CONSOLIDATED MANAGEMENT REPORT 2023/24

This Consolidated Management Report refers to the Consolidated Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by Section 245a (1) of the Austrian Commercial Code *(Unternehmensgesetzbuch – UGB).*

CORPORATE GOVERNANCE REPORT

The consolidated Corporate Governance Report for the business year 2023/24 has been published on voestalpine AG's website under the "Investors" tab.

» The complete web address is http://www.voestalpine.com/group/en/investors/corporate-governance

CORPORATE RESPONSIBILITY REPORT

As regards the reporting on the consolidated, non-financial statement, please see the Corporate Responsibility Report (CR Report) for the business year 2023/24 that was prepared separately from the Consolidated Financial Statements pursuant to Section 267a (6) UGB. It, too, is available on voestalpine AG's website.

REPORT ON THE GROUP'S BUSINESS PERFORMANCE AND ECONOMIC SITUATION

The business year 2023/24 was characterized by high inflation rates and considerable interest rate levels in key markets in which voestalpine operates. Central banks in both Europe and the USA aimed to reduce inflation by raising interest rates, with varying degrees of success and effects on the economic environment. While the European economy developed only moderately over the entire business year, the US economy proved to be much more robust.

The dominant topic in China was the ongoing crisis in the real estate sector. This not only slowed down consumption, but also other areas of the economy with the exception of the high-tech sector. Although the signs in China pointed to growth in the business year 2023/24, the figures fell short of expectations. In contrast to Europe, the USA, and South America, China did not struggle with high inflation rates in the reporting period, but with falling consumer prices and the negative consequences of a deflationary environment.

As in previous years, the global economy was confronted with geopolitical conflicts and uncertainties also in this reporting period. These included the Hamas attack on Israel in Northern fall 2023 and the attacks on international shipping in the Suez Canal.

EUROPE

The European economy was characterized by very weak momentum in the business year 2023/24. As a result, gross domestic product stagnated at a low level. There was only a slight recovery in the fourth quarter. The economic environment in Europe was characterized by sharp interest rate hikes, particularly in the first three quarters of the business year, with which the European Central Bank sought to combat high inflation. This hit the construction and manufacturing industries hard in particular. After consumption had benefited from people's travel activities in the summer months, it subsequently lost momentum. Inflation fell at the end of the third quarter, which led the ECB to refrain from further interest rate hikes. The trend of the previous months continued in the fourth quarter of 2023/24. Additional geopolitical tensions created further headwinds, including the attacks on international shipping in the Suez Canal. However, this did not slow down growth any further. Inflation weakened further due to lower basic materials and energy prices. The European Central Bank (ECB) therefore held out the prospect of lowering interest rates later in 2024.

The difficult economic environment in Europe meant a decline in demand for voestalpine from the construction, mechanical engineering, and consumer goods industries in the business year 2023/24. Toolmaking in particular, which the High Performance Metals Division supplies with tool steel, reported very low demand in the second and third quarters of 2023/24. At the same time, imports of material from Asia, particularly China, were high.

The automotive industry benefited from an easing of tensions of international supply chains, particularly at the beginning of the business year 2032/24, and remained stable over the remainder of the reporting period. Unlike the economy as a whole, the railways and aviation industries performed very positively. This also applies to the energy industry.

The strategic focus in the business year 2023/24 was on expanding promising business areas such as railway infrastructure and warehouse technology. Strategic adjustments were made in sectors that are experiencing sustained economic difficulties. These included the initiated sales process for Buderus Edelstahl, Wetzlar, Germany, and the reorganization of the Automotive Components business in Germany.

NORTH AMERICA/USA

In contrast to Europe, the economic environment in the USA was much more positive. In the business year 2023/24, the US economy defied the sharp interest rate hikes and performed better than expected. Even the bankruptcy of Silicon Valley Bank at the start of the business year 2023/24 was unable to halt the momentum. Stubbornly high inflation is one downside of this development. The rapid and substantial interest rate hikes did not have a sufficient effect on combating inflation in the business year 2023/24. Hopes that inflation could ease were dashed in the fourth quarter of 2023/24. Accordingly, expectations that there will be a major easing of interest rates very soon are now subdued.

Although sectors such as the construction industry, which is particularly sensitive to interest rate hikes, have cooled down, this has not been as strong or as widespread as feared. The main pillar of the positive economic development in the USA was private consumption, which was characterized by a very strong labor market with low unemployment and high wage growth. The real estate market also picked up again towards the end of the reporting period.

Demand for voestalpine products in the North American market was solid in the business year 2023/24, with declines only in individual segments. The energy and railway infrastructure business performed very well. Positive momentum also came from the aerospace sector. By comparison, the capital goods sector was more moderate.

In the business year 2023/24, voestalpine focused on expanding its North American production capacities in the areas of railway infrastructure, storage technology, and tubes and sections.

BRAZIL/SOUTH AMERICA

Brazil was confronted with high inflation and corresponding interest rate hikes much earlier than Europe and North America. For this reason, Brazil passed the peak of inflation at the beginning of the business year 2023/24. The Brazilian National Bank began to cut interest rates as early as the second quarter of 2023/24. Overall, the Brazilian economy recorded remarkable growth of just under 3% in the business year 2023/24, despite interest rates and inflation remaining very high. This positive development was primarily driven by a record harvest and the associated high food production as well as robust consumption. The latter benefited from high wage increases. Economic momentum slowed in the third and fourth quarters. At the end of the business year, both domestic demand and private consumption were only moderate. Over the business year as a whole, the industrial sectors performed more modestly than GDP on average and became increasingly weaker towards the end of the reporting period.

The voestalpine sites in Brazil performed well in this environment for most of the business year 2023/24. The ongoing boom in the photovoltaic sector drove demand for special sections. The high international demand for products for the oil and gas industry was reflected in good demand for special steels. The slowdown in momentum in the fourth quarter of 2023/24 was also felt by the voestalpine sites, which responded with targeted cost savings.

CHINA/ASIA

China remained in growth mode in the business year 2023/24 despite the ongoing negative developments in the real estate sector. At 5%, however, GDP growth is significantly lower than in the past and is also below expectations. The problems in the real estate sector in particular, which had a negative impact on other areas of the economy and depressed private consumption, were felt across all business quarters. The countermeasures taken by the Chinese central government failed to reverse the trend, but at best had a stabilizing effect.

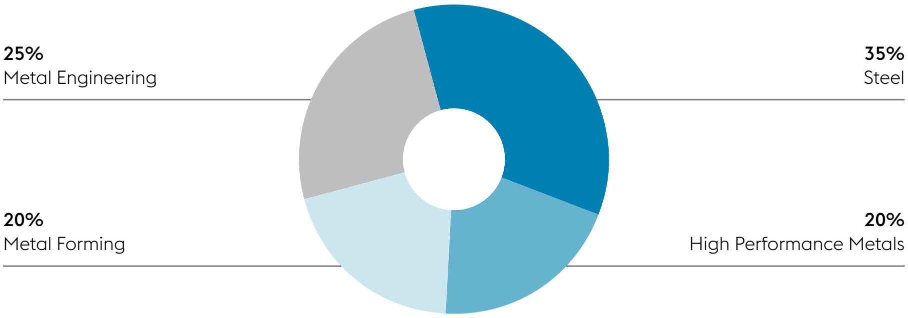
The extremely low inflation and, in some quarters, recognizable deflationary trend are a reflection of the weak momentum in Chinese domestic demand. The manufacturing industry sector—and in particular the high-tech sector—stands out positively. However, low domestic demand and, in some cases, subdued demand in Western markets led to a significant fall in consumer prices in China over the course of the business year. In the fourth quarter, the Chinese central bank therefore stepped up its expansionary monetary policy and lowered interest rates, among other things. The Chinese central government also announced economic stimulus measures, but these are only likely to lead to a stabilization of the economic situation.

There is a special situation in the Chinese steel industry: Although the construction sector is weak and demand for steel is correspondingly lower, Chinese steel manufacturers are producing at record levels. As has often been the case in the past, the international steel markets came under pressure due to exports from China.

The Chinese voestalpine sites performed very satisfyingly in the business year 2023/24. By focusing on the highest quality segment, the Steel Division is not directly affected by Chinese steel exports and imports to Europe. In order to strengthen its market position for the future, voestalpine invested in a new phs® plant in Shenyang, China, and the expansion of the sales network in the High Performance Metals Division, among others.

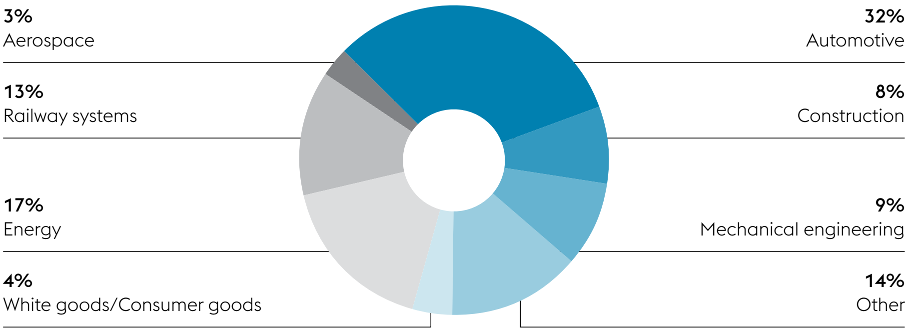
REVENUE BY DIVISIONS

As percentage of total divisional revenue, business year 2023/24



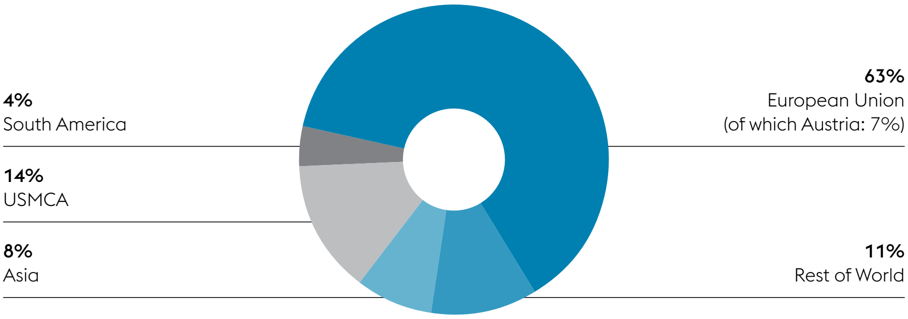
REVENUE BY INDUSTRIES

As percentage of Group revenue, business year 2023/24



REVENUE BY REGIONS

As percentage of Group revenue, business year 2023/24



REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP[1]

REVENUE

The voestalpine Group's financial performance indicators have weakened year-on-year, with the previous year's figures at record levels both on the revenue side and in numerous earnings categories. In operational terms, the downward trend in earnings is attributable to the subdued economic momentum. In addition, negative one-off effects influenced the reporting figures in the business year 2023/24.

