

UNLOCKING PEAK PERFORMANCE

Annual Report 2025

1. SMS group

At a glance.....	4
Foreword by the Chair of the Supervisory Board.....	8
Foreword by the Foundation Board.....	9
A conversation with the Managing Board.....	10
In memory of Heinrich Weiss.....	16

2. Insights

Focus on what matters.....	20
Driving sustainability at SMS group.....	24
Projects around the world.....	32

3. Fiscal year 2025

Our business in 2025.....	38
Consolidated statement of financial position.....	44
Consolidated income statement.....	46
Supervisory Board of SMS group GmbH.....	47
Supervisory Board of SMS GmbH.....	48
Contact.....	49



1. SMS group

At a glance

Our featured projects

Our featured projects demonstrate how we combine technological excellence with tangible customer benefits. They exemplify our role as a reliable partner in the transformation of the metals industry.



Stegra, Sweden: The world's first 100% hydrogen-based steel plant



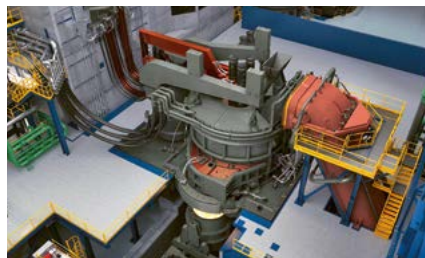
Aluminum Dynamics, USA: A new player for high-quality aluminum strip



thyssenkrupp Steel, Germany: Decarbonization of Europe's largest steel site



JSW, India: First CSP Nexus plant for strip and plate



Saarstahl, Germany: Power4Steel. Towards carbon-neutral steelmaking



Aurubis, USA: The first multi-metal recycling plant in the US



SSAB Lulea, Sweden: Sustainable cold rolling and strip processing complex



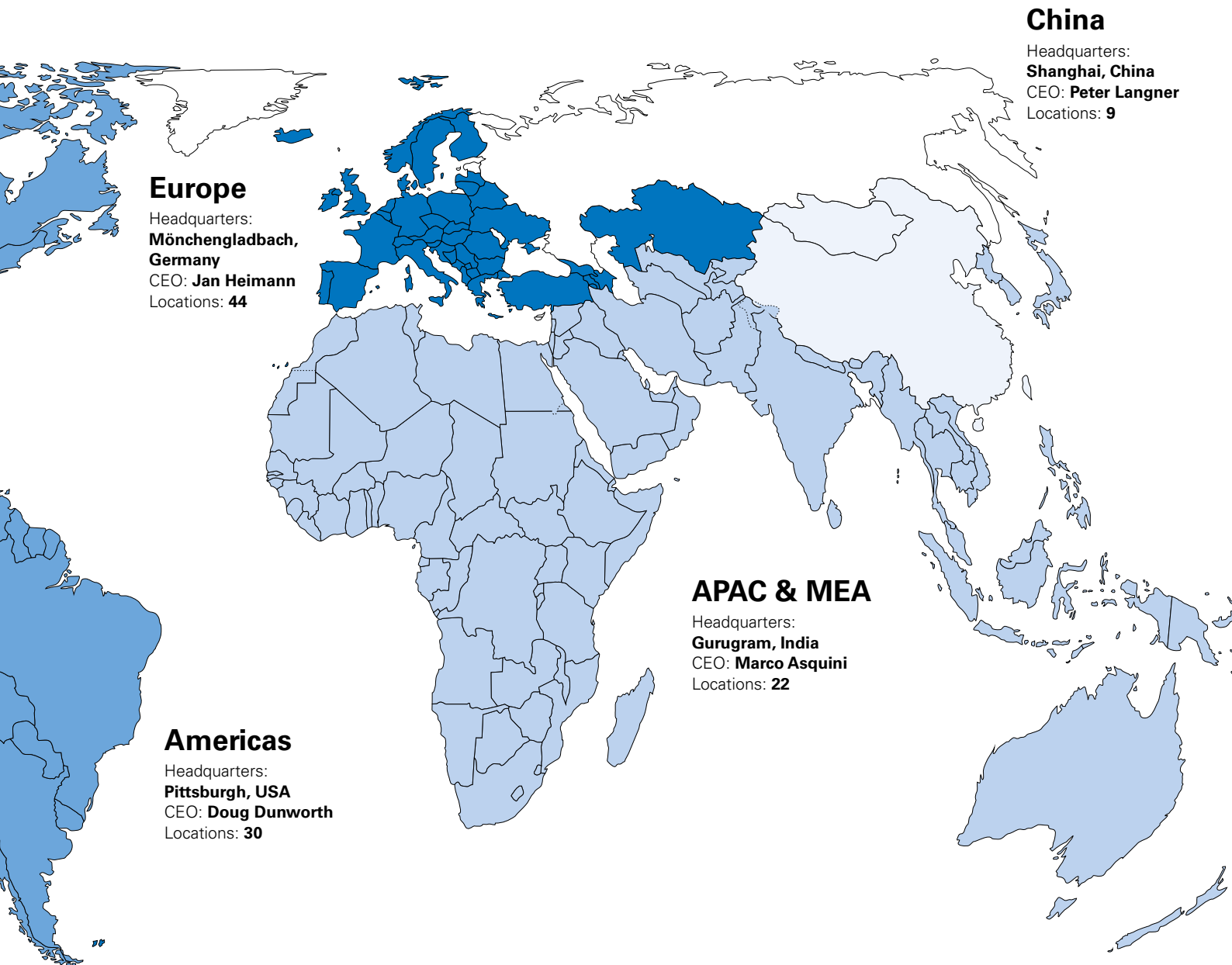
Hybar, USA: A rebar minimill powered by the sun



Perryman, USA: Fully integrated and automated forging line



SMS group worldwide



SMS group figures

New order volume	€ 3,973 million
Revenue	€ 3,629 million
Order backlog	€ 6,444 million
Employees	> 13,000

Unlocking peak performance

We are SMS, a global engineering company serving the metals industry.

We engineer, build, and support industrial plants for steel, aluminum, and non-ferrous metals production.



Plants run for decades.

During that time, requirements change and operations evolve. That is why we work with our customers across the entire life cycle. We engineer and execute projects, modernize existing plants, and support digital operations. In doing so, we help keep performance stable over time.



Engineering expertise guides how we act.

It allows us to analyze processes, understand constraints and engage with daily operations. By listening closely and taking responsibility across project phases, we turn requirements into solutions that perform in practice.



Performance grows through consistency.

For this reason, we plan carefully, execute with discipline, and focus on what makes a difference in operation. Each solution is developed with use in mind and with a clear contribution to efficiency and availability.



We work as partners.

By staying close to our customers and their sites, we remain connected to real operating conditions. Local teams support projects on the ground, while our global organization provides continuity throughout execution and operation.

As a family-owned company, we take a long-term view. This perspective shapes how we make decisions and how we work with our customers, partners, and employees worldwide.

Trust is built
over time and
proven every day.

The history of SMS group is closely linked to the Weiss family of entrepreneurs. To this day, the company remains fully family-owned. In 2016, all shares were consolidated under the Familie Weiss Foundation, securing long-term independence and ensuring continuity for future generations.

The Familie Weiss Foundation is the sole owner of SMS GmbH, the parent company of SMS group GmbH.



**Our ambition
is to ensure peak
performance.**



FOREWORD BY THE CHAIR OF THE SUPERVISORY BOARD

Dear colleagues, Dear business partners,

Since the incorporation of our company more than 150 years ago, we have seen one of the most prosperous periods in human history, driven by continuous change and technological improvements. During this long history, SMS group has both adapted and contributed to this change by supplying the means to produce materials, which are among the most important pillars of economic development.

The year 2025 was again marked by huge global economic shifts and resulting political tensions. Our company has mastered this challenging environment with discipline and achieved stable financial performance in the fiscal year. Through targeted structural adjustments, we were able to improve our earnings and strengthen our position for future growth.

Our markets are becoming increasingly competitive. This makes it even more important for the SMS group to continuously expand its technological capabilities. For over 150 years, we have stood for engi-

neering excellence at the highest level and technological leadership. Our strong aspiration remains: to be the best in whatever we do – and such a leadership position needs to be earned anew every day! We are a proud family-owned company and will remain one. To lay a sustainable fundament for future owner-generations, we must earn solid profits. It therefore remains crucial that projects are delivered on time and to the required quality standards. Our customers invest in SMS technologies and expect the highest levels of reliability and quality in return. At the same time, disciplined cost management is essential to securing our long-term competitiveness.

In the coming months and years, we will focus our activities on strengthening our core and expanding our service business. We will also have to continuously optimize the international value chain and make use of our global footprint and the tremendous network of capabilities. In this way, we are improving our resilience against further surprises.



**Prof. Dr. Eric Fellhauer,
Heinz-Erik Decker,
Georg Heinrich Weiss, and
Johannes Frauendörfer**
(from left to right)

On behalf of the Supervisory Board, I would like to thank the Managing Board and all employees worldwide for their exceptional dedication. Their commitment forms the foundation for our company's profitable growth. We would also like to thank our customers and partners for their trust – the SMS group will continue to earn it in the future.

Yours sincerely,

Prof. Dr. Eric Fellhauer
Chairman of the Supervisory Board
SMS group GmbH / SMS GmbH

FOREWORD BY THE FOUNDATION BOARD

Dear business partners and friends of SMS,

The past year was marked by a profound loss. With the passing of Dr. Heinrich Weiss on September 8, 2025, we lost an extraordinary entrepreneur who shaped SMS over decades. Under his leadership, the company developed into a globally respected technology partner for the metals industry – defined by engineering excellence, international orientation, and reliability.

His legacy lives on in the values that continue to guide SMS: thinking across generations rather than quarters, combining innovation with economic prudence, and ensuring the company remains independent. For the Weiss Family Foundation, preserving and advancing this legacy is a personal commitment and a central responsibility. Together with the management team, we will continue on this path – protecting independence, strengthening our technological capabilities, and further enhancing customer focus and service business.

Over the past year, SMS has made significant progress in executing this strategy. These developments confirm that the measures implemented by the Managing Board are delivering results and creating a solid foundation for the future.

We would like to express our sincere gratitude to all employees for their dedication and loyalty, and to our customers and partners for their continued trust. The values that have guided SMS for more than 150 years will continue to guide us into the future.

With respectful regards,

Johannes Frauendörfer
Chairman of Board of Management of
the Familie Weiss Foundation

Georg Heinrich Weiss
Board of Management of the
Familie Weiss Foundation

Heinz-Erik Decker
Board of Management of the
Familie Weiss Foundation

A conversation with the Managing Board

Mr. Burg, SMS developed positively in 2025. The market however was anything less than favorable.

Jochen Burg — Both are true. The markets, which have struggled in recent years, show no signs of stabilizing. Far from it. Significant tensions in international trade began to emerge in the first quarter. Added to this were flare-ups of additional crises around the world. This resulted in supply chain disruptions and increased costs for on-going projects. All this uncertainty also weighed on the sales projects. Our customers are very cautious when making investment decisions.

