"There is no half an integrated steel mill."

Dennis Grimm and Chris Lindner in conversation about the blast furnace concept.

1 MR. GRIMM, THE BOARD OF MANAGEMENT IS PLANNING A DRASTIC REDUCTION IN PRODUCTION CAPACITIES. IN THIS CONTEXT, THERE IS ALWAYS TALK OF HALVING THE INTEGRATED STEEL MILL. CAN YOU TELL US MORE ABOUT THIS?

DENNIS GRIMM: It is true that we are planning to reduce production capacities, but **there is no halving of the integrated steel mill.** We have to rethink thyssenkrupp Steel in its structures. With the support of a number of internal and external experts, we as the Board of Management have given extensive thought to how we can change our company in such a way that we are stable and "weatherproof" for our future. And the weather has become rough. The challenges of recent years, such as cheap steel imports and high energy costs, have intensified. New challenges have been added. These include, for example, weak sales markets, high transformation costs to low-emission production and uncertain political conditions.

With the measures described in the key issues paper, we are responding to two key facts. On the one hand, there are structural market changes that require quick action. In addition, we have too high cost positions compared to our competitors and are not efficient enough internally. A key point in our concept is the urgently needed adjustment of our production capacities to the level of shipments that we will be able to sell on the market in the long term.

Our shipping target is between 8.7 and 9 million tons per year. This is roughly in line with what we sold last year and slightly below the average level of the past five years. So we don't cut the integrated steel mill in half, that wouldn't make any sense at all. We have to set up the integrated steel mill in such a way that it is prepared for the

future and that we earn at least enough money here so that we can also finance our own costs and necessary investments. This also includes the personnel costs of the employees who work for us.

We have presented the result of our concept in recent weeks and have entered into an exchange with our staff. And of course, the reactions are not only factual. I can understand the emotions, because we're getting down to the nitty-gritty here.

And I can assure you that no one likes to cut jobs. But if we do nothing at all, no job in the steel division will be secure. That's why we urgently need to adjust our production capacities and achieve a competitive cost level. We know that the road ahead will be hard and challenging – for everyone. But this is the only way we can make thyssenkrupp Steel fit for the future and preserve many good jobs. **So it is not a question of halving, but of reducing our structural overcapacities by around 2 million tonnes per year.** We are concerned with a sustainable positioning of the business, not its liquidation.

One thing is clear: we do not want to give up any market share to competitors and we are concentrating on our profitable premium grades. This is where our expertise lies. That's what we're particularly good at as a company.

"So it is not a question of halving, but of reducing our structural overcapacities by around 2 million tonnes per year."

2 MR. LINDNER, THE CURRENT PLAN IS TO BE THE FIRST TO REMOVE THE BLAST FURNACES IN HAMBORN IN THE COURSE OF THE TRANSFORMATION. WHAT ARE THE REASONS FOR THIS AND DOES IT MAKE SENSE AT ALL?

CHRIS LINDNER: The industrial concept envisages full capacity utilization of the two steel plants in the north of Duisburg. This requires about 9 million tons of pig iron per year. The direct reduction plant with the two smelters will produce approx. 2.3 million tonnes of green pig iron after commissioning. The remaining almost 7 million tons of pig iron are then to come from blast furnaces 1 and 2 in Schwelgern, which will then be optimally utilized.

The Schwelgern blast furnace plant has the advantage that the raw materials can be transported to the blast furnaces by conveyor belts from the mortar preparation and coking plant, instead of having to be transported by rail across the factory premises to Hamborn, accepting additional handling operations.

This difference results in a correspondingly serious cost advantage for the Schwelgern site. Together with the DR plant, we will have a capacity of around 9 million tons with the two Schwelgern blast furnaces at the target operating point and produce them at optimal costs. Today, the Hamborn blast furnace plant consists of more plants than just blast furnaces 8 and 9, such as the stone factory and the shaft furnace.

Here we will develop a corresponding concept for how these plants will continue to be operated. And we are safeguarding both our existing range of grades and our transformation.

The market and its capacities have changed since the first plans of the transformation, and this also requires a change in the first plan.

3 THERE ARE CONCERNS THAT BLAST FURNACE 1 IN SCHWELGERN WILL SOON HAVE TO BE MODERNIZED – OR WILL GO OUT. HOW DO YOU SEE THAT, MR. LINDNER?

CHRIS LINDNER: I don't share these concerns. Blast furnace 1 in Schwelgern was relined in 2021 and is state-of-the-art on its sixth furnace campaign. It would not have to be re-served until 2031/2032. The plant management and I assume that blast furnace 1 will certainly reach this point in time. To this end, as with all other blast furnaces, we regularly carry out the appropriate maintenance measures. As a precautionary measure, the stoves, for example, are subjected to intensive testing in order to ensure safe operation in the long term.

The campaign of blast furnace 1 will therefore take until the completion of an electric arc furnace. The EAF will then take over the capacity of blast furnace 1 in 2031. We have already identified half of the current generation spectrum of our Ox2 steel mill as EAF-capable.

All these changes are technologically and organizationally feasible, but demanding and require the full commitment of the upstream team.

4 MR. GRIMM, IS THE HALVING OF THE INTEGRATED STEEL MILL NOW COMING THROUGH THE BACK DOOR, IN WHICH THE PLANNING OF DECARBONIZATION INVOLVES ONLY TWO TRANSFORMATION STEPS INSTEAD OF A COMPLETE TRANSFORMATION?

DENNIS GRIMM: That's not right either. In the initial considerations for the green transformation, four DR plants were considered in order to achieve the goal set to date – climate neutrality by 2045 at the latest. Now we are four years ahead. In the meantime, there have been major global effects, but also effects within Europe. The political and regulatory framework is also constantly evolving, as are the requirements of our customers.

Despite all this, we are currently in the process of building our first DR plant with the two egg melting units, as planned. We are sticking to this, although many essential factors are still unclear and are clearly different today than in the assumptions a few years ago. Accordingly, we will continue to decide on every further transformation step in the future when it is necessary and on the basis of the facts that can then be foreseen. Anything else would be economically unjustifiable and dubious. We cannot yet foresee how the framework conditions for further transformation steps will develop. We finish building our DR plant. This gives us an outstanding position in the market and allows us to continue to offer all top grades, then with significantly lower CO2 emissions. Other competitors have postponed their investment decisions despite funding commitments, because of precisely these uncertainties, e.g. regarding hydrogen availability and competitive costs.
Our second step, as things stand at present, is the construction of an electric arc furnace. To do this, we then take blast furnace 1 off the grid. This will enable us to meet customer requests for greater use of scrap to increase the recycling rate in steel production. At the same time, our most powerful and largest blast furnace 2 continues to operate. The replacement of blast furnace 2 is not due for another ten years. There can still be no serious transformation planning for this today. We can and will only make concrete decisions when the framework conditions are foreseeable and we have initial experience with our first climate-friendly plants. I think that's

understandable for everyone. Here, too, it is absolutely clear: We are planning for a shipping target of 8.7 to 9 million tons per year, **there is no half an integrated steel plant.**

THANK YOU VERY MUCH FOR THE INTERVIEW!