Revenue developed more moderately compared to the previous year. In the previous year, all four divisions of the voestalpine Group recorded record levels of revenue, which was due not least to exorbitant increases in raw material and energy costs that were passed on to the market. As a result of the normalization in the business year 2023/24, revenue decreased by 8.5% from EUR 18,225.1 million in the business year 2022/23 to EUR 16,684.3 million. Only the Metal Engineering Division was able to maintain the record figures from the previous year due to the positive development in the energy and railway infrastructure sectors. The reasons for the declines in revenue in the other divisions were divergent. Although the Steel Division was confronted with falling prices, sales volumes increased slightly. This contrasted with the situation in the High Performance Metals Division: A slightly higher price level was offset by significantly lower shipment volumes. In terms of sector trends, the construction and mechanical engineering industries in particular felt the effects of the difficult economic environment and were therefore disproportionately affected by declining sales. In contrast, the Railway Systems segment was actually able to increase its revenue year-on-year. The energy industry and the aerospace sector also recorded a very solid trend.

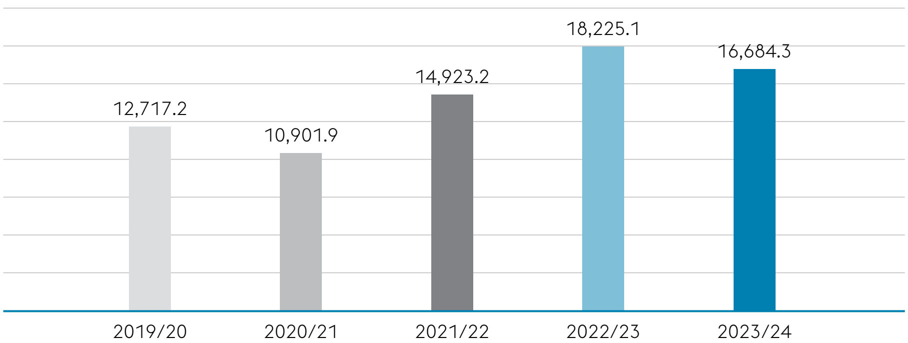
OPERATING INCOME

As on the sales side, the development on the earnings side was also unable to match the record figures of the previous year. In addition to the economic slowdown, this was also due to one-off effects in both reporting periods. In the previous business year 2022/23, EBITDA included positive one-off effects of EUR 101 million. By contrast, the previous year's EBIT reported one-off effects of EUR –72 million. Specifically, these consisted of positive effects from a land sale and negative effects from impairment losses in the Steel Division and the High Performance Metals Division.

The earnings figures for the business year 2023/24 also included one-off effects. Impairment losses as a result of the initiated sales process at Buderus Edelstahl had a negative impact of EUR 181 mil-

REVENUE OF THE voestalpine GROUP

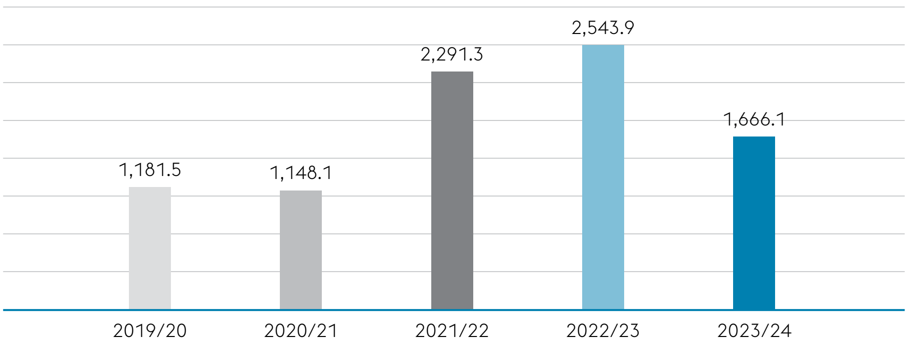
In millions of euros



[1] Business year 2022/23, and 1st to 3rd quarter 2023/24, retroactively adjusted.

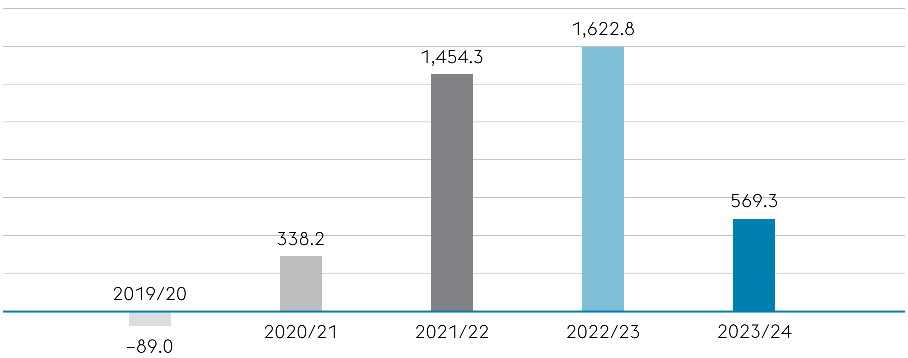
EBITDA

In millions of euros



EBIT

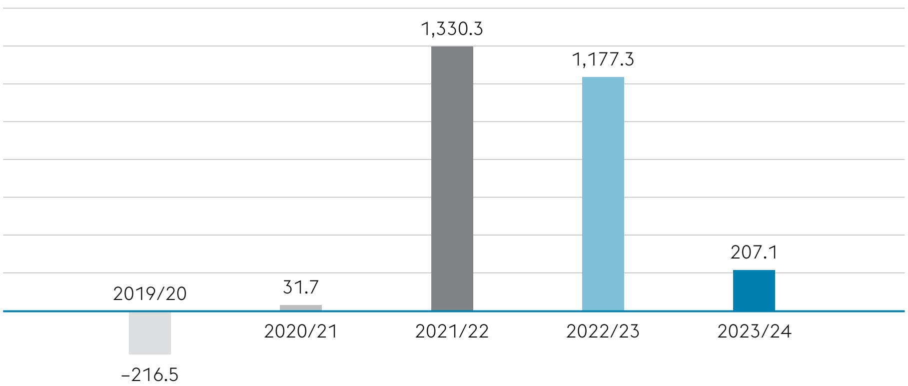
In millions of euros



PROFIT AFTER TAX

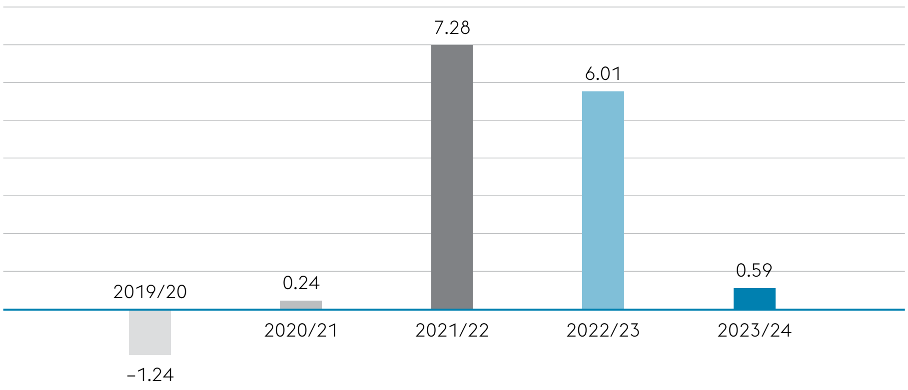
In millions of euros

Before deduction of non-controlling interests.



EPS – EARNINGS PER SHARE

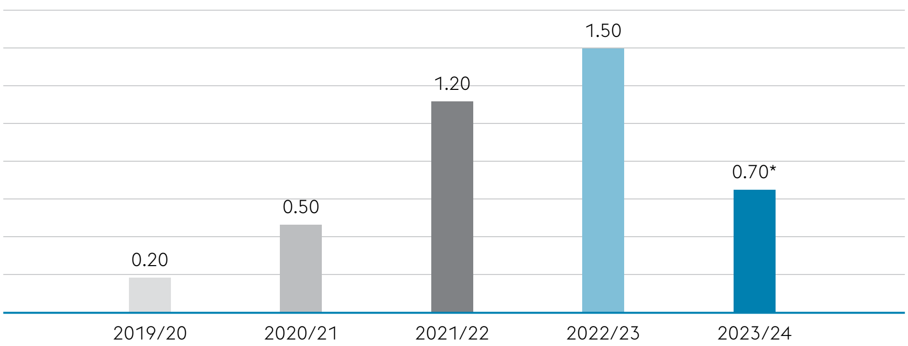
In euros



DIVIDEND PER SHARE

In euros

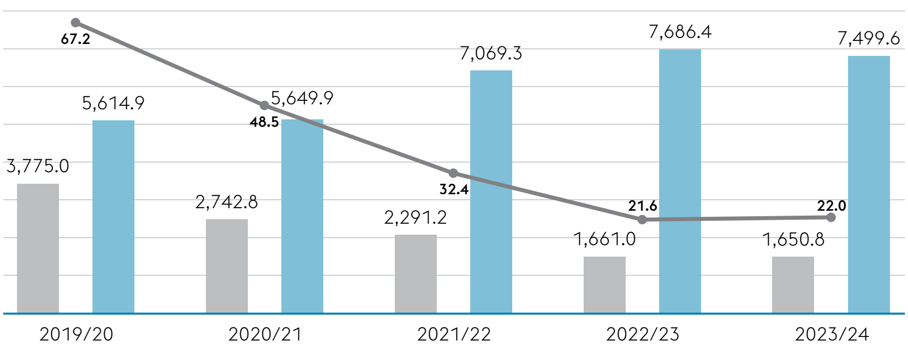
* As proposed to the Annual General Meeting.



NET FINANCIAL DEBT – EQUITY – GEARING RATIO

In millions of euros

Net financial debt Equity Gearing (in %)



lion on EBIT, of which EUR 92 million also affected EBITDA. In the High Performance Metals Division, goodwill impairments in the High Performance Metals Production cash-generating unit amounting to EUR 179 million also had a negative impact on the development of EBIT in the current reporting period. EBIT in the Metal Forming Division in the business year 2023/24 includes non-recurring effects in the form of impairment losses of EUR 68 million due to the adjustment of planning assumptions in the Automotive Components business segment.

In addition to these significant effects, the operating income (EBITDA) and consequently the profit from operations (EBIT) for the business year 2023/24 were also affected by positive and negative one-off effects of medium and small magnitude, which almost completely canceled each other out in total. On the positive side, these include government support payments, and on the negative side, for example, the valuation of the gas storage facility.