It is very difficult to predict how our markets will develop from here on out. Still, we are very confident about SMS group's future. In particular, current and potential customers in the US and India have a large number of projects to award in the coming years. We want to be part of this.

Let's take a look back at the 2025 fiscal year: In which areas has SMS made visible progress – and where can the organization still improve?

Jochen Burg — We have made clear progress in several areas, particularly in improving profitability, a key prerequisite for continued growth. We have also simplified our structures, strengthened project execution, and advanced our technologies successfully. Additionally, we have made improvements in the area of health and safety; the key figures speak for themselves. We are determined to continue in this direction.

However, there are other areas where we are not yet where we want to be. For example, we are still behind our goal of generating 50% of our revenue from service. Service is the key to making SMS more stable and profitable. It brings recurring revenue, closer customer relationships, and greater resilience in volatile markets.

We have already taken concrete steps to strengthen the role of service at SMS. In January 2026, we opened a second workshop in India to better serve customers in the east of the country. Our service organization in Europe has been regionalized to be closer to our customers. We also make an effort to include more service components such as maintenance contracts in large-scale projects.

Ms. Fernandez, how did the financial indicators fare in 2025?

Fabiola Fernandez — We are on track with our figures and reached all our strategic KPIs in 2025. Order intake was up 10% to €3,973 million (from €3,620 million). Profitability has improved: Sales gross margin increased by 4 percentage points to 24.5% (from 20.2%). Earnings after taxes came in above €100 million.

Managing Board
(from left to right)
Thomas Hansmann **CTO**
Fabiola Fernandez **CFO**
Jochen Burg **Chair & CEO**
Michael Rzepczyk **COO**





At the same time, our financial foundation is stronger, too. The equity ratio climbed 4 percentage points to 22.2% (from 18.5%), and liquidity rose 34% to €1,245 million (from €929 million).

To sum it up: We delivered the best operating result in twelve years and successfully completed the turnaround of a previously non-profitable business. So we have made solid progress financially, but we're not quite there yet.

Which levers do you see in the organization and its structure to help SMS move closer to this goal?

Fabiola Fernandez — Reducing complexity is an essential first step that allows us to focus more on creating real value. In 2025, we exited non-profitable activities and simplified our legal structures, merging entities and clarifying accountabilities. We will continue to simplify our organization consistently this year.



“We are committed to building trusting relationships with our customers. Our top priority is to help them achieve peak performance throughout the entire lifecycle of their assets, rather than just for a short period or a specific project phase.”

— Jochen Burg

Ms. Fernandez, when you joined SMS in 2023, you introduced a performance and profitability program. How do things stand?

Fabiola Fernandez — The measures have helped to move toward the target of a 7% margin. But the second half of the journey will be tougher. It requires continued cost discipline, setting clear portfolio priorities, further expansion of our service business, and stronger operational excellence in project execution.

For us, profitability is the central foundation that allows us to invest in technology, support our customers’ transformation, and secure SMS’s long-term future. We’ll stay the course – with consistency and discipline.

What specific steps can we take to become most attractive for our customers?

Jochen Burg — We are committed to building trusting relationships with our customers. Our top priority is to help them achieve peak performance throughout the entire lifecycle of their assets, rather than just for a short period or a specific project phase. Guided by this mindset, we consistently focus on what truly matters to our customers. Working with us pays off throughout the entire project. This is what sets us apart. Going forward, we will make our commitment to creating genuine added value even clearer to our customers. All of our strategic measures are aligned to ensure we reliably deliver on this value proposition.

Why is SMS the ideal partner for the entire lifecycle of a plant?

Jochen Burg — We offer our customers technologically advanced equipment, and we also support their technical operations with customized services. The requirements that plants need to meet change over time. We ensure that they always remain state-of-the-art. Our global presence allows us to stay close to our customers and gain a clear understanding of their specific needs.

It's an ambitious promise. To live up to this in our day-to-day business, we need to build on our strengths and measure ourselves against our own ambitions as well as our customers' expectations. Technological excellence, focused project execution, and reliable service are the defining characteristics of SMS.

In the coming months and years, we will focus on expanding our service business even more.

“We delivered the best operating result in twelve years and successfully completed the turnaround of a previously non-profitable business. So we've made solid progress financially, but we're not there yet.”

— **Fabiola Fernandez**



Mr. Rzepczyk, Ms. Fernandez highlighted operational excellence in project execution as a major success factor. What progress did SMS make in this area in 2025?

Michael Rzepczyk — Targeted and efficient project execution is crucial not just for us, but, most importantly, for our customers, too. The sooner our plants go into operation and reach full capacity, the faster customers can turn their investment into profit.

In recent years, we had too many projects that did not earn money, or earned too little of it. 2025 was different: We executed our projects on an appropriate scale and, in doing so, achieved significantly better

results than in previous years. This shows us that our measures to strengthen project discipline are working.

Even so, we need to keep improving through robust planning, early risk identification, and disciplined project steering. This is the foundation for reliable results and the trust that opens the door to service opportunities.

In recent years, SMS has secured several major projects with volumes of 500 million euros and more.

What is the status of these projects?

Michael Rzepczyk — Successfully completing projects like this is demanding and defines a lot of our business. Some of these large projects are currently close to completion, which reduces the related risks.

These projects have allowed us to gain valuable experience and insights that are now benefiting us in our new projects, such as the construction of the electric steelmaking plant for SSAB and the flat steel complex for Hyundai Steel in the United States.

Mr. Hansmann, technology is a key differentiator for SMS customers.

What are the key priorities in your technology and innovation roadmap?

Thomas Hansmann — SMS has always stood for deep metallurgical expertise and outstanding engineering. Going forward, we'll focus even more on turning that expertise into solutions that make a measurable difference in our customers' operations.

On decarbonization, the Paul Wurth EASyMelt (Electric-Assisted Syngas Smelter) is a key example. This technology can reduce the CO₂ emissions of a blast furnace significantly and therefore has strong potential in markets where direct reduction or electric steel-making are difficult due to resource constraints. And we're putting this into practice: Together with Tata Steel, we have already started converting a blast furnace to the EASyMelt technology.

When it comes to technology, at the core of all our developments is customer value. For instance, some of our radial forging customers told us that new high-strength alloys for medical or aerospace applications can't be forged economically with conventional processes. That's why we developed the 2+2 process, which combines the high productivity of radial forging with the optimal core penetration of open-die forging. The first reference project is now in execution.



“SMS has always stood for deep metallurgical expertise and outstanding engineering. Going forward, we'll focus even more on turning that expertise into solutions that make a measurable difference in our customers' operations.”

— Thomas Hansmann



“We need to keep improving through robust planning, early risk identification, and disciplined project steering. This is the foundation for reliable results and the trust that opens the door to service opportunities.”

— Michael Rzepczyk

In January 2026, SMS finalized the acquisition of Metso’s Ferrous Technologies. What is the strategy behind this investment?

Thomas Hansmann — The acquisition expands our portfolio upstream and strengthens our position as an integrated solution provider. Adding sintering, pelletizing, and calcination technologies matters especially for decarbonization, where raw-material requirements are becoming more and more complex. For our customers, it means greater flexibility, improved efficiency, and lower emissions.

To wrap things up, let’s take a look ahead: What are your key priorities for 2026?

Jochen Burg — 2026 will be a year of execution for us. We have defined our vision and set the strategic direction; now we have to deliver – in service, in project execution, and in our financial performance. We will prioritize clearly, decide faster, and take ownership.

Thomas Hansmann — We will continue to invest substantially in our technology portfolio and innovation. Alongside our focus on decarbonization and the circular economy, we want to work on further improving performance. All Centers of Excellence will be challenged to advance their portfolios in terms of productivity, quality, safety, automation, and digitalization and they will integrate these improvements with our service offerings.

Michael Rzepczyk — Our customers expect reliability in time, cost, and quality; that is the benchmark we want to be measured against. The new structures with clearer accountability and more realistic planning are already paying off. Our teams in the offices and on sites worldwide did an outstanding job in 2025, and we will keep pushing for even greater progress in 2026.

Fabiola Fernandez — We delivered our best result in twelve years, but we won’t be resting on our laurels. Instead, we will do everything we can to reach or exceed our 7% target. This requires strict cost discipline and clear economic decisions in every project and every unit.

Heinrich Weiss — † 08.09.2025



In memory of Heinrich Weiss

SMS group mourns the passing of Heinrich Weiss. Surrounded by his family, the entrepreneur and long-standing CEO of SMS group passed away on September 8, 2025.

In the weeks following his death, employees, companions, and partners around the world paid tribute to Heinrich Weiss. A central memorial ceremony was held at the SMS campus in Mönchengladbach, accompanied by commemorative gatherings at further SMS locations worldwide. Together, they reflected the deep respect and gratitude felt across the entire group for a man whose life's work continues to define the company.

Heinrich Weiss shaped the company's evolution over many decades, accompanying and supporting its growth and development right to the last. Honoring his memory, Jochen Burg, CEO of SMS group, said, "Heinrich Weiss was a true role model. An extraordinary entrepreneur, he transformed a mid-sized company from the Siegerland region into a global market leader in machine and plant engineering for the steel industry. He will be greatly missed."



Born in 1942, Heinrich Weiss grew up in Hilchenbach. After studying electrical engineering, he joined the family-owned company in 1968, which was then run by his father Bernhard Weiss. In 1971, he took over as Chairman of the Managing Board. Under his leadership, the company entered a period of robust growth and global expansion. In 1973, the company was merged with the Düsseldorf-based company Schloemann. The conglomerate was given a new name, SMS, an abbreviation of Schloemann-Siemag AG. Major acquisitions shaped the group's further development, such as Mannesmann Demag in 1999, the Luxembourg-based plant engineering company Paul Wurth in 2021, plus other companies in Germany and abroad.

Opening SMS to the world

This growth was made possible by ensuring the success of the business. Heinrich Weiss soon tapped new markets for SMS in Asia, North America, and Eastern Europe. Two major projects in Wuhan and Baoshan in the late 1970s and 80s represented a milestone for the group. At that time, the Chinese government was cautiously opening the domestic market to Western technology with the aim of modernizing the economy through targeted investments. SMS was the first Western company to supply modern rolling mill technology to China, thereby making an important contribution to the country's rise as the

world's largest steel market.

Heinrich Weiss had the ability to identify technological trends early on and translate them into strategies. One of these trends was CSP technology, which SMS launched on the market at the end of the 1980s and which revolutionized the production of hot strip in the years that followed. At the same time, it was under his leadership that SMS grew from a purely mechanical engineering company to a systems supplier, supporting customers in all areas throughout the entire lifecycle of the equipment. Key initial steps included establishing the company's own electrical and automation systems unit and expanding the service business at the beginning of the 1990s. Inspired by a trip to Silicon Valley, Heinrich Weiss kick-started the development of his company's digitalization expertise.

