rights
- › Prohibition of child and forced labor
- › Ensuring freedom of association
- › Health and safety management
- › Environmental protection and energy management
- › Market behavior and ethics
- › Ensuring fair competition
- › Corruption prevention and data protection
- › Dealings within the supply chain
- › Reporting potential violations

Risk management in the supply chain

To maintain entrepreneurial diligence (sustainability) in the supply chain, new and active business partners are monitored using two different approaches based on a range of factors.

Firstly, with real-time monitoring, which provides information 24/7 on human rights violations, violations of the ban on child labor, accidents and health risks as well as environmental violations, among other things. And secondly, through an annual risk assessment based on the criteria of the Supply Chain Due Diligence Act (“LkSG”) and the CSDD² criteria (categories: personal freedom, employee rights, child labor and environmental protection) and issuing a CSDD² score at country level (risk assessment).

Risk management also includes examining the effects of geopolitical conflicts and the resulting measures. BENTELER reviewed its supply chains following the adoption of the 11th package of sanctions against Russia in September 2023. The company was able to announce that, to the best of its knowledge, BENTELER does not use any iron and steel products of Russian origin listed in the sanctions lists in products supplied to customers in the European Union, Great Britain and Norway.

BENTELER took this as an opportunity to carry out a corresponding analysis worldwide and entered into dialog with around 70 global suppliers. Here too, compliance with the sanctions requirements against Russia was established.

¹ CPI = Corruption Perception Index

² CSDD = Corporate Sustainability Due Diligence

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MULTI-LEVEL SELECTION FOR FOCUSED MONITORING OF BRANCHES OF OUR BUSINESS PARTNERS

SPEND 2021 + 2022	CRITICAL COMMODITIES based on supply chains/countries of origin according to LkSG ¹ /CSDDD ² criteria (entire manufacturing process)
REGIONAL RISK IMPACT EU, AP, MC, NAO	CRITICAL COUNTRIES BASED IN CORRUPTION PERCEPTION INDEX (CPI)
DIVISIONAL RISK IMPACT Automotive & Steel/Tube	TRANSPORT HUBS Most frequently used and important seaports (airports will follow)
RISK SCORING Human Rights & Labor Rights, Environmental Protection, Financials Reputation, Natural Disasters, SCM Geopolitical Crisis	

= 5,800

SUBSIDIARIES OF BUSINESS PARTNERS

Ongoing supplier integration during nomination process (GSM³)

¹ LkSG – German Supply Chain Due Diligence Act
² CSDDD – Corporate Sustainability Due Dilligence Directice, European Commission
³ GSM – Global Sourcing Meeting

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Supplier network focuses on local for local

To supply our customers as reliably as possible in times of uncertain supply chains, BENTELER continues to rely on long-term supplier relationships. In line with the strategic principle “Local for Local,” we source raw materials, goods and services predominantly from regions where the production takes place. This strengthens the resilience of our supply chain while protecting the environment. To ensure this, we also use a range of targeted measures to select new business partners and manage the risk of our supplier network.

The approach of building local supplier relationships close to customers was continued in 2023. BENTELER locations close to customers, thereby shortening transport routes, have also proved advantageous in the past. Around 39 locations of the Automotive Division are located in direct or indirect proximity to customers. We will continue to optimize the global location distribution of the BENTELER Group as part of the ongoing change processes in 2024.

In total, the supplier network for the Automotive and Steel/Tube divisions comprised 2,800 direct and 12,800 indirect suppliers in 2023. In terms of purchasing volume, steel companies are among the BENTELER Group’s largest suppliers. In 2023, the purchasing volume amounted to €6.8 billion.

Localization of suppliers

The global supply chain situation remained challenging in 2023, which once again resulted in longer supply distances in some cases. Nevertheless,

BENTELER was able to maintain deliveries to customers. Within a continent, the localization share, i.e. the proportion of expenditure on local suppliers, was 91% in 2023 (previous year: 82%).