Based on the IFRS reporting figures, and thus including one-off effects, EBITDA fell by more than a third from EUR 2,543.9 million in the business year 2022/23 to EUR 1,666.1 million in the business year 2023/24. While the Metal Engineering Division was even able to slightly exceed the record results of the previous year, EBITDA decreased in the other three divisions. EBIT weakened by 64.9% year-on-year from EUR 1,622.8 million to EUR 569.3 million.

PROFIT BEFORE AND AFTER TAXES

As a consequence of the higher interest rate level, financial expenses increased in the business year 2023/24. The net financial result (financial expenses reduced by financial income) developed accordingly from EUR –133.4 million in the previous year to EUR –185.9 million in the current reporting period. This results in profit before tax of EUR 383.4 million in the business year 2023/24, which is a decrease of 74.3% compared to the figure for the business year 2022/23 (EUR 1,489.4 million). Based on a tax rate of 43.8% (previous year: 27.2%) and profit after tax from discontinued operations of EUR –8.5 million (previous year: EUR 93.4 million), profit after tax amounted to EUR 207.1 million (previous year: EUR 1,177.3 million). The high tax burden in relation to profit before tax is due to the fact that the impairments do not lead to any tax relief in the business year 2023/24.

PROPOSED DIVIDEND

Subject to the approval of the shareholders of voestalpine AG at the Annual General Meeting, which will take place on July 3, 2024, a dividend of EUR 0.70 will be paid to the company's shareholders. Compared to the previous year's dividend of EUR 1.50, this represents a reduction of 53.3%. Taking into account the decline in earnings per share from EUR 6.01 in the business year 2022/23 to EUR 0.59 in the business year 2023/24 as a result of the sluggish economic environment and numerous negative one-off effects, a more differentiated picture emerges. In this respect, this proposal corresponds to a payout ratio of 118.6% (previous year: 25.0%). In relation to the average market price of the voestalpine share in the business year 2023/24 of EUR 27.86, this results in a dividend yield of 2.5%. Since the IPO in 1995, voestalpine has continuously distributed dividends to shareholders. The average dividend yield is 3.6%.

CASH FLOWS

Despite the decline in earnings, the voestalpine Group was able to significantly increase its cash flows from operating activities in the business year 2023/24 by more than half, from EUR 956.2 million in the previous year to EUR 1,447.9 million. This was mainly due to the development of working capital: While working capital rose sharply by EUR 1,013.3 million in the previous year due to the material increase in raw material costs and the first-time storage of natural gas, working capital was reduced by EUR 179.1 million in the current reporting period. Investment activities in other intangible assets and property, plant, and equipment were expanded in the business year 2023/24. In the previous year, cash flow from investing activities also included considerable cash inflows from the sale of 80% of the shares in voestalpine-Texas to ArcelorMittal and the sale of real property in Düsseldorf, Germany. Against this backdrop, cash flow from investing activities was only slightly negative at EUR –47.1 million in the business year 2022/23, while it amounted to EUR –853.0 million in the current reporting period.

Cash flow from financing activities developed year-on-year from EUR –685.9 million to EUR –325.3 million. This resulted in an increase in cash and cash equivalents of EUR 269.6 million in the business year 2023/24 (business year 2022/23: increase of EUR 223.2 million). Including the change in currency translation, this results in a closing balance of cash and cash equivalents of EUR 1,322.1 million as of March 31, 2024 (March 31, 2023: EUR 1,055.8 million).

GEARING RATIO

The voestalpine Group has been able to continuously reduce its net financial debt in recent years. In the current reporting period, the Group succeeded in keeping the debt ratio stable at a low level despite accelerated investment activity. Specifically, net financial debt decreased from EUR 1,661.0 million as of March 31, 2023 to EUR 1,650.8 million as of March 31, 2024, creating a solid basis for the Group's further growth and the transformation of steel production. By contrast, the voestalpine Group's equity weakened slightly in a year-on-year comparison. In particular, the negative one-off effects in the form of impairment losses in the business year 2023/24 had an impact. Compared to the reporting date of March 31, 2023 (EUR 7,686.4 million), equity decreased slightly by 2.4% to EUR 7,499.6 million as of March 31, 2024. It should be noted that equity as of March 31, 2023 was adjusted retrospectively from EUR 7,769.4 million to EUR 7,686.4 million. Despite the slight decrease in equity in the current reporting period, the gearing ratio (net financial debt as a percentage of equity) remained virtually unchanged compared to the previous year at 22.0% as of March 31, 2024 (March 31, 2023: 21.6%).

HUMAN RESOURCES

The number of employees (FTE, full-time equivalents) in the voestalpine Group rose by 0.8% year-on-year, from 51,202 as of March 31, 2023, to 51,589 as of March 31, 2024. The Metal Engineering Division recorded a significant increase as a result of staffing for growth projects. The Steel Division reported a moderate year-on-year increase. By contrast, the Metal Forming Division reduced its headcount in response to the structurally more difficult environment in the automotive supply sector in Germany. The number of employees in the High Performance Metals Division was adjusted to the lower level of capacity utilization in the production plants over the course of the business year 2023/24.

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	03/31/2023	03/31/2024
Financial liabilities, non-current	2,242.2	1,459.7
Financial liabilities, current	836.6	1,688.0
Cash and cash equivalents	–1,055.8	–1,322.1
Other financial assets	–341.3	–158.2
Loans and other receivables from financing	–20.7	–20.4
Net financial debt from disposal groups	0.0	3.8
Net financial debt	**1,661.0**	**1,650.8**

QUARTERLY DEVELOPMENT OF THE voestalpine GROUP

In millions of euros					BY		
	1st quarter 2023/24[1]	2nd quarter 2023/24[1]	3rd quarter 2023/24[1]	4th quarter 2023/24	2023/24	2022/23[1]	Change in %
Revenue	4,445.7	4,067.1	3,874.8	4,296.7	16,684.3	18,225.1	–8.5
EBITDA	499.4	404.0	363.8	398.9	1,666.1	2,543.9	–34.5
EBITDA margin	11.2%	9.9%	9.4%	9.3%	10.0%	14.0%	
EBIT	310.8	208.5	177.4	–127.4	569.3	1,622.8	–64.9
EBIT margin	7.0%	5.1%	4.6%	–3.0%	3.4%	8.9%	
Profit before tax	273.0	154.8	130.3	–174.7	383.4	1,489.4	–74.3
Profit after tax[2]	212.8	108.0	93.9	–207.6	207.1	1,177.3	–82.4
Employees (full-time equivalent)	51,164	51,212	50,712	51,589	51,589	51,202	0.8

[1] Business year 2022/23, and 1st to 3rd quarter 2023/24, retroactively adjusted.
[2] Before deduction of non-controlling interests.

STEEL DIVISION

STRATEGIC DEVELOPMENT

The groundbreaking ceremony for greentec steel in Linz in October 2023 marked another milestone for the green future of voestalpine and an important contribution to climate protection in Austria. The decision to award the contract and order the electric arc furnace for Linz followed in January 2024. This is scheduled to go into operation in 2027 and produce around 1.6 million tons of CO_2-reduced steel per year when fully operational. In the business year 2023/24, important preparatory work was also driven forward at the site: This included expanding the infrastructure, further clearing the construction site, and adapting the scrap yard. As part of clearing the construction site, a new raw material supply system was also built with an approx. 750-meter-long conveyor belt bridge made of in-house produced, CO_2-reduced steel.

Overall, the Steel Division is seeing growing demand for CO_2-reduced steel. voestalpine now supplies 35 companies from various industries with steel products in the greentec steel edition—from wind energy to building technology.

In addition to the transformation of the production route, the continuous development of the product portfolio remains a key strategic objective. In the business year 2023/24, the Steel Division implemented further measures to improve quality in the production of high-strength and ultra-high-strength steels, such as the modernization of the hot-dip galvanizing lines. The core and, at the same time, the challenge of the Steel Division's transformation strategy is the production of technologically highly sophisticated steels in a climate-friendly production process.

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

In the business year 2023/24, the European steel market was dominated by the European Central Bank's sharp interest rate hikes. It raised the base rate to 4.5% by September 2023, triggering a significant economic slowdown in many market segments. The construction industry, which is one of the largest steel-consuming industries, was particularly hard hit. As a result, demand for steel in Europe was very subdued overall in the reporting period.

In this subdued economic environment, the Steel Division, with its focus on technologically sophisticated products, performed consistently well. Although it was unable to escape the generally low demand from the construction, mechanical engineering, and white goods segments, demand for the division's products was good in the strategically important automotive and energy sectors.

Overall, the Steel Division's development of shipment volumes was satisfying in the business year 2023/24, although demand was somewhat subdued in both the second and third quarters of 2023/24. During these phases, some competitors had to shut down production capacities. By contrast, the Steel Division benefited from the relatively stable demand from the high-tech segments of the energy and automotive industry, where volumes were increased via active marketing.

While the European **automotive industry** was still suffering from problems in international supply chains in recent years and was unable to fully utilize its own production capacities, the situation eased from the start of the business year 2023/24. As a result, demand improved significantly. This continued even after the automotive manufacturers had worked off their order backlog, ensuring good capacity utilization in this segment throughout the business year.

Electromobility continues to provide strong impetus. This led to numerous bookings of electrical steel for long-term projects in the **electrical industry segment.** Demand in the **consumer goods and household appliances industry** remained low over the course of the reporting year. Following the boom during the COVID-19 pandemic and the current weak development of the construction industry, the business year 2023/24 saw restrained development at a low but stable level.

The market cooled in the **mechanical engineering sector,** which became increasingly noticeable over the course of the business year 2023/24.

A comparatively small market segment for the Steel Division is the **construction industry,** where the situation deteriorated due to rising interest rates and financing costs. This trend continued throughout the business year 2023/24 and stabilized at a low level from the third quarter of 2023/24.

There were positive developments in the **energy sector.** The Heavy Plate business unit in particular reported good order intake for the business year 2023/24. The business unit benefited from the very good project landscape.

The prices of important raw materials for steel production such as iron ore and metallurgical coal largely moved sideways in the first half of 2023/24, while the third and fourth quarters were characterized by volatility. Steel prices on the European spot market stabilized after an initial downward trend in Northern fall 2023. From this point onwards, price increases prevailed—also supported by higher raw material prices. After peaking in the fourth quarter of the business year 2023/24, prices on the European steel market fell again. The price trend in the Steel Division was much more stable over the course of the reporting period, as steel products are sold exclusively via contract transactions and not on the spot market.

FINANCIAL KEY PERFORMANCE INDICATORS

The Steel Division recorded declines in its key financial figures in the business year 2023/24. Revenue fell by 8.5% from EUR 6,650.3 million to EUR 6,087.8 million. Admittedly, shipment volumes increased slightly in the reporting period. However, the Steel Division was confronted with falling prices after steel prices had risen sharply in the previous business year due to the massive increase in raw material and energy costs following the outbreak of the war in Ukraine.