Ensuring continuity

From 1974 to 2013, Heinrich Weiss served as Chairman and CEO of SMS group. During this time, he placed great emphasis on preserving the character of SMS as a family-run business and, in 2007, brought the company back into full ownership of the Weiss family.

In 2013, he took over as Chairman of the Supervisory Board of SMS group and served on the Board of the Familie Weiss Foundation from 2016 to 2024. In 2016, all shareholders contributed their shares in the company to this foundation in order to ensure continuity in the ownership structure in the future.

Johannes Frauendörfer, his successor as Chairman of the Board of the Familie Weiss Foundation, said: "Heinrich Weiss was not only a significant entrepreneur but also a person of clarity, integrity, and passion. His life's work is inextricably linked to SMS. As the Foundation Board, we will carry forward his legacy responsibly, with future generations in mind."

Georg Weiss, son of Heinrich Weiss and member of the Board of the Familie Weiss Foundation, said: "My father dedicated his life to the company. For our family, it is a matter of great importance to preserve his legacy and to lead SMS into the future in his spirit."

"Heinrich Weiss was not only a significant entrepreneur but also a person of clarity, integrity, and passion."

— Johannes Frauendörfer



2. INSIGHTS

Focus on what matters

In a global market shaped by volatility, regional differences, and increasing pressure on cost and sustainability, clarity in our priorities is crucial. At SMS group, these priorities are clear: we focus on what drives performance for our customers. This means aligning our technologies, services, and expertise to deliver measurable impact where it matters most – within our customers' operations.

There are no off-the-shelf solutions to meet the challenges facing the steel industry. Every company, every site, every steel mill, every customer faces individual factors – including a general economic pressure in a competitive global environment, increasing demands for quality and flexibility, unpredictable supply markets, and environmental regulation. That is why SMS group is realigning – becoming more flexible, more customer-specific, and extending our support further along the value chain. We are putting our metallurgical expertise, technological innovation, and in-depth market knowledge to work. Because we know it is our job to create highly individualized solutions that contribute directly to the overall performance of our clients' businesses.

For many of our clients, decarbonization is at the top of the list of requirements. But there are many other forces shaping the development of steelmaking. The examples below show how our realignment is already taking shape across our portfolio – through innovative technologies, newly positioned services, and ever-increasing integration and interconnection of all aspects of the process. But what matters more than any specific solution is the mindset behind it. By combining engineering expertise with a clear focus on execution, we ensure that our solutions perform reliably in practice and support our customers' operations over time. That commitment drives everything we do.

Creating broader added value

Upstream process steps play the major role in efficient decarbonization. Ore quality and availability vary significantly across regions – and are subject to sharp market fluctuations. For most of our customers, flexibility here is essential to optimizing the entire steel manufacturing process.

To strengthen that flexibility, SMS group has acquired selected technologies from Metso Outotec's ferrous business area. By integrating

advanced sintering and pelletizing solutions into our portfolio, we further strengthen our role as a comprehensive provider of upstream process technologies. Through highly efficient agglomeration technologies, we can make feedstock handling more flexible for our customers – in both conventional iron production and direct reduction processes. The integration of Metso Outotec also strengthens our global service network with new expertise in mobile and fixed grate pelletizing, sintering, and aluminum calcination. For our customers that means more comprehensive on-site service, maintenance, and modernization support going forward. The expanded portfolio enables end-to-end solutions from raw material processing to finished product – opening up additional opportunities in heat recovery, combustion technology, and automation.

The combination of know-how and technology from SMS group and Metso Outotec also opens up new opportunities for iron production. Our innovative approach combines fluidized-bed reduction from Circored™ with SMS group's established Open Bath Furnace technology, delivering a reduction process that effectively decreases the carbon footprint of ironmaking. The Circored™-OBF route accepts iron ore fines with lower-Fe concentration. So, unlike conventional direct reduction plants that rely on high-grade pellets, we can reduce preparation costs, eliminate energy-intensive pre-processing, and increase feedstock flexibility – all at the same time.

Thomas Hansmann, CTO of SMS group, frames it this way: "SMS group and our new team from Metso Outotec, now SMS Agglomeration, are pooling research and process expertise while merging our service businesses. We are accelerating scalable, cost-effective, and sustainable processes for iron and steel production – and the spirit of cooperation among our experts will drive targeted, competitive innovation."



The Circored™ pilot plant enables the testing of diverse ore qualities, generating samples for downstream processing, providing process data and operating conditions.





Energy supply in transition

Meeting the decarbonization timeline will only be possible through a major commitment to modernizing existing blast furnaces. Furthermore, while hydrogen will certainly play an important role here as well, it has not yet reached the necessary level of development in many regions of the world, and is unlikely to do so everywhere in the medium term. SMS group's role, therefore, is to develop and implement technologies that deliver meaningful CO₂ reductions under today's conditions – not just tomorrow's.

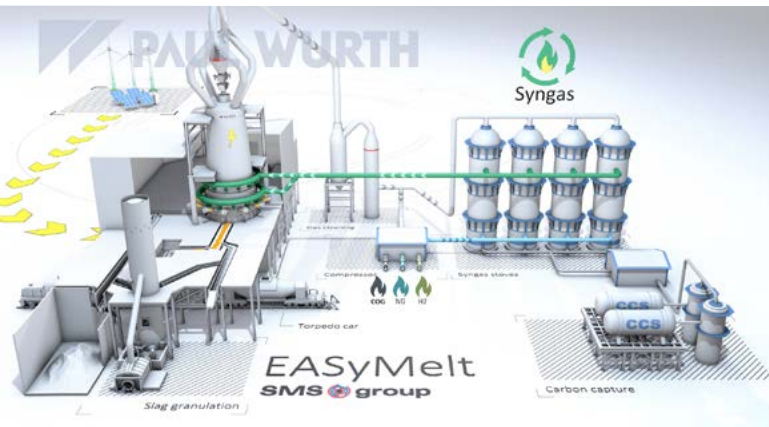
One compelling option for that is EASyMelt. It can cut CO₂ emissions in existing blast furnaces by over 50%, and offers a more cost-efficient, resource-flexible alternative to conventional DRI plants. The technology works by recycling blast furnace gas to produce synthesis gas through coke oven gas reforming, which is then injected at both shaft and tuyere levels – with a plasma combustion system providing additional heating at the tuyere. Beyond the obvious benefit of reducing emissions, EASyMelt also increases resource flexibility by enabling the use of sintered material, reducing dependence on high-quality pellets.

A key advantage is that EASyMelt can be implemented gradually, complementing existing shaft furnaces without requiring completely

new construction – a significant consideration given the costs and risks of plant downtime. At roughly half the capital cost of a DRI plant, and capable of achieving up to 90% emission savings in its fully developed form – including the option for carbon capture at the highest capacity level – EASyMelt represents a practical and financially viable path for the future operation of integrated steelworks.

The first implementation of this new approach at an industrial scale will be realized together with Tata Steel. T. V. Narendran, CEO & Managing Director of Tata Steel, puts the commitment plainly: "Tata Steel is actively seeking solutions to implement the transition to green steel production and thus contribute to a sustainable future. As India is the world's second-largest steel producer, large manufacturers such as Tata Steel have a strong responsibility to drive forward the decarbonization of the country. We are delighted to reaffirm our partnership with SMS group and will continue to deepen this collaboration in order to access better technologies and processes to significantly and steadily reduce our carbon footprint."

The implementation will take place at Tata's blast furnace E in Jamshedpur, India, with technical processes currently being tested and validated by joint expert teams. As the world's first EASyMelt installation, it will show that sustainable plant concepts can be realized in existing facilities – even in one of the world's fastest-growing steel markets.



The Paul Wurth EASyMelt is a resource-flexible, crisis-resilient and cost-efficient alternative to direct reduction shaft furnaces. It offers much lower investment and operational costs compared to conventional direct reduction plants.

Data-driven insights

The transformation towards green steel is underway, but its complexity makes clear strategic decisions difficult. Decarbonization and competitiveness must advance together – there is no viable path for one without the other. At SMS group, we are convinced that the ability to assess complex, interrelated technical and economic variables is the first important step on the path to mastering the challenges that lie ahead. Only by gaining in-depth insights into the performance metrics of each individual operation can we make informed decisions regarding complex, long-term, and highly customized strategies at the corporate level for our clients. For us, gaining this insight represents the critical first step toward future-proof business development – and the optimum foundation for minimizing integration risks as well as streamlining investment processes.

Based on this conviction, SMS group has developed the Plant Assessment Tool (PAT) – a data-driven consulting tool that translates our metallurgical, technological, and economic expertise into location-specific

recommendations. The Plant Assessment Tool uses simulated models and sensitivity analyses to map the most viable decarbonization pathways, accounting for energy prices, raw material availability, and their effects on CO₂ emissions across Scopes 1, 2, and 3. Detailed CAPEX and OPEX assessments allow different technological scenarios to be compared side by side – giving steel manufacturers the clarity to make informed, economically sound decisions.

Tim Ochel, General Manager Fluidized Bed Technologies, sums it up: “With PAT, we offer our customers clarity. It enables us to jointly identify the best available technologies and ensure both sustainability and economic efficiency.”

Our mission: mastering complexity

SMS group’s strategic realignment is not just a response to changed conditions – it is a commitment to change as a constant. That means listening carefully and applying our expertise where it counts. As we have done for 150 years, we are determined to continue earning a reputation for mastering the most difficult challenges in our industry.

This is what defines our approach: enabling performance across the entire lifecycle of our customers’ operations. We address the full complexity of each customer’s project with solutions that are clearly defined, practical, and future-proof. Solutions that work down to the last detail, deliver measurable results, and integrate seamlessly into our customers’ operations. Solutions that deepen trust in our ability to innovate – and that establish SMS group as the partner of choice for everyone who wants not just to compete in tomorrow’s steel industry, but to lead it.

“With PAT, we offer our customers clarity. It enables us to jointly identify the best available technologies and ensure both sustainability and economic efficiency.”

— Tim Ochel
General Manager Fluidized Bed Technologies



Driving sustainability at SMS group

Sustainability is an integral part of how SMS group creates long-term value. We take responsibility for the impact of our business on people, the environment, and society, as well as for the lasting success of our company. Accordingly, sustainability is firmly embedded as a strategic management task across our business decisions, our culture, and our long-term ambition.

As a global technology partner to the metals industry, we support our customers' transformation toward more sustainable production. Through innovative products and services, we help reduce greenhouse-gas emissions, minimize environmental impacts, and enable circular-economy solutions across the value chain. At the same time, sustainability shapes how we act as a company. We are committed to protecting what matters most – our people, our technologies, and our planet – guided by social responsibility and environmental stewardship.

In dialogue with key stakeholders, we have developed a double materiality assessment, which was carried out in preparation for the first sustainability statement for the 2027 fiscal year in accordance with the EU Corporate Sustainable Reporting Directive.