In terms of localization within a country (i.e. the supplier is based in the same country as the BENTELER subsidiary), the rate was 59% (previous year: 52%).

Critical raw materials

To uphold human rights and ensure a conflict-free supply chain, BENTELER requires all relevant suppliers to disclose the origin of their raw materials in accordance with the provisions of the Dodd-Frank Act, Sec. 1502 and the EU Conflict Minerals Regulation (2017/821). This relates to gold, tin, tantalum and tungsten from the Democratic Republic of Congo (DRC) and neighboring countries.

The regulation is intended to help curb the trade in these materials, which sometimes contribute to the financing of armed conflicts. The selection of relevant suppliers is based on the OECD guidelines. Relevant suppliers receive a written communication explaining the issue of conflict minerals and a statement that BENTELER is committed to eliminating critical smelters from its supply chain. All suppliers with potentially high-risk smelters in their supply chain will be asked to remove the critical smelters from their supply chain. Other focus topics are cobalt and mica.

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POLITICAL COMMITMENT: INITIATIVES, ASSOCIATIONS AND INTEREST GROUPS

In addition to direct dialogue with various stakeholders, BENTELER supports initiatives such as the International Labor Organization (ILO) and the Ethical Trading Initiative. BENTELER is also involved in various associations and interest groups, for example:

Germany

- › Bundesvereinigung für Logistik
- › Deutsche Gesellschaft für Personalführung
- › Deutsches Institut für Compliance
- › It's OWL Clustermanagement GmbH
- › Nachhaltigkeitsabkommen Thüringen
- › Verband der Automobilindustrie
- › Verband deutscher Maschinen- und Anlagenbau
- › Zentrum für Arbeitsmedizin und Arbeitssicherheit
- › Wirtschaftsvereinigung Stahl (WVS)
- › FEhS Institut für Baustoffforschung

USA

- › American Society for Metals (ASM International)
- › American Society for Quality
- › Automotive Industry Action Group
- › German American Chamber of Commerce
- › National Association of Foreign Trade Zones
- › Society for Human Resource Management
- › Society of Automotive Engineers

Brasil

- › American Chamber of Commerce for Brazil

China

- › German Chamber of Commerce in China

South Africa

- › Automotive Industry Development Centre

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RESPONSIBLE HANDLING OF TAXES

The department responsible for taxes reports directly to the Executive Board. A specialized tax organization is assigned to the Chief Financial Officer. The Head of Corporate Taxes for the BENTELER Group manages and monitors the implementation of tax principles, tax risk management and the internal control system for tax. National and global responsibilities exist for certain tax issues such as transfer prices or sales taxes. Internal contacts for local tax issues have been defined in all national companies, and tax departments have been set up in countries with more complex economic activities. When local employees identify tax risks, they must be discussed with the group tax department if they exceed a certain threshold.

Our principles of responsible corporate governance also apply to taxes. We reject artificial tax arrangements and profit shifting. We are committed to a careful mapping of economic reality for taxation purposes and to tax allocation across jurisdictions according to actual value added.

Processes for ensuring correct taxation are defined in guidelines and training courses. These processes are regularly communicated, monitored and improved within the Group.

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GRI CONTENT INDEX

GRI 1: FUNDAMENTALS 2021

Statement of use: The BENTELER Group reports with reference to the GRI Standards for the 2023 reporting year (January 1, 2023 to December 31, 2023).

GRI 1 applied: GRI 1: Foundation 2021

Applicable GRI sector standard (s): None

GRI 2: GENERAL DISCLOSURES 2021

GRI Standards	BENTELER Sustainability Report 2023	Comments
Organization and Reporting		
GRI 2-1	Organizational details	p.170
GRI 2-2	Entities included in the organization's sustainability reporting	p.170
GRI 2-3	Reporting period, reporting frequency and contact point	The Sustainability Report is published annually.
GRI 2-4	Restatements of information	None
GRI 2-5	External assurance	All tables of key figures in the chapter Environment (pp.174-196) have been audited by an external auditor.
Activities and Employment		
GRI 2-6	Activities, value chain and other business relationships	pp.168, 169, 174, 180, 183, 188-196, 204, 205, 213, 220-223
GRI 2-7	Employees	pp.198-200, 202
GRI 2-8	Workers who are not employees	pp.198, 199
Governance		
GRI 2-9	Governance structure and composition	Please see Annual Report
GRI 2-10	Nomination and selection of the highest governance body	Please see Annual Report
GRI 2-11	Chairman of the highest governance body	Please see Annual Report
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Please see Annual Report