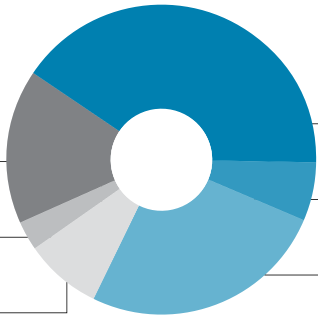
After two business years at record levels, the Steel Division's results were solid in the reporting period. However, the negative effects on the price side had a much greater impact than the reduction in expenses for raw materials and energy. Inflation-related cost increases, particularly in the area of personnel, also had a negative impact on the earnings trend. EBITDA therefore fell from EUR 1,120.4 million (margin of 16.8%) to EUR 686.6 million (margin of 11.3%) in the business year 2023/24. This is a drop of 38.7%. The previous year's figures also included extraordinary write-downs of EUR 32 million on the 20% stake in the ArcelorMittal Texas HBI Group. Since the second quarter of 2022/23, this investment has been reported under the item "Share of profit of entities consolidated according to the equity method." EBIT in the Steel Division fell by 50.3% from EUR 862.5 million (margin of 13.0%) to EUR 428.3 million (margin of 7.0%) in the reporting period.

The Steel Division's financial performance indicators developed positively in the business year from Q3 to Q4 2023/24. Revenue increased by 15.3% from EUR 1,374.6 million to EUR 1,584.9 million in this period. One reason for the growth was the predominantly seasonal increase in shipment volumes. The price level was also very robust. The slight decline in prices for longer-term contracts was largely offset by better prices in quarterly business. EBITDA increased by 11.2% quarter-on-quarter from EUR 156.9 million (margin of 11.4%) to EUR 174.4 million (margin of 11.0%). This was mainly due to positive volume and mix effects. In terms of EBIT, the Steel Division reported an increase from EUR 93.3 million (margin of 6.8%) to EUR 108.3 million (margin of 6.8%) in a quarter-on-quarter comparison. This is an increase of 16.1%.

The number of employees (FTE) in the Steel Division rose by 1.0% from 10,636 to 10,747 as of March 31, 2024.

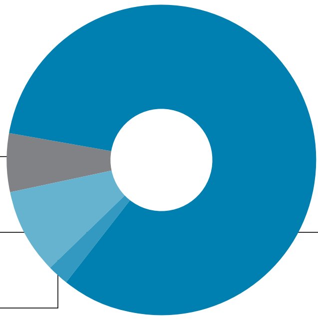
CUSTOMERS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2023/24



MARKETS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2023/24



QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros

	1st quarter 2023/24	2nd quarter 2023/24	3rd quarter 2023/24	4th quarter 2023/24	BY 2023/24	BY 2022/23	Change in %
Revenue	1,643.6	1,484.7	1,374.6	1,584.9	6,087.8	6,650.3	–8.5
EBITDA	174.2	181.1	156.9	174.4	686.6	1,120.4	–38.7
EBITDA margin	10.6%	12.2%	11.4%	11.0%	11.3%	16.8%	
EBIT	110.0	116.7	93.3	108.3	428.3	862.5	–50.3
EBIT margin	6.7%	7.9%	6.8%	6.8%	7.0%	13.0%	
Employees (full-time equivalent)	10,657	10,748	10,617	10,747	10,747	10,636	1.0

HIGH PERFORMANCE METALS DIVISION

STRATEGIC DEVELOPMENT

With the commissioning of the new special steel plant in Kapfenberg, Austria, a pioneering strategic step was taken in the business year 2023/24 to focus the product range on the top quality segment. In order to strengthen the position of the High Performance Metals Division in global competition, a sales process was initiated in the course of the strategic realignment of Buderus Edelstahl in Wetzlar, Germany.

The aerospace sector is a growing business area. Due to increasing demand, the sales network for materials in Europe and North America has been expanded. As the sole supplier of titanium sheet for the aerospace industry in Europe, the High Performance Metals Division has concluded its first contracts for the supply of titanium sheet in North America and Asia.

The High Performance Metals Division also strengthened its position as a global partner for oil and gas companies in the most important regions in the business year 2023/24.

The global sales and service network, which focuses on heat treatments, coatings, mechanical processing, and additive manufacturing, continued to grow in the business year 2023/24.

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The High Performance Metals Division was confronted with different developments in the main product and customer segments. Global demand for tool steel from the automotive and consumer goods industries was weak. Special materials for the aerospace industry and the oil and gas sector provided positive momentum.

The consumer goods industry is a key driver of demand for **tool steel.** This industry faced several challenges in the business year 2023/24. For example, sales of white goods (refrigerators, washing machines, etc.) are heavily dependent on the real estate sector, particularly new residential construction. This suffered from high interest rates in Europe and North America. The electronics sector was also subdued: While demand for mobile devices and computers boomed during the COVID-19 pandemic, momentum has since slowed. In contrast to the difficult conditions for tool steel, particularly in the standard-grade area, competitive pressure in the high-quality product segment was significantly lower.

In terms of regional development, the tool steel product segment in Europe recorded a significant drop in demand for the business year 2023/24.

In addition to the general weakness in toolmaking, car manufacturers also postponed the launch of new models. Weak demand and strong import pressure from Asia, particularly China, resulted in significant surplus capacity in Europe.

In North America, there was reduced demand in toolmaking in the business year 2023/24. Demand for tool steel was also quite restrained in South America. Overall, there was little momentum in Asia from the consumer goods industry, the automotive supply industry, and the electronics industry. The situation in South East Asia in particular was very subdued. In China, there were initial signs in the fourth quarter of 2023/24 that the situation was gradually improving. Positive news came from India, where the business year 2023/24 saw a significant upward trend.

There was tailwind for the **special materials product segment** from the aerospace and energy sectors. The aerospace sector benefited from the continued rise in passenger numbers. Regional air traffic had already recovered noticeably in the previous business year. Intercontinental air traffic also improved significantly in the business year 2023/24. Passenger volumes are thus back at the level they were at before the outbreak of the COVID-19 pandemic. These developments resulted in growing orders for passenger aircraft. In addition to long products and closed die-forged components, titanium sheet was also added to the product range.

In addition to aerospace, the oil and gas sector also performed well and ensured good order intake in the High Performance Metals Division. Although economic conditions became more difficult in the business year 2023/24, numerous new projects were implemented in the area of oil exploration. Drilling activities varied from region to region. Active drilling fields (rig counts) declined in North America in the business year 2023/24, while they increased slightly in the Middle East, Africa, and Europe. Special materials were also required for the expansion of the LNG infrastructure.

In the energy machinery customer segment, the European market for power plant turbines was buoyant. A slightly positive trend was recorded in wind energy, where the High Performance Metals Division supplies materials for key components. Demand from the truck industry remained at a high level, while orders from the agricultural machinery sector were somewhat weaker.

The **High Performance Metals Division's production plants** were not fully utilized in the business year 2023/24. This is due to the subdued global demand for tool steel, which could not be fully compensated by the good market for special materials.

While the Villares Metals special steel plant in Brazil performed well and only experienced a slowdown towards the end of the business year, the European sites were unable to fully utilize their production capacities for practically the entire reporting period.

The German special steel plant Buderus Edelstahl in Wetzlar, Germany, was confronted with the most difficult situation in the High Performance Metals Division. The product range of tool and engineering steels with a high proportion in the standard-grade area showed low demand on the European market, resulting in low capacity utilization of the production facilities. Combined with high energy costs in Germany, this led to the decision to turn the advanced process of strategic repositioning into a sales process for this plant.

The Swedish special steel plant Uddeholms was also confronted with reduced capacity utilization for large parts of the business year, but has a better position in terms of energy costs compared to the rest of Europe.

The new special steel plant in Kapfenberg, Austria, was commissioned in the business year 2023/24 and stepwise ramped up. This plant is considered to be the most modern plant in the world for the production of high-quality tool steel and special materials. The necessary certification processes, particularly for the aerospace and energy sectors, were positively initiated and largely implemented as planned in the reporting period.

The **Value Added Services business unit** comprises the global sales and service network of the High Performance Metals Division. It supplies customers with high-quality tool steels and also offers services such as mechanical processing, heat treatment, and surface coating. In Europe, particularly in Germany, the division was faced with a decline in orders for tool steel. The situation in North America and Asia also declined, but was somewhat better. In contrast to tool steel, sales of materials for the aerospace industry and the oil and gas sector were very positive. Demand for services such as surface coating and texturing developed very well worldwide.

FINANCIAL KEY PERFORMANCE INDICATORS

Lower shipment volumes meant that revenue in the High Performance Metals Division fell by 6.5% from EUR 3,789.6 million to EUR 3,541.7 million in the business year 2023/24. Average sales prices were even higher in the reporting period, but the price level gradually weakened over the course of the year due to lower alloy prices.

Earnings in the business year 2023/24 were impacted by one-off effects in the fourth quarter. Impairment losses due to the initiated sales process at Buderus Edelstahl (EUR 181 million) had a negative impact, as did goodwill impairments at the High Performance Metals Production cash-generating unit (EUR 179 million). Of the negative one-off effects of EUR 360 million in the current reporting period, EUR 92 million are also reflected in EBITDA. In the business year 2022/23, EBITDA included positive one-off effects of EUR 133 million from a sale of real property. In the previous year, EBIT also included negative one-off effects of EUR 173 million due to impairment losses.

Against this backdrop, EBITDA fell by 67.0% from EUR 561.5 million (margin of 14.8%) in the business year 2022/23 to EUR 185.3 million (margin of 5.2%) in the business year 2023/24. In addition to the non-recurring effects, the challenging conditions for tool steel were also reflected in a significant decline in operating results.

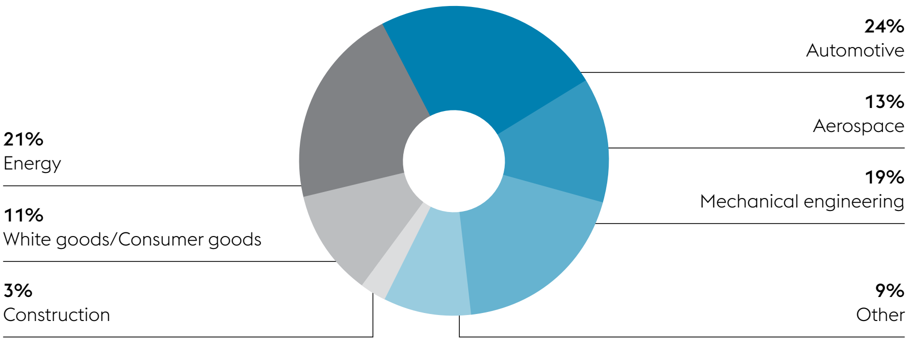
EBIT turned negative in the business year 2023/24 due to the aforementioned one-off effects: from EUR 239.2 million (margin of 6.3%) to EUR –248.2 million (margin of –7.0%).