This double materiality requires the identification and assessment of actual and potential negative and positive impacts of business activities on the environment, in addition to the evaluation of opportunities and risks of sustainability-related aspects in terms of their economic relevance for the business activities of SMS group. We will update our double materiality assessment in 2026, considering further developments in the regulatory framework following the CSRD Omnibus.

In 2025, our work focused on further operationalizing the strategic sustainability framework that was developed in 2023. This framework aligned the corporate strategy and corporate values of ACT, SHARE, CARE, INNOVATE, SUCCED in place at the time with regard to ESG with the UN Sustainable Development Goals (SDGs) and stakeholder expectations. (Learn more about our SDG commitment at www.sms-group.com/de-de/company/esg.) We have incorporated the sustainability framework into the development of our corporate strategy and established ESG as a core component.

Building on this strategic integration, we translated the framework into a focused sustainability strategy that clearly defines where we can create the greatest impact. This resulted in two main priorities that guide our actions:

- Supporting transformation on the customer side: SMS group develops sustainable products and services that help its customers reduce emissions, minimize environmental impact, and implement circular design principles.
- Protecting what matters most: SMS group protects its employees, its technologies, and the planet, guided by social responsibility and environmental stewardship.



“We help our customers tackle decarbonization and are committed to reducing our own footprint, ensuring a safe workplace, and upholding strong governance.”

— Jochen Burg

In 2025, we translated these commitments into initial measurable targets and established concrete actions to support them:

SUSTAINABILITY OBJECTIVES

Environmental	— Net zero GHG emissions (Scope 1 and 2) by 2050
	— Gender diversity: Reach 25% female employees by 2035
Social	— Health & Safety: Reduce the Lost Time Injury Frequency Rate (LTIR) to below 1.5 by 2030
Governance	— No confirmed cases of bribery, corruption, or harassment

In the course of 2026, we will gradually develop further measurable targets and corresponding actions for key sustainability matters. As part of the management of key sustainability matters, we will assess the status quo for all key sustainability matters and, based on this, derive targets, strategies, guidelines, roadmaps, and measures for achieving these targets.

The progress made in implementing our sustainability strategy and prioritized goals is reflected in the initiatives and results across the three ESG pillars:

Environmental

SMS group aims to achieve net zero greenhouse gas emissions (Scope 1 and Scope 2) worldwide by 2050. This goal is being pursued in line with the company-wide “one group, one approach” principle, which considers the local challenges and opportunities faced by the group companies. The individual companies within the group began in 2025 to develop detailed local transformation plans within this framework. In 2026, SMS group will continue to drive forward the implementation of these initiatives together with its most important group companies, which generate over 80% of the group’s sales. Explicit transformation paths have been defined for the first few locations, such as the Hilchenbach site in Germany. We have already implemented a number of measures from this transformation plan, such as converting the heat supply to an air-to-water heat pump. At the time of commissioning in November 2025, it was one of the largest air-to-water heat pumps in Germany [\[see Action: Air-to-water heat pump\]](#).

Another approach to reducing CO₂ emissions is the operational optimization of plants through automation, electrification, and digitalization, both in our own operations and in the value chain. For example, SMS group’s Viridis Energy & Sustainability Suite for our customers uses real-time data to increase energy efficiency, optimize resources, and monitor emissions – all without interrupting operations.

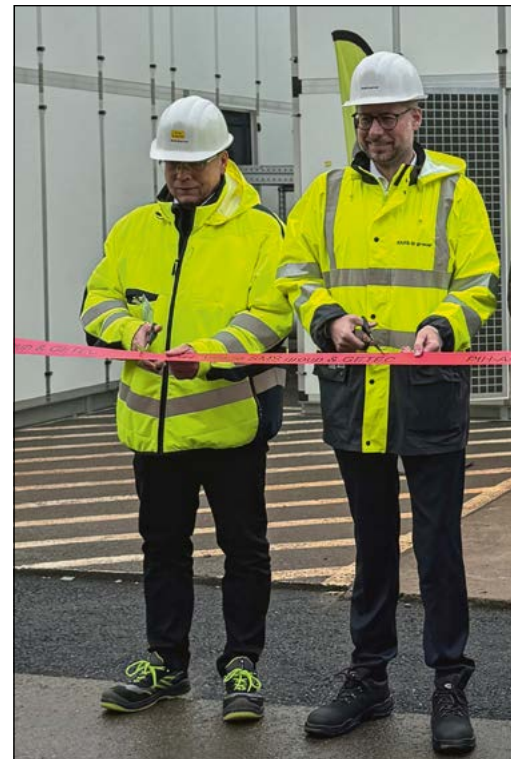
In addition to SMS group’s own ecological footprint, the focus is on the continuous development of core technologies within structured research and development processes in the product areas [\[see Action: Product Health Check\]](#). Areas of focus include the ongoing optimization of steel production through automation and digitalization as well as the development of sustainable hydrogen solutions and battery recycling processes. The acquisition of selected technologies from Metso O-

totec’s ferrous business area complemented our range of solutions for sustainable iron and steel production and specifically strengthened our Green Steel strategy.

Another key component of the strategy is the promotion of circularity, as demonstrated by the complete takeover of Primobius GmbH, a leading provider of end-to-end solutions for the sustainable recycling of lithium-ion batteries, in September 2025. Primobius was named the winner of the German Sustainability Award 2026 in the “Waste Management and Recycling” category [\[see: German Sustainability Award 2026\]](#).

“The power-to-heat plant is a key step toward achieving climate neutral operations in Hilchenbach, Germany, by 2030, and sets an example for all our sites. We drive global steel decarbonization forward, and take responsibility within our own operations.”

— Fabiola Fernandez



From left to right: Arnd Kienolth (Head of Energy Management & Plant Security); Marc Hoffmann (Executive VP Flat Products, Site Manager Hilchenbach) from SMS group; and Thomas Stephanblome (CEO Germany) and Tim Lendering (Project Manager) from GETEC joined around 40 guests to open the new power-to-heat plant at the SMS group site in Hilchenbach.

Action

German Sustainability Award 2026 for SMS group

The plant solutions of Primobius, a 100% owned company of SMS group, have earned the German Sustainability Award 2026. The award highlights the company's sustainable and innovative approach to battery recycling and underscores the strategic role of circular technologies in the shift toward sustainable electromobility and greater resource independence. Recycling lithium-ion batteries remains a key industrial challenge in the electric-vehicle era, and Primobius is helping to shape the solutions of tomorrow.

Further information about battery recycling:

[\[see: www.sms-group.com/innovation/recycling-of-lithium-ion-batteries\]](https://www.sms-group.com/innovation/recycling-of-lithium-ion-batteries)



Action

Air-to-water heat pump

SMS group commissioned an innovative air to-water heat pump plant in Hilchenbach, Germany, in late 2025 – an important step toward industrial decarbonization. Powered entirely by renewable electricity, it saves around 6,000 tons of CO₂ per year and demonstrates that fossil free heat can be delivered efficiently at scale.

An AI-based control system optimizes operation using weather and load forecasts. Four air-to-water heat pumps (3 MWth) draw heat from ambient air, even below 0°C. The energy is stored and then boosted to 85°C by water-to-water heat pumps (4 MWth). A 2,000 m³ buffer tank secures heat during peak demand. In very cold periods, an electric boiler (4 MWth) raises temperatures to 95°C using green power. The plant also stabilizes the grid by absorbing excess renewable energy. Its modular setup allows future expansion with additional renewable components.

Action

Product Health Check

The Product Health Check helps SMS group assess and improve the sustainability of its products, which represent the largest share of the company's environmental impact. The KPI-based model combines financial and ESG metrics to give a holistic view of product performance and ensure compliance with internal and external requirements.

Key dimensions include financial results, carbon footprint, resource use, circularity, training, safety, and EU taxonomy alignment. The system enhances Product Management by enabling teams to record essential ESG data, increasing transparency and supporting sustainable decisions.

Once a year, Product Managers complete a short questionnaire on energy use and emissions in the tool. Introduced in 2024 and rolled out during 2025, the Product Health Check aims to remain simple and scalable while embedding ESG criteria into everyday product development.

Social

At SMS group, the social pillar of ESG commitment places a clear focus on the health, safety, and well-being of our employees. This also includes our responsibility towards the people in our value chain. Preventive measures, comprehensive training, and a strong safety culture based on corporate values help to establish a safe working environment.

Health and safety initiatives are integrated within our broader sustainability strategy and contribute directly to the Social element of our ESG performance. By embedding health awareness campaigns and preventive actions into global operations, we are reinforcing our commitment to long-term workforce well-being.

In 2025, we dedicated a month to each of our corporate values, implementing specific initiatives and raising awareness. On selected days, such as the World Day for Safety and Health at Work or the UN World Engineering Day for Sustainable Development, targeted measures were taken to raise awareness of the importance of occupational health and safety as well as sustainable engineering. Our goal is to establish ESG as an integral part of our daily work and decision-making processes in the minds of our employees.

Health & safety

At SMS group we are committed to employee health, safety, and well-being as an integral part of our corporate values. We embed the CARE mindset across all operational environments to ensure that health, safety, and sustainability considerations guide everyday behavior. These commitments extend to promoting early identification of hazards and risks, increasing awareness around psychological safety and physical health topics, and encouraging proactive engagement in preventive healthcare. We firmly believe that protecting the physical and mental well-being of employees is fundamental to a sustainable workforce, and this is a core element of our social responsibility.

“We are committed to a safe and supportive working environment as one of the key pillars of our corporate values.”

— Frank Schneider
Head of Health, Safety & Environment

Equal opportunities

Gender equality is an integral part of our corporate culture. To achieve our gender diversity goal, diversity and inclusion (D&I) are integrated throughout the entire employee journey, responsibilities are defined for managers, and targeted initiatives such as the “Women@SMS grow” development programs are implemented. We promote equality and diversity with additional diversity initiatives and training on unconscious bias.

In 2025, International Women’s Day was celebrated for the first time at our locations worldwide, giving female employees the opportunity to network, share experiences, and actively contribute to shaping an inclusive future [\[see Action: International Women’s Day 2025\]](#).

Action

International Women’s Day 2025

In March, we celebrated International Women’s Day at SMS group through the global Women@SMS Days, reaffirming our commitment to gender equality and diversity as essential drivers of innovation and organizational strength. Across SMS locations worldwide, female employees were given space to connect, share experiences, and help shape a more inclusive future.

The activities ranged from discussion and networking formats in several European locations, to holistic engagement initiatives in China focusing on personal development and well-being, as well as leadership discussions in regions such as India and Brazil, where senior female leaders shared personal career insights and encouraged open discussion on challenges and opportunities for women in the workplace.

Together, these global initiatives demonstrate the proactive steps we are taking at SMS group to foster an inclusive workplace culture that supports women’s development and helps strengthen gender diversity across the organization.