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GRI Standards		BENTELER Sustainability Report 2023	Comments
GRI 2-13	Delegation of responsibility for managing the impacts		Please see Annual Report
GRI 2-14	Role of the highest governance body in sustainability reporting	p.170	
GRI 2-15	Conflicts of interest	pp.218, 219	
GRI 2-16	Communication of critical concerns	pp.219, 220	
GRI 2-17	Collected knowledge of the highest supervisory body		The Supervisory Board is informed about the implementation status of sustainability issues at Audit Committee meetings.
GRI 2-18	Evaluation of the performance of the highest governance body		The members of the Supervisory Board of BENTELER International AG receive annual fixed compensation, which is renewed each year by the Annual General Meeting.
GRI 2-19	Remuneration policies		For confidentiality reasons, the data is not reported.
GRI 2-20	Process to determine remuneration		For confidentiality reasons, the data is not reported.
GRI 2-21	Annual total compensation ratio		For confidentiality reasons, the data is not reported.
Strategy, guidelines, policies			
GRI 2-22	Statement on sustainable development strategy	pp.164-167	
GRI 2-23	Policy commitments		<p>BENTELER guidelines and Code of Conduct https://www.benteler.com/fileadmin/user_upload/corporate/Media_News/Publications/BENTELER_LEITLINIEN_2019.pdf</p> <p>BENTELER Policy Statement https://www.benteler.com/fileadmin/user_upload/benteler-corporate/Media_neu/Corporate_Documents/2022/downloads/BENTELER_Grundsatzerklaerung_nach_LKSG_Jaenner_2023.pdf</p> <p>BENTELER Supplier Code of Conduct https://www.benteler.com/fileadmin/user_upload/corporate/Group/Global_Procurement/Supplier_Code_of_Conduct/BENTELER_Verhaltenskodex_fuer_Lieferanten_Rev_03_2022_01.pdf</p>

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GRI Standards		BENTELER Sustainability Report 2023	Comments
GRI 2-23	Policy commitments		<p>Modern Slavery Statement https://www.benteler.com/fileadmin/user_upload/benteler-corporate/Media_neu/Corporate_Documents/2023/Downloads/Erklaerung_zur_modernen_Sklaverei_2023.pdf</p> <p>Compliance at BENTELER https://www.benteler.com/fileadmin/user_upload/corporate/About_Us/Compliance/2020-10-01_BENTELER_CMS-Manual_short_DE.pdf</p>
		pp.217, 218, 221	
GRI 2-24	Embedding policy commitments	pp.164-167, 172	
GRI 2-25	Processes to remediate negative impacts	pp.217-219	
GRI 2-26	Mechanisms for seeking advice and raising concerns	pp.219, 220	
GRI 2-27	Compliance with laws and regulations	p.174	There were no legal proceedings against BENTELER for corruption, export control violations, anti-competitive behavior or cartel and monopoly formation in the reporting year.
GRI 2-28	Membership associations	p.224	
Stakeholder engagement			
GRI 2-29	Approach to stakeholder involvement	pp.171, 199, 200, 204	
GRI 2-30	Collective bargaining agreements	pp.203, 204	
GRI 3: MATERIAL TOPICS 2021			
GRI 3-1	Process to determine material topics	pp.164, 165	
GRI 3-2	List of material topics	pp.164, 165	
GRI 204	Procurement practices 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 204-1	Proportion of spending on local suppliers	p.223	
GRI 205	Anti-corruption 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 205-2	Communication and training about anti-corruption policies and procedures	p.199	
GRI 206	Anti-competitive behavior 2016		