In a quarter-on-quarter comparison from Q3 to Q4 2023/24, revenue in the High Performance Metals Division increased by 12.1% from EUR 827.1 million to EUR 926.9 million. This was due to the significant increase in shipment volumes. Sales prices, on the other hand, declined due to falling alloy costs. The operating result (EBITDA) developed negatively due to the negative one-off effects in Q4 2023/24 and fell from EUR 56.2 million (margin 6.8%) to EUR –14.1 million (margin –1.5%). However, excluding the non-recurring effects of EUR 92 million mentioned in the year-on-year comparison, EBITDA improved. EBIT fell from EUR 13.6 million (margin of 1.6%) to EUR –320.8 million (margin of –34.6%) due to the impairment losses recognized in Q4 2023/24. EBIT also developed positively in a quarter-on-quarter comparison excluding non-recurring effects.

The number of employees (FTE) fell by 2.5% in the business year 2023/24, from 13,654 as of March 31, 2023 to 13,308 as of March 31, 2024. The decrease in the number of employees is due to the adjustment to the lower production and sales volume of the High Performance Metals Division in the business year 2023/24.

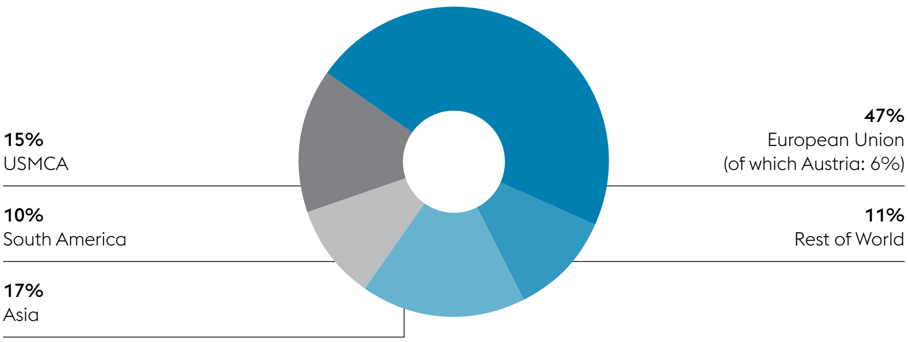
CUSTOMERS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2023/24



MARKETS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2023/24



QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros	1st quarter 2023/24	2nd quarter 2023/24	3rd quarter 2023/24	4th quarter 2023/24	BY 2023/24	BY 2022/23	Change in %
Revenue	934.4	853.3	827.1	926.9	3,541.7	3,789.6	–6.5
EBITDA	96.4	46.8	56.2	–14.1	185.3	561.5	–67.0
EBITDA margin	10.3%	5.5%	6.8%	–1.5%	5.2%	14.8%	
EBIT	55.1	3.9	13.6	–320.8	–248.2	239.2	
EBIT margin	5.9%	0.5%	1.6%	–34.6%	–7.0%	6.3%	
Employees (full-time equivalent)	13,560	13,492	13,308	13,308	13,308	13,654	–2.5

METAL ENGINEERING DIVISION

STRATEGIC DEVELOPMENT

In the business year 2023/24, the Metal Engineering Division continued to work intensively on the implementation of projects for CO_2-reduced steel production. At greentec steel, for example, key investment steps were taken with the preparatory work and the awarding of the contract for the electric arc furnace.

In research activities relating to hydrogen-based steel production, in 2024, the HYFOR pilot plant at the Donawitz site produced the first hydrogen-direct-reduced iron and, together with scrap, subsequently produced high-quality "green" wire rod in the Group's own Technikum Metallurgie research facility, a complete steelworks on a small scale. The Railway Systems division accelerated its strategic orientation towards becoming a railway infrastructure systems provider with targeted acquisitions in the areas of rail fastening technology, switches, and sleepers. Based on the company's own sensor solutions and the "Zentrak" asset management software platform, the Signaling product segment has significantly developed the turnout into a fully digitalized turnout system.

In the Tubulars product segment, the focus in the business year 2023/24 was on diversifying the product portfolio. Thanks to the strategic acquisition of a competitor's equipment and additional investments, Tubulars is now the only supplier of seamless hollow sections in Europe. In addition, the product range is gradually being geared towards a broader customer spectrum. For example, tailor-made customer solutions in the areas of geogenic hydrogen storage, seamless tube systems for the sequestration of carbon dioxide, and in the growing geothermal energy segment have been developed and are already being used on the market.

The Welding product segment has taken further important steps towards becoming a full-service provider that can supply both the material and the necessary equipment. One focus in the business year 2023/24 was on the further development of automated welding solutions.

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The Metal Engineering Division continued its very positive development in the business year 2023/24. The tailwind for the very good performance was provided by the Railway Systems business segment, which recorded very satisfactory demand worldwide, as well as the favorable market environment in the oil and gas sector.

As a leading provider of system solutions for railway infrastructure, the **Railway Systems division** closed the business year 2023/24 on a very satisfactory note, as in the previous year. The Rails product segment is focused on the European market, where it recorded positive development in Austria, Germany, and Switzerland in the business year 2023/24. Both mixed and urban transport contributed to the good order situation. Due to the very good market conditions in Europe, sales on overseas markets played a subordinate role in the past business year. Rail projects outside Europe were realized in Africa and Australia, for example. Rail production capacity at the Donawitz site in Austria was fully utilized in the business year 2023/24.

In the globally positioned Turnout Systems product segment, innovative turnout systems are produced close to customers on all continents. In the European core markets, the product segment benefited from stable demand at a high level. North America developed well overall, with the Class 1 segment of the largest freight railroads in the United States performing rather moderately, while the urban passenger transport segment benefited from very good demand. In China, the market is increasingly changing. While only a few new projects are now being implemented in the high-speed segment, Turnout Systems' business is increasingly being driven by maintenance investments in the existing high-speed network, as has been the case in the rail networks in Europe and North America for decades. After several difficult years, South Africa showed positive momentum again for the first time in the reporting period.

The Signaling product segment rounds off the Railway Systems division's complete system approach with the production of drive and locking systems for switches as well as diagnostic systems and hazard warning systems for fixed railroad infrastructure systems and rolling stock (wagons and locomotives). In the Signaling product segment, the business year 2023/24 was characterized by a satisfactory project landscape in Europe and North America. Project call-offs in Australia and the Middle East fell slightly short of expectations.

The **Industrial Systems division's** product segments performed differently in the businesss year 2023/24. The Wire Technology product segment (wire rod and drawn wire), for example, operated in a difficult market environment. Wire Technology supplies a wide range of customized wire solutions to its predominantly European customers in the automotive, construction, mechanical engineering, and consumer goods industries. Call-offs from the automotive industry in the business year 2023/24 were still relatively good compared to the previous year, while those from the construction and consumer goods industries were quite weak. The market environment for the further processing of wire rod into drawn wire was positive in the past business year.

The Tubulars product segment (seamless tubes) primarily supplies oil and gas field equipment manufacturers with high-quality OCTG (Oil Country Tubular Goods) seamless tubes and threaded connections for the exploration of oil and gas fields. Following the sharp price spikes at the beginning of the war in Ukraine, the oil price weakened somewhat in the current business year, but remained above the long-term historical average. By contrast, natural gas prices fell significantly over the course of the business year, particularly in North America. Against this backdrop, global oil drilling activity remained high, while natural gas exploration declined noticeably and with it the demand for OCTG seamless pipes in this customer segment. The regional performance of the Tubulars product segment varied in the business year 2023/24: The number of all active oil and gas drilling fields in the US (rig counts) declined in the business year 2023/24 due to the weak natural gas price, while it increased slightly in the Middle East, Africa, and Europe. The MENA region (Middle East and North Africa) in particular is becoming increasingly interesting, as demand for more complex products for exploration is on the rise. The market for industrial tubes (mechanical engineering, automotive supply industry) was characterized by more volatile conditions in the business year 2023/24.

The Welding product segment produces and markets complete solutions in the field of welding technology ("The Perfect Weldstream") for demanding customer segments worldwide. Numerous production sites in North and South America and Asia offer good regional market access. Market conditions in Europe were challenging—particularly in the construction and mechanical engineering sectors. The situation in the European energy sector was better. The economic environment in the overseas markets was more favorable. Market development in North America was largely satisfactory. In Brazil, the energy sector was responsible for good incoming orders. Demand in Asia was consistently good—this applies to India as well as the Middle East and the Asia-

Pacific region. In China, the product segment developed in a good economic environment—particularly in the demanding crane construction sector (e.g., cranes for erecting wind turbines) and for thermal power plants.

FINANCIAL KEY PERFORMANCE INDICATORS

The Metal Engineering Division can look back on an overall stable revenue trend in the business year 2023/24. Revenue increased slightly by 0.6% from EUR 4,289.2 million to EUR 4,315.7 million in the reporting period. The business and product segments presented a varied picture: The Railway Systems business segment benefited from the improved price level and the stable, good delivery volumes for rails. In addition, the business volume for turnout systems was expanded. The situation was different in the Industrial Systems business, where sales declined. The Wire Technology product segment in particular struggled with the difficult market environment over the course of the business year 2023/24. Prices for seamless tubes (Tubulars product segment) remained high, although volumes were slightly below the previous year's level.

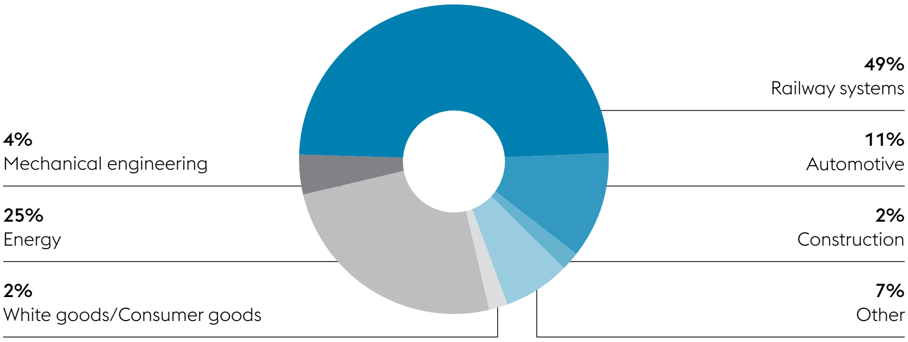
The Metal Engineering Division's results developed positively in the business year 2023/24. After individual key figures had already set historic records in the previous year, they were again slightly exceeded in the current reporting period. EBITDA recorded an increase of 3.5%, rising from EUR 585.9 million (margin of 13.7%) to EUR 606.2 million (margin of 14.0%). This growth was driven by the Railway Systems business segment. The situation in the Industrial Systems business segment was mixed. The Tubulars product segment continued to perform very well in the business year 2023/24, with earnings only moderately below the excellent level of the previous year. The Welding product segment reported slight growth, while the Wire Technology product segment was confronted with a declining earnings situation. EBIT improved by 5.9% in the business year 2023/24, from EUR 404.0 million (margin of 9.4%) to EUR 427.7 million (margin of 9.9%).