Networking and roundtable discussions at Paul Wurth S.A. (Luxembourg, Luxembourg)

Action

CARE Value Month 2025

In April 2025, we ran our global CARE Value Month to show how daily actions contribute to a safer, healthier workplace and long-term social sustainability. Teams worldwide highlighted behaviors that strengthen well-being.

We also launched two health campaigns addressing gender-specific risks and mental well-being. In October's Pink Month, we raised breast cancer awareness, encouraged screenings, and fostered open dialogue to reduce stigma and improve early detection. In November, employees were encouraged to discuss men's cancer risks and mental health, schedule early checkups, and support their colleagues.

These initiatives reinforced a healthier, more resilient workforce by normalizing conversations about physical and mental health and promoting early diagnosis, strengthening engagement, trust, and shared responsibility.



Webinar and knowledge exchange event at Paul Wurth Italia S.p.A. (Genova, Italy)



Women from the PT SMS group Indonesia team had an opportunity to visit the production process of a Hot Strip Mill Project. (Cilegon, Indonesia)



Female colleagues from SMS India Pvt. Ltd. engaging in dialogue with CFO Fabiola Fernandez and the regional leadership team (Gurugram, India)

Governance

SMS group is actively committed to preventing any form of bribery, corruption, or harassment. The company's goal is to have no confirmed cases in these areas each year. The group has implemented various measures to achieve this goal:

- Establishing a secure and effective whistleblower system
- Introducing a binding code of conduct for all employees, accompanied by regular training
- Implementing targeted anti-corruption and anti-bribery training for particularly exposed functions

The SMS group Code of Conduct explicitly addresses the issues of bribery, corruption, and harassment. It applies worldwide and is binding for all employees, executives, and managers of SMS group companies. All employees are expected to consistently adhere to the values and principles set out in the Code of Conduct. Executives and managers support all employees in knowing, understanding, and complying with the provisions of the Code of Conduct. The Code of Conduct is part of all employment contracts, and all employees receive regular training on its contents.

Within SMS group, employees in business areas such as purchasing, sales, and project management are more exposed to the risk of bribery and corruption due to their involvement in processes and their interactions with important business partners and public officials — and depending on their geographical location. To counteract this, they receive regular, detailed training. In addition, group-wide compliance monitoring processes ensure the highest standards of integrity and consistent compliance with regulations.

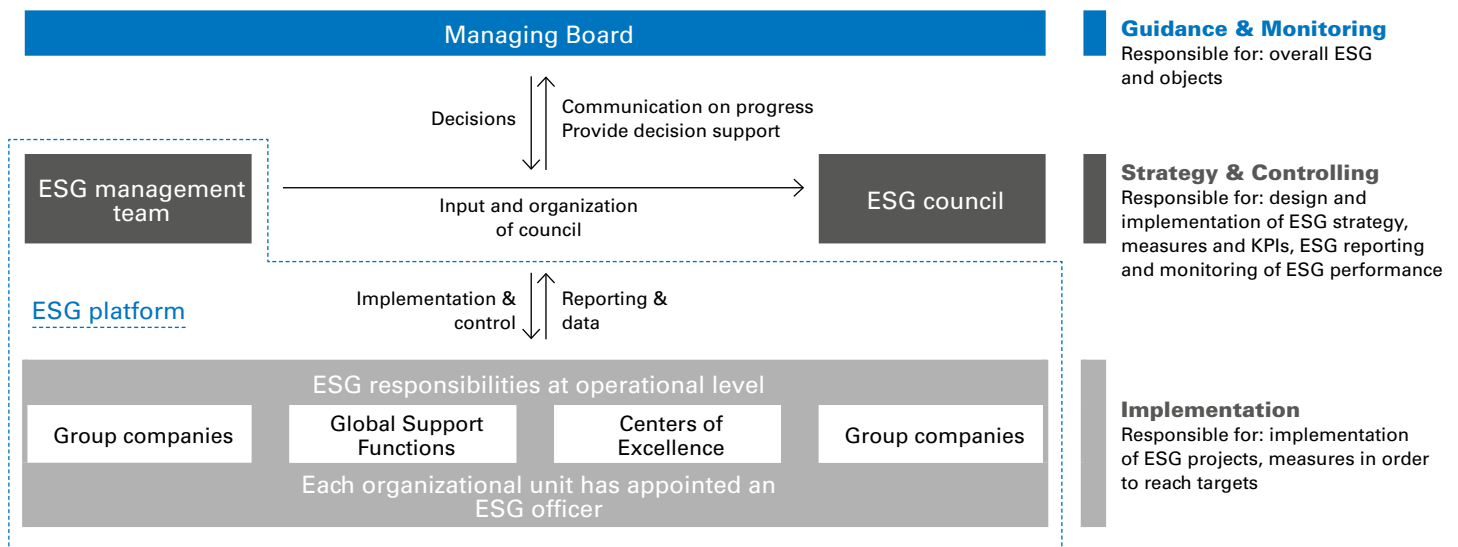
Governance structure & responsibilities

The topics of environment, social issues, and governance are explicitly anchored in the organizational structure of SMS group in order to integrate ESG matters into all processes. SMS group's governance model clarifies responsibilities and reporting lines within the group, ensuring that sustainability is an integral and continual focus of every employee's daily work. The control model defines the responsibilities and reporting lines within the company.

The management is responsible for the overall strategic direction and goals and defines the sustainability vision. The Managing Board drives SMS group's ESG agenda, including defining the company's sustainability vision, aligning sustainability with business goals, overseeing material impacts, risks, and opportunities, and setting and monitoring sustainability targets.



SUSTAINABILITY ORGANIZATION





To promote ESG at SMS group, in 2025 we established an ESG structure (see left) with an independent sustainability department that reports to the CEO. The ESG organization is formalized in our internal management system. SMS group is committed to continuous improvement in its sustainability governance, aligning its practices with both business needs and market standards. The sustainability department focuses on identifying key ESG issues, implementing the sustainability strategy, and developing targets and sustainability-related guidelines. The ESG Management steers the ESG platform, within which all material topics are organized into eight topical clusters: climate & energy, products & customers, own workforce, supply chain, compliance, communication, EU taxonomy, and other environmental topics. Each cluster is led by a top-level manager, who is responsible for implementation and active management of the respective material topics. As part of this platform, we have also appointed ESG contacts within the SMS group companies who work together with the central sustainability department. SMS group's ESG Council, which is made up of representatives from the top management level, plays an advisory role.

SMS group is currently developing sustainability training materials for employees involved in onboarding to ensure they have the appropriate sustainability skills for overseeing strategies and measures addressing material impacts, risks, and opportunities.

At SMS group, overseeing targets for material impacts, risks, and opportunities – and integrating them into strategic decision-making, major transactions, and risk management – is a key governance focus. Formal processes and policies are being further established to ensure consistency and accountability.

Projects around the world

In recent months, SMS group has successfully booked new orders around the globe and implemented important projects. A selection of these is outlined below.

Order in China

Cold pilger mills expand seamless tube production

Zhejiang Jiuli Hi-Tech Metals has awarded SMS group an order to supply three cold pilger mills for its production site in Huzhou, Zhejiang Province. The new mills will increase Jiuli's capacity for producing high-quality seamless stainless steel and special alloy tubes for demanding applications such as instrumentation and steam generator tubing. By enabling precise control of tube dimensions and wall thickness, the SMS cold-pilgering technology enhances product quality and mechanical properties. The order builds on a long-standing partnership between SMS group and Zhejiang Jiuli Hi-Tech Metals, supporting Jiuli's global growth strategy and its focus on high-performance tube solutions.



Order in Sweden

Cold rolling complex advances high-strength steel production

SSAB has awarded SMS group an Early Services Agreement for the delivery of a new cold-rolling complex at its Luleå site in Sweden. With an annual capacity of around 1.3 million tons, the complex will enable the production of third-generation advanced high-strength steels for the automotive industry, with a strong focus on sustainability. The scope includes a pickling line/tandem cold mill with CVC® technology, continuous annealing and galvanizing lines, and comprehensive automation and digital solutions. Fully electrically heated furnaces, advanced coating technology, and optimized material logistics will ensure high product quality with a minimal carbon footprint. The project marks another milestone in the long-standing partnership between SMS group and SSAB in advancing low-emission steel production.



Contract signing at TOSYALI SULB (from left to right): Guido Bonelli, Paul Wurth Italia; Fuat Tosyali, TOSYALI Holding; K.C. Woody, Midrex.

Order in Libya

DRI complex supports green steel production

TOSYALI SULB Steel Industries has awarded Midrex and SMS group an order to supply a direct reduced iron (DRI) complex in the Benghazi region of Libya. The first phase comprises a 2.5-million-ton cold DRI plant based on MIDREX Flex® technology, which allows the plant to operate with natural gas and makes a future transition to hydrogen possible. The project positions Libya as an emerging supplier of low-carbon DRI in the Mediterranean region and beyond. As a consortium partner, SMS group contributes key technologies through Paul Wurth, strengthening its long-standing partnership with TOSYALI SULB Steel Industries and supporting the expansion of sustainable ironmaking capacities worldwide.

Modernization project in Indonesia

Complete automation upgrade restores hot strip mill operations

SMS group has successfully renewed the entire electrical and automation system of hot strip mill No. 1 at PT Krakatau Steel in Cilegon, Indonesia, marking the restart of production with the first sellable coil after a prolonged shutdown. Instead of a partial repair, the customer opted for a comprehensive upgrade to state-of-the-art X-Pact® Level 1 and Level 2 automation across the entire mill, while seamlessly integrating existing DC drive systems. The modernization enhances process stability, diagnostics, and product quality, enabling efficient and reliable hot strip production. With an annual capacity of 2.4 million tons, the upgrade supports PT Krakatau Steel in regaining market presence and demonstrates SMS group's expertise in revamping complex installations within existing plant infrastructures.



Order in India

Major BOF expansion strengthens steelmaking capacity

JSW Steel Dolvi Works has selected SMS group to supply a 350-ton basic oxygen furnace (BOF), including a twin ladle furnace, primary gas cleaning plant, and comprehensive Level 1 and Level 2 automation. The project is part of JSW Steel's strategic expansion, which will increase the plant's annual capacity by 3.7 million tons. One of the largest BOF converters in India, the new facility features an advanced oxygen lance system and integrated process optimization models to ensure high productivity, consistent quality, and reliable operation. Scheduled to start operations in 2026, the expansion further strengthens the long-standing partnership between SMS group and JSW Steel and reinforces SMS group's position as a leading technology partner for large-scale steelmaking projects.



Commissioning project in Germany

Electrical steel sheet for energy-efficient electric motors

SMS group has successfully commissioned a new annealing and insulating line for thyssenkrupp Steel Europe at its Bochum site, enabling the production of high-grade non-grain-oriented electrical steel. With an annual capacity of 200,000 tons, the strip processing line produces electrical steel with low core losses and optimized magnetic properties, supporting applications such as energy-efficient electric motors and electromobility. The line, supplied as a turnkey solution, combines advanced heat treatment and coating technology, including a DREVER furnace, ELOTHERM induction heating, X-Pact® automation, and automated coil handling. The project strengthens thyssenkrupp Steel Europe's position in sustainable, high-performance electrical steel production and highlights SMS group's expertise in integrating state-of-the-art technology into existing industrial environments.