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GRI Standards		BENTELER Sustainability Report 2023	Comments
GRI 3-3	Management of material topics	pp.164, 165	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		There were no legal proceedings against BENTELER for corruption, export control violations, anti-competitive behavior or cartel and monopoly formation in the reporting year.
GRI 301	Materials 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 301-1	Materials used by weight or volume	p.175	
GRI 302	Energy 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 302-1	Energy consumption within the organization	p.175	
GRI 302-3	Energy intensity	p.175	
GRI 302-4	Reduction of energy consumption	p.176	
GRI 303	Water and effluents 2018		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 303-1	Interactions with water as a shared resource	p.184	
GRI 303-2	Management of water discharge-related impacts	p.185	
GRI 303-3	Water withdrawal	pp.184, 185	
GRI 304	Biodiversity 2016	p.185	
GRI 3-3	Management of material topics	pp.164, 165	
GRI 305	Emissions 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 305-1	Direct (Scope 1) GHG emissions	p.178	
GRI 305-2	Endergy indirect (Scope 2) GHG emissions	pp.176, 178	
GRI 305-3	Other indirect (Scope 3) GHG emissions	p.180	
GRI 305-5	Reduction of GHG emissions	pp.176, 179	
GRI 306	Waste 2020		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 306-1	Waste generation and significant waste-related impacts	p.188	
GRI 306-2	Management of significant waste-related impacts	pp.187, 188	

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GRI Standards		BENTELER Sustainability Report 2023	Comments
GRI 306-3	Waste generated	p.188	
GRI 306-4	Waste diverted from disposal	p.186	
GRI 306-5	Waste directed to disposal	pp.187, 188	
GRI 308	Environmental Assessment of Suppliers 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 308-1	New suppliers that were screened using environmental criteria	p.221	
GRI 308-2	Negative environmental impacts in the supply chain and measures taken	p.233	
GRI 401	Employment 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 401-1	New employee hires and employee turnover	pp.202, 203	
GRI 401-3	Parental leave	p.204	
GRI 402	Labor/Management Relations 2016	pp.203, 204	
GRI 3-3	Management of material topics	pp.164, 165	
GRI 403	Occupational Health and Safety 2018		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 403-1	Occupational health and safety management system	pp.205, 214	
GRI 403-2	Hazard identification, risk assessment and incident investigation		
GRI 403-3	Occupational health services	pp.205, 206	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	p.199	
GRI 403-5	Worker training on health and safety	pp.205, 206	
GRI 403-6	Promotion of worker health	p.206	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.205	
GRI 403-9	Work-related injuries	pp.206, 207	
GRI 403-10	Work-related ill health	p.205	
GRI 404	Training and Education 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 404-1	Average hours of training per year per employee	p.201	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	pp.200-202	

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GRI Standards		BENTELER Sustainability Report 2023	Comments
GRI 405	Diversity and Equal Opportunities 2016	pp.208-210	
GRI 3-3	Management of material topics	pp.164, 165	
GRI 405-2	Ratio of basic salary and remuneration of women to men	pp.208-210	
GRI 406	Non-discrimination 2016	pp.208-210	
GRI 3-3	Management of material topics	pp.164, 165	
GRI 407	Freedom of Association and Collective Bargaining 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 408	Child Labor 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 409	Forced or Compulsory Labor 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 413	Local Communities 2016	p.213	
GRI 3-3	Management of material topics	pp.164, 165	
GRI 414	Supplier Social Assessment 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 414-1	New suppliers that were screened using environmental criteria	p.221	
GRI 414-2	Negative social impacts in the supply chain and actions taken	p.211	
GRI 416	Customer Health and Safety 2016		
GRI 3-3	Management of material topics	pp.164, 165	
GRI 416-1	Assessment of the health and safety impacts of product and service categories	p.215	

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