In a direct comparison of the third and fourth business quarters of 2023/24, revenue increased by 4.7% from EUR 1,026.3 million to EUR 1,074.7 million. In contrast to the previous year, revenue in the Railway Systems business segment decreased, while it increased in the Industrial Systems business segment thanks to higher volumes for wire and seamless tube deliveries. On the earnings side, the Metal Engineering Division also benefited quarter-on-quarter from the positive development of the Industrial Systems business segment, where the Wire Technology, Tubulars, and Welding product segments improved. EBITDA thus increased by 27.1% from EUR 128.1 million (margin of 12.5%) to EUR 162.8 million (margin of 15.1%) in Q4 2023/24. EBIT increased from EUR 86.9 million (margin of 8.5%) to EUR 117.8 million (margin of 11.0%). This corresponds to an increase of 35.6%.

As of March 31, 2024, the number of employees (FTE) in the Metal Engineering Division was 14,724, up 4.8% on the previous year's figure of 14,053. The increase was primarily in the Turnout Systems product segment, partly due to the expansion of business activities in North America. However, the Tubulars product segment also increased its headcount due to investment in production facilities for the manufacture of seamless hollow sections.

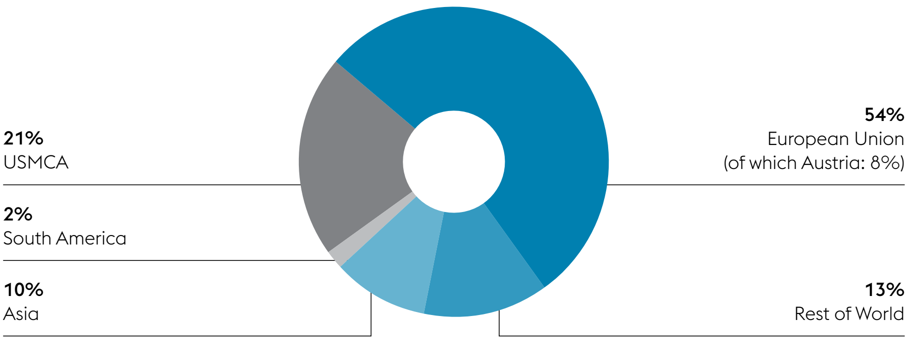
CUSTOMERS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2023/24



MARKETS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2023/24



QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	1st quarter 2023/24	2nd quarter 2023/24	3rd quarter 2023/24	4th quarter 2023/24	BY 2023/24	BY 2022/23	Change in %
Revenue	1,144.4	1,070.3	1,026.3	1,074.7	4,315.7	4,289.2	0.6
EBITDA	182.3	133.0	128.1	162.8	606.2	585.9	3.5
EBITDA margin	15.9%	12.4%	12.5%	15.1%	14.0%	13.7%	
EBIT	138.0	85.0	86.9	117.8	427.7	404.0	5.9
EBIT margin	12.1%	7.9%	8.5%	11.0%	9.9%	9.4%	
Employees (full-time equivalent)	14,145	14,247	14,287	14,724	14,724	14,053	4.8

METAL FORMING DIVISION

STRATEGIC DEVELOPMENT

In the business year 2023/24, the Metal Forming Division pressed ahead with the further expansion of capacity and market share in the **Warehouse & Rack Solutions** business segment (shelving and storage systems). A new production facility for the American market was opened in Louisville, Kentucky, USA. In Northern fall 2023, voestalpine also acquired Torri S.R.L. in Vicenza, Italy, through its subsidiary NEDCON in order to expand its customer and product portfolio in the storage systems segment. With an annual revenue of around EUR 75 million and around 135 employees, Torri S.R.L. manufactures shelving systems and storage platforms for a wide range of industrial requirements. The product portfolio includes both manual and automated storage systems as well as special solutions for individual requirements.

In the **Tubes & Sections** business segment, an existing plant in Vyskov (Czech Republic) was significantly expanded. Overseas, the processing activities of voestalpine Roll Forming Corporation (USA) were bundled and expanded in a separate processing center. Production capacity was also doubled at Plant II of voestalpine Meincol in Brazil. The business segment also responded to the strong growth in the Chinese automotive industry, whereby voestalpine Profilform China invested in five plants for the production of air suspension components, particularly for Chinese OEMs.

In the **Automotive Components** business segment, a fifth phs® production unit was put into operation at the Shenyang site (China). For the first time, this is a CO_2-neutral production plant, as it is operated entirely electronically with electricity from the company's own PV system and, if required, with purchased green electricity.

Due to the strong pressure on margins in the automotive industry, the focus remains on leveraging internal synergies and operational excellence.

The **Precision Strip** business segment launched the new product category of NEM (non-ferrous metals) special strips, which are used in electronics applications.

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The development of the Metal Forming Division in the business year 2023/24 was characterized by diverging trends in individual industries. In general, the environment in Europe was relatively challenging, whereas Asia and, to some extent, North and South America recorded good growth rates.

In the **Automotive Components** business segment, production and sales figures remained largely stable. Production and sales of new vehicles increased slightly in the business year 2023/24 compared to the previous year, albeit from a low level. The Automotive Components business segment has adjusted its production capacities accordingly and reorganized the business unit. Against this backdrop, impairment losses were recognized in the fourth quarter of 2023/24 due to the adjustment of planning assumptions and underutilized plants, primarily in Germany. The sale of voestalpine Automotive Components Nagold also took place in the third quarter of 2023/24.

The locations in North America were well utilized in the past reporting year. The Chinese automotive market developed very dynamically in the business year 2023/24, albeit with high growth rates on the part of Chinese car manufacturers. By contrast, the Chinese branches of European OEMs, which form the customer base of the voestalpine Automotive Components plants, remained largely stable at a good level. This resulted in continued good capacity utilization at the Chinese plants of the Automotive Components business segment.

The **Tubes & Sections** business segment recorded increased demand in the photovoltaic segment in Europe, partially offsetting the weak demand figures from the construction industry and the commercial business. The truck business also performed very well, and demand in the cabin construction segment was also very good.

Extremely positive developments in warehouse technology and in some areas of the aircraft industry were reported in North America. In South America, especially in Brazil, the boom in the photovoltaic industry continued for much of the business year 2023/24, which was reflected in the good performance of the sites in the region. In China, the Tubes & Sections business segment can also look back on a good overall performance in the reporting period. The weakness of the Chinese construction industry was offset by demand for special tube components for air suspension systems in the automotive sector.

In the **Precision Strip** business segment, the business year 2023/24 was characterized by a noticeable decline in demand. In addition to the overall economic downturn, destocking within the value chain led to a significant decrease in orders. At a regional level, demand was massively subdued, particularly in Europe, especially in the areas of band saw steel and cutting lines for the packaging industry. Only modest figures for band saw steel were also reported from the USA. The market environment in China improved somewhat, but the European voestalpine sites continue to be confronted with unfavorable conditions for exports due to high energy costs.

The **Warehouse & Rack Solutions** business segment posted positive results, continuing the good performance of previous years. High order backlogs from previous periods also led to a good overall performance in the business year 2023/24 and offset the reduced project awards due to high interest rates in Europe and the USA. The reduction in input material costs and the significant easing on the logistics side also had a positive effect. The expansion and commissioning of a new production hall in Louisville, Kentucky, with three production facilities further strengthened the market in the USA. Technological expertise and market share were also further expanded in Europe with the acquisition of Torri S.R.L. in Vicenza, Italy.

FINANCIAL KEY PERFORMANCE INDICATORS[1]

The Metal Forming Division recorded declines in the key financial performance indicators in the business year 2023/24. Revenue fell by 12.8% from EUR 3,860.7 million to EUR 3,368.4 million. In principle, this development affected all four of the division's business segments. While the Automotive Components business segment was only confronted with a slight decline, revenue in the other three business segments fell more sharply, short of the previous year's figures. Similar to revenue, earnings also declined in all four segments in the business year 2023/24. EBITDA fell by 19.6% from EUR 374.6 million (margin of 9.7%) to EUR 301.0 million (margin of 8.9%). The strongest decline was recorded in the Precision Strip segment, which had to contend with a significant drop in demand in the reporting period. The declines in the other three business segments were at a moderate level. EBIT was impacted by one-off effects in the business year 2023/24: In response to the structural underutilization of capacity in the automotive supply industry in Germany, planning assumptions had to be adjusted in the Automotive Components segment. This resulted in impairment losses of EUR 68 million. Specifically, EBIT fell by 61.7% from EUR 228.7 million (margin of 5.9%) to EUR 87.5 million (margin of 2.6%).

Revenue and operating profit developed much more positively in a quarter-on-quarter comparison during the year. Revenue increased from EUR 790.3 million in the third quarter of 2023/24 to EUR 878.0 million in the fourth quarter of 2023/24. This is an increase of 11.1%. While Warehouse & Rack Solutions showed a stable trend, the other three business segments were able to increase due to seasonal factors. EBITDA increased by 81.0% from EUR 53.7 million (margin of 6.8%) to EUR 97.2 million (margin of 11.1%) in the same period. The Tubes & Sections and Automotive Components segments achieved a significant improvement. The Precision Strip segment recorded slight increases due to seasonal factors. The Warehouse & Rack Solutions business performed stably.

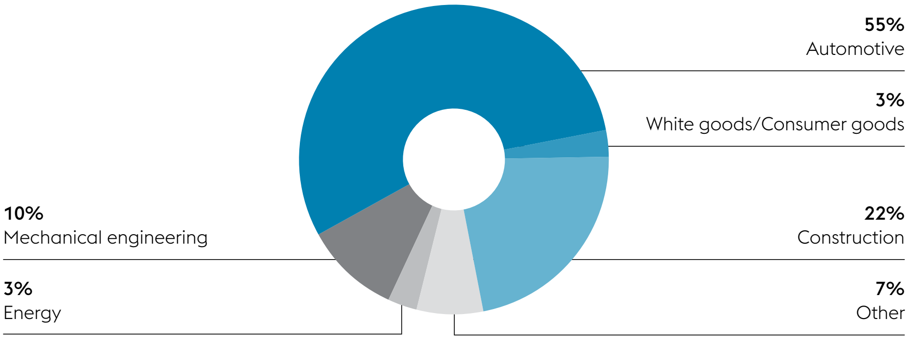
EBIT was negative at EUR −7.9 million (margin −0.9%) in the fourth quarter of 2023/24 due to the non-recurring effects of EUR 68 million described in the year-on-year comparison. In the immediately preceding quarter, the Metal Forming Division reported EBIT of EUR 18.2 million (margin of 2.3%).