Order in China

Continuous galvanizing line expands automotive steel production

Shougang Jingtang has awarded SMS group a contract to supply a new continuous galvanizing line at its Caofeidian site in China. With an annual capacity of 450,000 tons, the line will produce high-quality galvanized sheet for demanding automotive applications. SMS group will deliver the complete engineering, equipment, electrics, and X-Pact® Level 1 and Level 2 automation, including the centralized X-Pact® One Pulpit control concept for intelligent plant operation. Advanced surface treatment technologies ensure consistent coating quality at high production speeds. Scheduled for start-up by mid-2027, the project strengthens the long-standing partnership between SMS group and Shougang Jingtang and reinforces SMS group's role as a key technology partner for automotive strip processing.



Bernhard Steenken, CSO, APAC & MEA, SMS group and Mai Van Ha, Director, Hoa Phat Dung Quat Steel signed a contract for the supply of a state-of-the-art rail and section mill.

Order in Vietnam

Rail and section mill strengthens infrastructure steel production

Hoa Phat has awarded SMS group a contract to supply a state-of-the-art rail and section mill at its Dung Quat site in Vietnam. With an annual capacity of 700,000 tons, the new facility will enable the production of high-quality rails and medium sections for infrastructure and railway projects. SMS group will deliver the complete rolling mill, including advanced mechanical equipment, Level 1 and Level 2 automation, and digital quality solutions to ensure efficient, reliable, and traceable production. The project supports infrastructure development in the region and strengthens the long-term partnership between SMS group and Hoa Phat Group, reinforcing SMS group's position as a leading technology partner in rail and section rolling.



Start of production in the USA

DC electric arc furnace with X-Pact AURA boosts sustainable steelmaking

SMS group has successfully put its X-Pact® AURA power-feeding system into operation at Hybar's new minimill in Osceola, Arkansas, marked by the first heat in the electric arc furnace. The 75 MVA-power DC furnace supplies liquid steel to a CMT® minimill for the endless production of rebar, combining steelmaking, casting, and rolling in a highly energy-efficient process. X-Pact® AURA replaces conventional power regulation technology, significantly reducing grid impact, electrical energy consumption, and electrode usage while improving operational stability. The modular, digitally pre-tuned system enables a fast and smooth start-up and represents a key milestone in supporting Hybar on its path toward low-carbon, sustainable steel production.

Order in Australia

First sustainable CMT mill for low-carbon rebar production

Future Forgeworks has awarded SMS group a contract to supply Australia's first Continuous Mill Technology (CMT® 350) mill for the endless production of rebar steel. The greenfield Swanbank Green Steel Mill Project near Brisbane positions the company as a pioneer in low-carbon steelmaking for the construction sector. The integrated CMT® concept directly links steelmaking, casting, and rolling, eliminating the need for fossil fuel-fired reheating and reducing CO₂ emissions by up to 90% compared with current market benchmarks. Supplied from a single source, the plant includes an electric arc furnace, ladle furnace, caster, and a rolling mill as well as advanced automation and digital solutions. The project marks a major milestone in Australia's decarbonization efforts and strengthens the partnership between SMS group and Future Forgeworks in setting new standards for sustainable steel production.



Modernization project in Germany

Automation upgrade enhances safety and availability in electrical steel rolling

SMS group has been awarded a contract to modernize the automation system of the cold-rolling mill for grain-oriented silicon steel at thyssenkrupp Electrical Steel in Gelsenkirchen. The upgrade focuses on advanced X-Pact® Level 1 and Level 2 automation, enhanced safety functions, and digital commissioning based on the plant's digital twin to maximize availability and operational efficiency. Scheduled for completion in two phases by 2027, the project will unlock the full production potential of the four-high CVC® reversing mill and supports the long-standing partnership between SMS group and tkES in producing high-quality electrical steel for energy-efficient power transmission worldwide.

Start of production in the USA

nexcast® aluminum strip caster enters commercial operation

Golden Aluminum has successfully started commercial operation of the innovative nexcast® aluminum strip caster at its Fort Lupton site in Colorado. Jointly developed by SMS group and Golden Aluminum, nexcast® replaces a 40-year-old casting unit and forms the core of a compact, fully integrated production line that converts molten aluminum directly into 36-inch-wide hot-rolled coils. The system reached full production within its first month, demonstrating high reliability, long casting campaigns, and flexible alloy changeovers, including high-magnesium grades. With its energy-efficient design and reduced process steps, nexcast® supports sustainable aluminum production and strengthens the partnership between SMS group and Golden Aluminum in advancing next-generation strip casting technology.



Order in the United States

Radial forging line expands high-performance alloy production

SMS group has been commissioned by Haynes International to supply a high-performance radial forging line to expand the production of nickel- and cobalt-based alloys at its site in Kokomo, Indiana. The fully integrated line includes a powerful hydraulic radial forging machine, reheating and annealing furnaces, quenching equipment, and automated material handling and finishing systems. Designed for energy-efficient operation, the new installation significantly reduces electrical demand while enabling precise microstructural control for demanding applications such as aerospace and chemical processing. The project is scheduled for completion in 2027 and supports the customer's long-term growth strategy while strengthening SMS group's position in advanced forging technology for high-performance materials.

Start of production in Bangladesh

World's fastest rebar rolling mill sets new performance benchmark

Abul Khair Steel has started production at its new high-capacity rebar rolling mill in Sitakunda, Bangladesh, supplied by SMS group. With an annual capacity of 1.6 million tons, the mill supports the country's growing demand for construction steel and infrastructure development. The plant achieved a record-breaking rolling speed of 55.04 meters per second, setting a new global benchmark for rebar production. The mill, delivered as a turnkey solution, combines advanced rolling, heating, and automation technologies to ensure high productivity, energy efficiency, and consistent product quality. The project strengthens SMS group's partnership with Abul Khair Steel and underlines the group's expertise in supplying world-class long product rolling mills.



Order in China

Advanced aluminum hot rolling mill expands high-end product portfolio

Chinalco Southwest Aluminum has awarded SMS group a contract to supply a new 1+4 aluminum hot rolling mill at its Xipeng site in Chongqing, China. The mill, which is designed for an annual capacity of 770,000 tons, will produce wide, high-quality hot strip for packaging, automotive, and aviation applications from 2028 onwards. The scope of supply includes a powerful roughing mill, a four-stand finishing mill with CVC® plus technology, and comprehensive auxiliary systems to ensure superior strip quality and operational efficiency. The project builds on a long-standing lifecycle partnership between SMS group and Chinalco Southwest Aluminum and supports the customer's strategy to strengthen their position in high-end aluminum markets.



3. FISCAL YEAR 2025

OUR BUSINESS IN 2025

The company

Composition

SMS group is a global group of companies in the field of mechanical and plant engineering that specializes in solutions for the steel and non-ferrous metals industry. The group is owned by the Familie Weiss Foundation and can look back on a history spanning more than 150 years.

Our core business encompasses metallurgical plant engineering and covers the entire plant life cycle. The range of services that the group offers spans from new plant construction for every stage in the metallurgical value chain to customized service solutions that enhance plant performance, safety, and sustainability through maintenance, modernization, digital transformation, and process optimization. Integrated customer solutions, with a focus on automation and digitalization packages, round off the group's portfolio. The core business is complemented by industrial equity investments in related business areas.

We consolidate our technical and process expertise in seven Centers of Excellence (CoE). New developments and the enhancement of new plants are the responsibility of the product-specific CoEs for metallurgy, flat products, long products, and forging technology. The cross-product CoEs for implementation and supply chain make key expertise available to ensure smooth project execution and resilient supply chains. The CoE for automation, digital, and service solutions pools cross-product expertise for the areas mentioned above.

We organize international and cross-product customer projects from the four regions in which we operate: the Americas, Europe, APAC & MEA, and China. The regions are responsible for the sale and completion of new plants, as well as for providing services directly to our customers.

Our industrial equity investments include elexis group and a number of other companies. They complement our core business with activities including manufacturing automation, drive technology, and quality control.

Our group is represented by 74 consolidated companies across 21 different countries. SMS group has been headquartered in Monchengladbach, Germany, since 2024, and has another major German site in Hilchenbach-Dahlbruch. With over 100 locations worldwide, our group serves the key markets for the steel and non-ferrous metals industry.

Our strategy means that we are continuously strengthening and optimizing our core business through targeted acquisitions and disposals. With the acquisition of the former Outotec technologies from Metso Corporation, Espoo, Finland (Metso), SMS group has acquired a key technological component for decarbonizing steel production.

The acquisition was completed in early January 2026 and involves 180 employees from various regions across the globe, primarily from Germany, China, and India. Integration into SMS group is scheduled to start in the 2026 fiscal year. We also disposed of our stake in the Taiwanese machine tool manufacturer Yeong Chin Machinery Industries Co., Ltd. during the 2025 fiscal year.

Our business model combines steady growth in the services business with the development and marketing of innovative solutions in its core metal industry business and the leveraging of growth potential in related business areas. A global network of workshops and the provision of innovative service solutions are driving steady growth in the services business.

Research and development

In 2025, we spent €157 million (previous year: €155 million) on enhancing and improving our products. This corresponds to an investment of 4.3% of our sales revenue in development work, compared with 3.8% the previous year.

This consistently high level, which we intend to maintain in the coming years, underscores our strong focus on innovation and technological leadership, as well as the ongoing optimization of our product portfolio. In line with the strategy we have been pursuing in recent years, our development activities are focused on decarbonization, services, digitalization, and the circular economy.

Decarbonization poses a major challenge for companies in the steel and non-ferrous metals industry and will call for significant investment. At the same time, however, it also presents a huge opportunity. Within our company, the development of new processes and technologies driven by these requirements always involves a thorough scenario analysis that encompasses all production pathways, from upstream to downstream areas.

The availability of raw materials and momentum in the relevant markets play a key role in this process. This is closely linked to the establishment of sustainable circular economy pathways, which aim, on the one hand, to recycle and generate value using residual materials and waste and, on the other, to promote the optimized use of critical resources such as water.

Services and digitalization are strategically important areas of development for us. We are continually pushing the boundaries of autonomous operation and AI-driven integration, and are working in tandem with our customers to pursue a long-term performance partnership approach.

Employees

The average number of employees in the 2025 fiscal year was 13,301 (previous year: 13,505). This represents a decline of 204, or -1.5%. The decline affected both domestic and international markets and is primarily attributable to corporate mergers within SMS group. On average over the year, 5,723 employees (previous year: 5,827) worked for SMS group in Germany, while the number of employees abroad stood at 7,578 (previous year: 7,678).

Sustainability

The topic of sustainability has been gaining importance in recent years. Initiated and driven by regulatory requirements (including the CSRD), the global economy is undergoing a fundamental transformation, a process that the EU's "Omnibus" package and current economic policy shifts in some countries may well delay, but cannot halt entirely.

The sustainability performance of our products and our own operations continues to play a crucial role in our ability to compete successfully for customers. As we understand it, corporate sustainability means generating and safeguarding long-term value creation based on financial stability and taking into account environmental limits, social considerations, and governance issues (ESG).

We view sustainability as a strategic management task and, therefore, as an integral element of the corporate strategy. In dialog with the company's key stakeholders, we conducted a sustainability materiality assessment in preparation for our first CSRD sustainability report. The double materiality assessment will be updated in 2026 as scheduled, also reflecting any developments in the regulatory environment.

In 2025, our sustainability work focused on further operationalizing the strategic sustainability framework developed back in 2023. The defined sustainability framework translated the company's then-current ESG strategy into more specific guidelines, drawing on the UN Sustainable Development Goals and stakeholder expectations. The sustainability framework was included in the development of the corporate strategy, meaning that ESG topics are explicitly integrated in the current corporate strategy.

The operationalized sustainability strategy focuses on two key action areas:

- Supporting transformation on the customer side: SMS group develops sustainable products and services that help its customers to reduce emissions, minimize their environmental impact, and implement circular design principles.
- Protecting what matters most: SMS group protects its employees, its technologies, and the planet, guided by a commitment to social responsibility and environmental stewardship.

In 2025, we started using the first set of measurable targets and actions to back up this operationalized sustainability strategy. Practical implementation of the strategy and the current prioritized sustainability targets is based on the three ESG pillars.

The industry environment

In 2025, commodity prices fluctuated and declined. At the end of the year, oil prices were at the lowest level seen since January 2021. The price of iron ore started the year at 99 US dollars per metric ton and had fallen to 94 US dollars per metric ton by the mid-year point before rising again to 107 US dollars per metric ton by year-end. The price of gas also fluctuated, but did not rise significantly over the course of the year.

The downward trend in steel prices continued. In Europe, prices fell by an average of 3%, and by as much as 9% in China. It was only in the US that prices rose by 9% over the course of the year. As a result of this trend, our customers' margins barely recovered despite a decline in some raw material costs. Our Chinese customers, in particular, reported losses. Overall, the market situation is having a marked impact on our customers' willingness to invest.

In the last six years, global crude steel production has remained virtually unchanged, reaching approximately 1.9 billion metric tons in 2025. In China, the largest market, steel demand fell by 2.0% in 2025. In response to this development, the Chinese Ministry of Industry and Information Technology tightened its regulations on capacity expansion to address the issue of local overcapacity in the sector. By contrast, India, as the second-largest market, saw demand swell by 9.0%. In the world's industrialized nations, particularly in the European Union and the United Kingdom, demand rose by 1.3%, driven by higher spending on infrastructure and defense. Overall, global steel demand rose by 1.2%.

Installed crude steel capacity increased for the seventh year in a row, rising by 1.8% to reach 2.85 billion tons. With crude steel production stagnating, this resulted in a two percentage-point increase in global excess capacity, which therefore came to 34.8% in 2025.

Thanks to stable demand and lower energy costs, primary aluminum production reached a record high of 73.8 million metric tons in 2025. Particularly strong growth was achieved in Western and Central Europe (+2.1%), Africa (+2.7%), and China (+1.9%). China accounts for more than half of global production capacity and has a 59.9% market share. Production of refined copper also increased by 1.6% to 28 million metric tons. This growth was driven primarily by capacity expansion in China.

Business performance

Material developments

Despite a significant decline in sales revenue, earnings before interest and taxes (EBIT) improved slightly to €145 million in 2025 (previous year: €134 million).

While the group's operating performance showed a significant improvement, it is still being hit by a shortfall at individual companies.

Order intake reached just under €4.0 billion in 2025 (previous year: €3.6 billion), remaining above the 10-year average of approximately €3.3 billion.

In Western Europe, decarbonization projects remained a key pillar of the business, which was reflected in the two major orders received from SSAB in Sweden and Stahl-Holding-Saar GmbH & Co. KGaA (Stahl-Holding-Saar) in Dillingen, Germany.

Just before the end of the year, SMS group signed a contract on the construction of a new steel plant in the US. In addition to sales successes in its core business, the company secured a contract in related business areas to supply a high-bay container warehouse for DPWorld at the Port of London.

With the execution of a new cold rolling plant for SSAB in Sweden, we have added another chapter to our track record in the decarbonization of steel processing. The plant uses acid generation systems that rely on hydrogen instead of fossil fuels, as well as fully electric heated furnaces.

In the US, we are implementing key components of a new steel plant, including a hot and cold rolling plant. The steel plant is designed to expand steel production for sale to the automotive industry and reduce reliance on imports, partly in response to existing import tariffs.

Order situation

In 2025, our group order intake reached €3,973 million (previous year: €3,620 million), representing a 9.8% increase over the previous year. This was achieved thanks to a strong finish to the year, driven in particular by the recognition of a major order in the US in December.

In the metallurgical plant engineering business, order intake rose to €2,760 million (previous year: €2,311 million / +19.4%). Order intake in the services business bounced slightly, rising to €948 million (previous year: €923 million).

Order intake by industrial equity investments decreased to €289 million (previous year: €415 million). This marked drop is attributable to a one-off effect from 2024, namely the sale of Hertwich Beteiligungs GmbH, including its operating subsidiary Hertwich Engineering GmbH, as of

the end of November, the full impact of which did not materialize until the 2025 fiscal year. A division of LUX Automation GmbH was also transferred to the metallurgical plant engineering business.

GEOGRAPHICAL BREAKDOWN OF ORDER INTAKE

IN %	2025	2024
Western Europe	41.0	44.6
North America	25.7	18.1
India	12.5	12.5
China	7.3	7.4
Rest of Asia	6.1	4.7
MENA	4.9	4.4
Latin America	2.3	7.6
Africa	0.2	0.6
Eastern Europe	0.0	0.1

As order intake exceeded sales revenue in the 2025 fiscal year, the order backlog increased to €6,444 million at the end of the fiscal year (previous year: €6,336 million).

Results of operations

The sales revenue generated in the 2025 fiscal year amounted to €3,629 million, down by €404 million (previous year: €4,033 million/-10.0%). This was mainly due to delays in processing various large-scale orders.

In the metallurgical plant engineering business, sales revenue fell from €2,781 million to €2,424 million. At €891 million, sales revenue in the services business was at the same level as the previous year (€882 million). Sales revenue at the industrial equity investments declined to €342 million (previous year: €398 million). This was due to structural changes primarily resulting from the sale of Hertwich Beteiligungs GmbH, including its operating subsidiary Hertwich Engineering GmbH, in the 2024 fiscal year.

GEOGRAPHICAL BREAKDOWN OF SALES REVENUE

IN %	2025	2024
Western Europe	31.2	28.0
North America	23.7	25.5
India	17.5	18.0
China	8.4	6.8
MENA	6.7	7.2
Rest of Asia	6.1	7.1
Latin America	5.0	5.8
Africa	0.9	0.4
Eastern Europe	0.5	1.2

Despite a decline in **sales revenue** of €404 million, **gross profit** rose to €766 million (previous year: €723 million). This improved the gross margin as a proportion of sales revenue significantly, namely by 3.2 percentage points to 21.1% (previous year: 17.9%).

At €20 million, **income from investments** was down year over year (€33 million). This is due first and foremost to impairment on non-consolidated companies and other equity investments. As in the previous year, KAEPER SE & Co. Kommanditgesellschaft, Bremen, Germany (KAEPER), an investment accounted for using the equity method, made a positive contribution to earnings.

The **net financial result** decreased to €8 million in the 2025 fiscal year (previous year: €19 million), primarily due to lower interest income on cash and cash equivalents.

Earnings before interest and taxes (EBIT) came to €145 million (previous year: €134 million). Income tax expense decreased significantly compared with the previous year, dropping from €80 million to €44 million.

Assets and financial position

Total assets amounted to €5,262 million as of December 31, 2025 (previous year: €5,739 million), down by 8.3% year over year. At €2,223 million, non-current assets were below the previous year's figure of €2,352 million.

Current assets also fell to €3,039 million (previous year: €3,387 million). While inventories (€-446 million) and trade receivables (€-203 million) decreased significantly, cash and cash equivalents saw a sharp increase (€+257 million).

As of the end of the fiscal year, **equity** amounted to €1,169 million (previous year: €1,061 million). This is related to the net income for the current year. The equity ratio improved by 3.7 percentage points, rising from 18.5% to 22.2%.

As of December 31, 2025, **net liquidity** stood at €1,254 million, representing a significant improvement over the previous year (€929 million). This was a positive deviation from the forecast, which had anticipated a significant decline, primarily due to delays in certain projects and payments to suppliers.

At the end of 2025, **cash and cash equivalents** amounted to €1,433 million (previous year: €1,175 million). Securities held as current assets amounted to €33 million (previous year: €39 million). Non-current and current financial liabilities fell by €74 million to €212 million (previous year: €286 million), due primarily to scheduled repayments.

The financial position is deemed good overall because the company's equity is adequate and, as of the reporting date, the non-current assets are covered almost entirely by equity and non-current liabilities and provisions.

Opportunities and risks

The current **geopolitical situation** is dominated by a noticeable increase in armed conflicts, which are having a significant impact on international security and the global economy. By the end of 2025, 78 countries were involved in international conflicts. As was the case in the previous year, the most intense conflicts were concentrated primarily in regions such as Ukraine, Myanmar, the Middle East, and the African Sahel. The global economic loss resulting from these conflicts equated to 11.6% of global gross domestic product in 2025. By reviewing and implementing sanctions and export control regulations on an ongoing basis, SMS group ensures that its business activities related to armed conflicts are conducted in compliance with the law at all times.

Trade restrictions, protective tariffs, and volatile commodity and energy costs are making it harder for us and our customers to do business. These factors are translating into declining demand for steel and exacerbating the problem of excess capacity in steel production.

Our group is capitalizing on **future trends** that are not affected by crises, such as the decarbonization of the metal industry. Accounting for approximately 7% of global CO₂ emissions, the steel industry remains a major contributor to greenhouse gas emissions. In 2025, the EU adopted a key milestone for reducing emissions with its 2040 climate target. It calls for a 90% reduction in greenhouse gas emissions compared to 1990. China, the world's largest steel producer, has also expanded its emissions trading system (ETS) to include the steel sector. Depending on the customer's specific situation, site conditions, ore and energy availability, or regulatory requirements, we offer customized solutions for lower-emission iron and steel production. One strategic milestone is the acquisition of Metso's fluid bed technology, which facilitates carbon-neutral iron and steel production thanks to a hydrogen-based direct reduction process that can be used regardless of ore quality.