The number of employees (FTE) was 11,571 as of March 31, 2024, a decrease of 2.4% compared to March 31, 2023 (11,853). The Tubes & Sections and Warehouse & Rack Solutions segments increased their headcount due to acquisition and investment projects. By contrast, the Automotive Components segment reduced the number of employees in response to the changed economic conditions for the automotive supply industry in Germany. The sale of the production site in Nagold, Germany, also resulted in a divestment in the business year 2023/24.

[1] Business year 2022/23, and 1st to 3rd quarter 2023/24 retroactively adjusted.

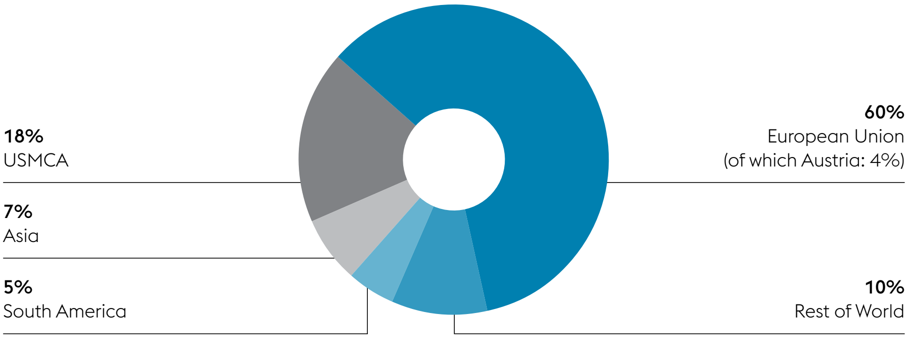
CUSTOMERS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2023/24



MARKETS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2023/24



QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros	1st quarter 2023/24[1]	2nd quarter 2023/24[1]	3rd quarter 2023/24[1]	4th quarter 2023/24	BY 2023/24	BY 2022/23[1]	Change in %
Revenue	884.0	816.1	790.3	878.0	3,368.4	3,860.7	–12.8
EBITDA	76.2	73.9	53.7	97.2	301.0	374.6	–19.6
EBITDA margin	8.6%	9.1%	6.8%	11.1%	8.9%	9.7%	
EBIT	40.5	36.7	18.2	–7.9	87.5	228.7	–61.7
EBIT margin	4.6%	4.5%	2.3%	–0.9%	2.6%	5.9%	
Employees (full-time equivalent)	11,782	11,668	11,315	11,571	11,571	11,853	–2.4

[1] Business year 2022/23, and 1st quarter to 3rd quarter 2023/24, retroactively adjusted.

INVESTMENTS

voestalpine completed and advanced important investment projects in the business year 2023/24. One focus was on the implementation of greentec steel, the ambitious and feasible step-by-step plan for green steel production. In a first step, one blast furnace at each of the Linz and Donawitz sites will be replaced by an electric arc furnace (EAF) powered by green electricity. The investment volume amounts to EUR 1.5 billion. The technology switch will enable the Group to reduce its emissions by up to 30% from 2027—this corresponds to a saving of almost four million tons of CO_2 per year. This means that domestic CO_2 emissions can be reduced by around 5% once the two new electric arc furnaces go into operation in 2027. greentec steel is therefore the largest climate protection program in Austria.

In the business year 2023/24, voestalpine reached several milestones on the road to green steel production. In the Northern fall of 2023, ground was broken for the construction of the first two electric arc furnaces in Linz and Donawitz. In the reporting period, orders were also placed for the two plants, and construction work at the two sites progressed rapidly.

voestalpine also completed important investment projects in the business year 2023/24 which will make a significant contribution to its future competitiveness. One milestone was the opening of the world's most modern special steel plant in Kapfenberg in October 2023. The new plant, which is a global pioneer in terms of digitalization and sustainability, is the first of its kind to be built in Europe in four decades. The pickling tandem line ("Beta 3") was ramped up in Linz. In addition to these major projects, voestalpine has also invested in the processing areas, including the expansion of capacity at the global sites in the Tubes & Sections and Warehouse & Rack Solutions business units, which are part of the Metal Forming Division.

In total, the voestalpine Group invested EUR 1,233.0 million in property, plant, and equipment and intangible assets in the business year 2023/24, 33.7% more than in the previous year (EUR 922.0 million).

The **Steel Division** made investments of EUR 546.4 million in the 2023/24 business year. Compared to the previous year (EUR 310.0 million), this represents an increase of 76.3%. The Steel Division has made significant progress towards green steel production. For example, progress was made in clearing the construction site and implementing infrastructure measures for greentec steel. These include the relocation of pig iron solidification and residual slag recycling, as well as the adaptation of the scrap yard. In addition, the conveyor belt bridge was built, which will supply the new electric arc furnace in Linz, among others, with raw materials from 2027. CO_2-reduced steel from voestalpine was used for this. Austrian Power Grid (APG) has begun construction of the transformer station. In the metallurgy sector, blast furnace 5 (8-meter furnace) was repaired for the last time in the Northern summer/fall 2023 and will be replaced by an electric arc furnace from 2027. Preparations were also made for the repair of blast furnace 6 (8-meter furnace), which will take place in August 2024 and last around three months. In the steelworks, modernization measures in secondary metallurgy and a continuous casting plant were on the agenda. Progress was also made at the company's own power plant. Here, metallurgical gases from the coking plant, the blast furnace, and the steelworks are converted into electricity. This ensures a high degree of self-sufficiency in electricity at the Linz site. The Steel Division awarded numerous contracts for the new power plant unit 8 in the 2023/24 business year—e.g., for the boiler, the electrical system, and the simulator. The ramp-up of the pickling line in cold rolling mill 3 ("Beta 3")—one of the Steel Division's central key facilities—began in the fourth quarter of 2023/24. The process systems were already delivered in the first half of 2023/24. The fully automated pickling tandem line, which meets the highest Industry 4.0 standards, enables a further increase in quality in the production of high-strength and ultra-high-strength steels for the automotive, household appliance, and construction industries, as well as electrical steel for e-mobility. BETA 3 also sets new standards in terms of sustainability: instead of using sulphuric acid as before, pickling will in future be carried out with hydrochloric acid, which will be recycled in a closed-loop system using a regeneration plant. The production capacity is approx. 2 million tons per year. Another focus was the modernization of hot-dip galvanizing lines 2 and 4, with the aim of increasing the quantities of ultra-high-strength grades. The work should be largely completed in the 2024/25 business year. The modernization of all hot-dip galvanizing lines is expected to take until calendar year 2027.

The **High Performance Metals Division** invested EUR 189.9 million in the 2023/24 business year. Compared to the previous year (EUR 245.6 million), this is a decrease of 22.7%. The most important investment project was the new special steel plant in Kapfenberg. With the official opening in October 2023, voestalpine set a technological milestone in the production of future-oriented high-performance materials for the international automotive, energy, and aerospace industries. In full operation, 205,000 tons of special steels can be produced annually for the most demanding customer segments. In addition to the focus on fully digitalized systems and highly automated processes, the new special steel plant focuses on environmentally friendly and resource-saving steel production. The electric arc furnace—the heart of the plant—will be powered 100% by electricity from renewable energy sources. Commissioning and production of the first product for sale already took place in May 2023. The old and new plants were operated in parallel until the end of the 2023 calendar year. At the beginning of January 2024, 3-shift operation started in the new steel plant, and operations were continuously optimized in the following months. The certification process for the manufacture of products in the new plant—primarily for customers in the aerospace and automotive sectors—was initiated and largely implemented in the 2023/24 business year. The buffer stocks that were built up to supply customers during the certification process have been dismantled since the fourth quarter of 2023/24.

At the Villares site in Sumaré, Brazil, the High Performance Metals Division expanded the furnace capacity for remelting electrical slag for nickel-based alloys and tool steel. The project was completed at the end of the 2023/24 business year. The engineering for the new vacuum arc remelting plant was carried out in the reporting period. Delivery of the unit and completion are scheduled for the next business year. The Value Added Services business unit relocated the Chinese site of the company Advanced Tooling Tek (Shanghai). The previous location had reached the limits of its capacity. Sales, machining and coating activities in North America were concentrated at the Elgin site in Illinois, USA.

The **Metal Engineering Division**'s investment volume amounted to EUR 291.1 million in the 2023/24 business year, up 49.1% on the previous year (EUR 195.2 million). The Metal Engineering Division drove the transformation to green steel production forward. As in Linz, an electric arc furnace (EAF) with an annual capacity of 850,000 tons will be built in Donawitz by 2027 as part of greentec steel. Site clearance for the EAF and the new scrap hall was completed in the 2023/24 business year. This included the demolition of the existing continuous casting plant and the old rail track. In Northern summer 2023, the contract for the electric arc furnace was awarded to the Italian plant manufacturer Danieli & C. Officine Meccaniche S.p.A. The next steps are the construction of the 220 kV connection and the new transformer station by APG. The construction site for this was already prepared during the reporting period. The entire project is on schedule and on budget. In the metallurgy area, flood protection was built at the Donawitz steel site in the 2023/24 business year. Preparations were also made for the planned repair of blast furnace 4, which will take place for the last time in the Northern summer 2024. Blast furnace 4 will be replaced by an electric arc furnace in 2027. The Railway Systems Group carried out numerous measures with manageable investment volumes in the 2023/24 business year. For example, a new production line for railway sleepers was put into operation at Travertec, Romania. In the Industrial Systems business unit, the tubulars product segment successfully modernized the rotary hearth furnace including the chimney at the Kindberg site. The plant was shut down for six weeks in the Northern summer of 2023. At the Kindberg site, investments were made in a new production facility for seamless hollow sections and a profile pipe finishing line including a hall. To this end, equipment including all rights was purchased from a competitor in Germany in the Northern spring. The new infrastructure will enable the tubulars product segment to produce square and rectangular hollow sections for the agricultural machinery and mechanical engineering industries, among others.

Investments in the **Metal Forming Division** amounted to EUR 188.2 million in the 2023/24 business year, slightly above the previous year's figure of EUR 152.9 million. The Automotive Components business unit has completed its capacity expansions for the time being with the enlargement of the site in Shenyang, China. In view of the structural developments in the automotive industry in Germany, and the reorganization of the Automotive Components business unit, investments were moderate overall. The Tubes & Sections business unit expanded its capacities at several locations. In Vyskov, Czech Republic, the production hall was expanded, and investment was made in a new roll forming line. Meincol's Brazilian site was also expanded. At RFC in Louisville, Kentucky, USA, the business unit consolidated its processing activities in new halls and facilities. voestalpine Profilform, Suzhou, China, invested in facilities for air spring components for the automotive industry. The Warehouse & Rack Solutions business unit recorded a significant increase in business volume and project activity, driven by online trading. This growth made it necessary to expand capacity in the 2023/24 business year. Own production capacities were established in Louisville, USA. In the Northern fall 2023, the business unit ramped up three profiling lines for the production of storage systems.