However, steel producers are hesitant to invest in decarbonization because the market remains uncertain as to the political and economic conditions. Initial pilot projects are to deliver decisive proof of concept and trigger further waves of investment in the long term.

By contrast, the service and modernization market for installed facilities offers us steady, recurring sales opportunities, combined with significant growth potential. With its comprehensive, customized service portfolio, SMS group enhances the performance and safety of existing facilities through maintenance, modernization, and digital process optimization.

Thanks to our decentralized structure, we can adapt flexibly to regional requirements and even benefit from them. The Centers of Excellence are able to customize integrated solutions in response to regional and customer-specific needs and to realize economies of scale thanks to their central position.

The main risks connected with plant engineering are due to the complexity and long lead times for completing orders. We mitigate these **operating risks** by way of the active project-based management of risks, deadlines, progress, and costs. This makes it possible to identify any deviations at an early stage so that remedial action can be taken in good time.

We purchase a vast range of raw materials, consumables, supplies, components, and other input materials, as well as services, to manufacture our products. As in the previous year, the procurement environment was dominated by volatility and regional differences and continued to pose a major challenge.

While prices for selected raw materials and supplies, as well as for energy, remained largely stable throughout the year, contributing to some relief in the procurement markets, rising labor and logistics costs, in particular, as well as continued stringent regulatory requirements, drove up costs. As a result, cost pressure along the supply chains remained high.

Overall, global supply chains proved to be more resilient in 2025. After several years marked by significant disruption, particularly regarding the availability of electronic and control components, our group's supply situation once again returned more or less to normal.

The ongoing war in Ukraine, escalating tension in the Middle East and Southeast Asia, and the increasing protectionist measures adopted by individual countries have fueled heightened uncertainty in international procurement markets. As part of our quest to manage **procurement risks**, we rely on qualified, interdisciplinary project and procurement teams that ensure continuous monitoring of supply chains, material availability, and supplier performance.

We address risks during order processing through ongoing and increasing regional diversification of the supplier base, total cost of ownership analyses, risk-based contract award strategies, and closely monitoring scheduling and progress tracking. The continued

use and expansion of our own production capacities within our global production network contribute to making us less reliant on external sources. The construction of a new workshop in Ahmedabad, India, will improve the service we can offer the fast-growing market in the Asia-Pacific region, while also preventing supply chain bottlenecks.

To ensure our long-term competitive standing, we continued to drive the targeted expansion of new procurement markets in the 2025 reporting year. Suppliers in North and South America (including Mexico and Brazil), in Asia (e.g., South Korea, Vietnam, India, and Türkiye), as well as in Southern and Eastern Europe underwent further development measures or qualified for the first time. New suppliers are selected and developed as part of a structured, multi-stage process that takes into account not only procurement costs but also, in particular, quality requirements, on-time delivery, and technological expertise.

Compliance with human rights and environmental due diligence obligations throughout the supply chain remains an integral component of our procurement strategy. We ensure that these risks are mitigated through the systematic implementation and enhancement of internal processes designed to ensuring compliance with all relevant statutory requirements, in particular the German Supply Chain Due Diligence Act.

Cybercrime is a major threat to businesses today. The total cybercrime losses incurred by the German economy reached a record high of over €289 billion in 2025. Causes include data theft, industrial espionage, and sabotage, which also affect SMS group. In the 2025 reporting year, we analyzed more than 5,000 phishing emails and blocked over 80,600 malicious files as part of our "we-are-safe" initiative. To mitigate this risk, we invest in preventive security measures on an ongoing basis, as well as in raising awareness and training our employees to strengthen the resilience of our IT systems and business processes.

Artificial intelligence (AI) is increasingly becoming a key technology in plant engineering. AI enables a wide range of applications for optimizing both internal business processes, and customer systems and processes. By way of example, the analysis of sensor data in real time allows models to be created more quickly and efficiently for the purposes of optimizing production processes. Our customers benefit from real-time process optimization, predictive maintenance, and more precise anomaly detection, minimizing downtime and increasing productivity as a result.

The strategic decision to migrate the ERP systems to **SAP S/4HANA** opens up further opportunities. In March 2025, an intensive hyper-care phase was completed at the first set of companies. Later in the year, preparations began for the rollout at other companies, including Paul Wurth S.A. and several of its subsidiaries, as well as SMS group S.p.A. The migration will lay the foundation for greater standardization, improved data quality, and more efficient, globally comparable business processes, which are expected to unlock long-term potential for productivity gains and cost reductions. The process will also improve collaboration and resource utilization across organizational boundaries in customer projects.

Outlook

Environment

Global economic growth is expected to stabilize in 2026 at 3.3%, remaining on par with 2024 and 2025. Growth in the industrialized nations is expected to come in at around 1.8% in 2026. In the world's emerging markets and developing economies, the projected growth rate of 4.2% is set to be higher, but still slightly below the previous year's level. Global inflation is expected to decline from 4.1% in 2025 to 3.8% in 2026, albeit with regional variations in inflation trends.

Forecasts are subject to risks. An escalation in protectionist measures could hinder investment, disrupt supply chains, and thus further slow economic growth. An exacerbation of geopolitical conflicts could result in a further increase in market volatility. Persistent fluctuations in energy and commodity prices are weighing on economic growth, particularly in industrialized countries.

The outlook for the steel industry varies significantly from region to region. While steel production is expected to stagnate in North America and Europe, the structural shift from blast furnaces to recycling looks set to continue. In India, rising demand will continue to drive the expansion of steel production capacity. Against this backdrop, the free trade agreement reached between the EU and India should be viewed in a positive light, as it will gradually eliminate trade barriers and tariffs. In China, negative demand forecasts will further exacerbate existing structural problems such as excess capacity.

The sustained high level of uncertainty regarding further changes to the tariff and trade policies pursued by various countries, driven in particular by the United States' protectionist stance, is expected to persist, and could have a lasting negative impact on international trade.

The escalation in the Middle East threatens to put pressure on global energy markets. A rise in oil prices could push up inflation rates, which in turn would lead to higher costs and lower profitability. Potential disruptions to trade, such as the blockading of key sea routes, could also have a significant impact on the global movement of goods.

Company

Despite the challenging overall conditions, there are at least some modest growth opportunities emerging for our industry and, as a result, for our company as well, for example with regard to decarbonizing the European steel industry. We intend to participate in these opportunities by forging ahead with relevant transformation projects. Another focal area for us this year will be integrated service solutions that include automation and digitalization packages.

Through our local representative offices in all regions, with the exception of Russia, we will be keeping a close eye on market trends and proactively responding to developments that hold promise for

our business. By way of example, sales initiatives in growing markets such as India, driven by increased urbanization, can help partially offset dwindling demand in other regions. We are, however, facing increasingly fierce competition from China.

We expect order intake for the 2026 fiscal year to be on par with 2025, ranging between €3.6 billion and €3.8 billion. We also recognize, however, that contract award decisions regarding larger orders have become more hesitant, meaning that a first step might involve only ordering individual machines for a plant complex to begin with. Sales revenue is expected to increase moderately compared to the 2025 fiscal year (€3.6 billion).

We expect consolidated earnings before interest and taxes (EBIT) to stabilize at a level above €130 million.

Net liquidity is forecast to be slightly lower than in 2025. Reasons include the fact that the down payments already received from customers will result in cash outflows for the further development of projects in 2026.

The average number of employees in 2026 will be slightly above the level of seen in the 2025 fiscal year. This development is attributable primarily to the construction and expansion of our new workshop in Ahmedabad, India, as well as the first-time consolidation of our Swedish subsidiary Nordic AB in connection with the execution of the Stegra contract. The trend also reflects the integration of the Outotec technology acquired from Metso, along with the associated employees.

Consolidated statement of financial position

ASSETS (€ THOUSAND)	12/31/2025	12/31/2024
Intangible assets	351,568	325,306
Property, plant and equipment	682,444	723,553
Investment property	441,700	444,800
Other non-current financial assets	536,115	613,823
Deferred tax assets	169,921	198,806
Other non-current assets	40,885	45,615
Non-current assets	2,222,633	2,351,903
Inventories not including current contract assets	154,499	246,271
Current contract assets	403,569	757,855
Inventories	558,068	1,004,126
Trade receivables not including current contract assets	555,178	628,753
Current contract assets	168,816	298,145
Trade receivables	723,994	926,898
Receivables from income taxes	36,117	21,222
Other current assets	254,815	220,330
Securities	33,378	38,990
Cash and cash equivalents	1,432,576	1,175,414
Current assets	3,038,948	3,386,980
Total assets	5,261,581	5,738,883



LIABILITIES (€ THOUSAND)	12/31/2025	12/31/2024
Subscribed capital	52,000	52,000
Capital reserves	499,264	499,264
Retained earnings	504,508	327,270
Income and expense recognized directly in equity	-35,883	30,958
Equity attributable to shareholders of SMS GmbH	1,019,889	909,492
Non-controlling interests	148,893	151,791
Equity	1,168,782	1,061,283
Non-current financial liabilities	118,412	156,778
Provisions for pensions and similar obligations	504,606	570,890
Deferred tax liabilities	318,922	334,602
Other non-current provisions	41,701	51,597
Other non-current liabilities	8,946	701
Non-current liabilities and provisions	992,587	1,114,568
Current financial liabilities	93,174	129,071
Trade payables	482,997	621,621
Liabilities from income taxes	29,151	28,338
Current contract liabilities	1,459,075	1,765,743
Other current provisions	790,240	765,341
Other current liabilities	245,575	252,918
Current liabilities and provisions	3,100,212	3,563,032
Total liabilities	5,261,581	5,738,883

Consolidated income statement

€ THOUSAND	2025	2024
Sales revenue	3,628,909	4,033,058
Total cost of sales	-2,862,424	-3,309,749
Gross profit	766,485	723,309
Cost of sales	-338,030	-323,731
General administrative costs	-162,928	-180,312
Other income	91,764	111,550
Other expenses	-231,718	-230,190
Operating result	125,573	100,626
Result from investments accounted for using the equity method	27,223	31,811
Other income from investments	-7,566	1,334
Income from investments	35,555	33,145
Earnings before interest and taxes (EBIT)	145,230	133,771
Financial income	40,402	51,704
Financial expenses	-32,819	-32,535
Net financial result	7,583	19,169
Earnings before taxes (EBT)	152,813	152,940
Income taxes	-44,110	-79,723
Net income	108,703	73,217
Thereof attributable to:		
Shares attributable to shareholders of SMS GmbH	108,866	74,781
Non-controlling interests	-163	-1,564



Supervisory Board of SMS group GmbH

(effective as of April 21, 2026)

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(effective as of April 21, 2026)

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Dr. Sabine Schmeinck

Inga Sudau

Georg Heinrich Weiss



Contact

SMS group GmbH
Corporate Communications & Marketing
Am SMS Campus 1
41069 Mönchengladbach
Germany

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