ACQUISITIONS & DIVESTMENTS

As a result of the strategy implementation, the voestalpine Group realized selected acquisitions in the business year 2023/24. Although the size of these projects was moderate, they will strengthen the product portfolio in the processing segments in the future. However, voestalpine also initiated processes to sell companies in the past business year. These measures became necessary against the backdrop of changing economic conditions.

In October 2023, the Metal Forming Division completed an acquisition in the Warehouse & Rack Solutions business unit. It has been an important partner in the project implementation of innovative racking and storage systems for decades. The acquisition of Torri S.R.L. from Vicenza, Italy, by voestalpine subsidiary Nedcon B.V., headquartered in Doetinchem, the Netherlands, was aimed at strengthening the product range.

Torri S.R.L. has been developing, producing, and assembling high-quality racking systems and storage platforms for a wide range of requirements for over 50 years. The company recently achieved a revenue of around EUR 75 million with around 140 employees. The product portfolio comprises both manual and automated storage systems, including customized solutions for individual customer needs. The acquisition is an important addition to the Nedcon Group's existing product and service offering. The acquisition not only enables the Metal Forming Division to consistently pursue its strategy of complex storage systems from development to assembly, but also to better serve the Southern European market.

In the business year 2023/24, the Metal Engineering Division made an acquisition as part of an asset deal in the Railway Systems business segment. With the acquisition of the production facilities for manufacturing concrete sleepers, voestalpine Railway Systems Nortrak LLC, USA, took an important step towards becoming a system solution provider for the North American railway market. With the transaction, 21 employees were taken over.

On March 14, 2024, the Management Board of voestalpine AG decided to initiate the sale process of Buderus Edelstahl. The special steel plant in Wetzlar, Germany, has already been restructured in recent years. With the planned sale, the management of voestalpine is now reacting to the changed economic conditions for industrial manufacturing companies. As a result, the High Performance Metals Division is concentrating its product portfolio on the technologically most demanding segment of high-performance materials. At the same time, the division is reducing its production share in tool steel and engineering steel in the performance-standardized segment.

With the divestment of voestalpine Automotive Components Nagold, the Metal Forming Division took a strategic step to consolidate the production network in the automotive supply sector in Germany. The company from Baden-Württemberg has around 130 employees and produces stator and rotor packages for electromobility in addition to stamped and formed parts for the automotive industry. The reorganization process currently being implemented is the consequence of the structural underutilization of capacity in the automotive supply industry in Germany. The internationalization strategy pursued in the Automotive Components division is unaffected by the reorganization and will be continued.

HUMAN RESOURCES

At the end of the business year 2023/24 on March 31, 2024, the voestalpine Group had 49,082 employees, excluding apprentices and leased personnel. This corresponds to an increase of 851 employees or 1.8% compared to March 31, 2023. Including 1,513 apprentices and 2,822 leased employees, the total full-time equivalent (FTE) is 51,589 person-years, an increase of 0.8% (+386 FTE) compared to the previous year. 27,969 employees (FTE), or 54.2%, are employed at Group sites outside of Austria, while 23,620 employees (FTE), or 45.8%, are employed at voestalpine sites in Austria. Of the 1,513 apprentices at the end of the business year, 68.9% were trained at sites in Austria and 31.1% outside of Austria. Overall, the number of apprentices increased by 111 or 7.9% compared to the previous year.

EMPLOYEE SHAREHOLDING SCHEME

voestalpine has had an employee shareholding scheme since 2001, which has been continuously expanded since then. In addition to all Austrian employees, employees in Great Britain, Germany, the Netherlands, Poland, Belgium, the Czech Republic, Italy, Switzerland, Romania, Spain, and Sweden also have a share in "their" company. The voting rights from the employee shares are bundled in the voestalpine Mitarbeiterbeteiligung Privatstiftung (employee foundation for the Group's employee shareholding scheme), which makes it a stable core shareholder of voestalpine AG. As of March 31, 2024, a total of around 26,550 employees hold shares in voestalpine AG. They hold around 25.5 million shares, which represent 14.3% of the company's share capital due to the general pooling of voting rights (previous year: 14.3%). In addition, former voestalpine employees hold around 0.9 million "private shares" through the foundation, which corresponds to 0.5% of the voting shares. The foundation exercises the voting rights of these shares, too, as long as the former employees do not exercise their free right of disposal. On the whole, as of March 31, 2024, the voting rights of around 14.8% of voestalpine AG's share capital are therefore pooled in the foundation.

THE STAHLSTIFTUNG

In 1987, the Stahlstiftung (Steel Foundation) was established in Linz, Austria, as a legally independent non-profit foundation. Its aim was to provide employees of the VOEST-ALPINE Group (as it was called at this time) who had left the company due to the crisis, as well as employees of companies outside the Group, with opportunities for professional reorientation. Training and continued professional development (CPD) are paid for a period of up to four years. The foundation's services are financed by solidarity contributions from employees and administrative cost sharing arrangements with all member companies. As of the March 31, 2024, reporting date, the Steel Foundation supported 229 individuals, 155 of whom came from voestalpine Group companies. The total number of active Stahlstiftung participants in the business year 2023/24 was 379, 18.0% less than in the previous year (462). In the 2023/24 business year, 84.2% of job-seeking participants found new career prospects with the help of the Stahlstiftung. The fact that this figure fell by around 2% compared to the 2022/23 business year reflects the situation on the labor market in the reporting period. In addition to the participants in the Stahlstiftung as a traditional employee foundation, 30 individuals were supported in their activities as part of educational leave in the reporting period. In addition, a total of 154 employees of the Stahlstiftung member companies received individual consultations in the 2023/24 business year to ensure their employability.

APPRENTICES & YOUNG SKILLED WORKERS

voestalpine remains committed to the goal of providing sound training for young people: 535 places are planned for the start of training in the Northern fall of 2024. The company invests around EUR 90,000 per apprentice in the extensive three- or four-year training program. In order to present the approximately 50 different apprenticeships at the 39 voestalpine training locations in Europe's German speaking region (Germany, Austria, and Switzerland), voestalpine AG once again carried out a cross-media advertising campaign this year, aimed at young people as well as their parents and relatives. The goal is to provide the Group companies with the best possible support in their search for future young skilled workers. The campaign is being advertised in the geographical vicinity of voestalpine sites, using the global platforms TikTok, Snapchat, YouTube, and Instagram—in other words, on social media channels that young people like to use. The campaign also addresses the target group of parents via Facebook and Google, as well as through cooperation with regional print media. The focus is on the young people themselves. The visual language and wording were developed involving voestalpine apprentices, who also appear as the main actors and testimonials. The campaign slogan "I choose" stands for self-determination, but also for the youthful touch and forms the creative bracket of the campaign. The campaign website www.voestalpine.com/ichoose has the same look and feel as the numerous short videos and photos, and forms the link to the application for an apprenticeship at voestalpine.

The voestalpine Group Apprentice Day is an annual fixture and took place for the 11th time—after three years of virtual events, it was held for the first time as a live event at voestalpine Stahlwelt in Linz. All apprentices in their final year of training are invited to the headquarters in Linz to experience an eventful day with a talk with the Management Board, a tour of the plant, team challenges, and lots of fun and action. Around 400 apprentices from 39 sites in Austria, Germany, and Switzerland took the opportunity to meet in person and get to know the Group headquarters in Linz at the voestalpine Group Apprentice Day on October 10, 2023. As a highlight, the entire voestalpine Management Board was on hand to answer questions from the apprentices in a roundtable discussion. Current topics such as the greentec steel step-by-step plan and the new special steel plant at the Kapfenberg site were of particular interest to the young people. EU Youth Ambassador and watchado founder Ali Mahlodji gave a keynote speech to motivate the young professionals to take their future into their own hands. Between the program items, there was also an opportunity for in-depth discussions with colleagues from other locations. A festival of appreciation and a strong sign of the importance of teaching. In recent years, over 4,000 apprentices have taken part in the previous Apprentice Days and experienced this special spirit.

Excellent apprenticeship completion figures in the Group promise a solid base of skilled workers for the future: 97.0% of apprentices in Austria, Germany, and Switzerland passed their final apprenticeship examination in the 2023/24 business year. Of the Austrian graduates, 61.6% even passed the exam with good or excellent grades.

Numerous successes achieved by voestalpine apprentices confirm the quality of their training, such as the European vice-champion title in the plant electrics vocational category at the EuroSkills vocational championships in Gdansk. voestalpine was also successful at the AustrianSkills2023 vocational championships: state champion and 1st to 3rd place in the plant and operating technology category. This means that voestalpine will once again be represented at WorldSkills2024 in France and EuroSkills2025 in Denmark. This shows once again that voestalpine's training of skilled workers is a showcase example in the industry. But our young professionals have also won numerous awards at national level: In September 2023, a total of six young skilled workers from Kapfenberg were honored as part of the "Stars of Styria" awards. All of them are graduates of a regular apprenticeship who passed their final apprenticeship examination with distinction. A total of 17 awards were presented to our voestalpine apprentices at the Upper Austrian Chamber of Commerce's Apprentice Award in Linz.

We are particularly keen to encourage women to take up technical apprenticeships. The proportion of women in technical apprenticeships has more than doubled in the last ten years and currently stands at 21,7%. Measures such as participation in careers fairs and visits to schools as well as Girls' Day are intended to further increase the proportion of women in technical apprenticeships in particular.

DEVELOPMENT OF EXECUTIVES

In the last business year, voestalpine continued to focus on broad Group-wide management development based on the proven "value:program." In 2023/24, 171 employees from 20 countries started the multi-stage leadership program. We also succeeded in increasing the proportion of women to 32.7% from around 23% in the previous year. The target group-specific training and development programs take place for all management levels as classroom and online training courses and are supplemented by external postgraduates and business schools. In addition to extensive skills training by internationally renowned experts, the intensive involvement of representatives from the voestalpine management team is proving particularly valuable. They are involved as speakers, project facilitators or as "sparring partners" as part of a broad exchange of experience. The mix of external and internal expertise and the commitment to high qualification standards make the voestalpine Leadership Program a central component of the "one step ahead" claim.

OTHER EMPLOYEE DEVELOPMENT PROGRAMS

The voestalpine Group runs a number of other programs to promote and strengthen the relevant skills of its employees, both professionally and regionally. These include the "Purchasing Power Academy," the "HR Academy," the "Early Career Program" in North America, and the "Young Professional Training Program" (YPTP) in China.

The last Early Career Program in North America started at the end of the 2022/23 business year. After eight exciting and eventful months, 31 participants successfully completed the Early Career Program in October 2023: A unique program that provides intensive support specifically for employees of our North American Group companies during the early stages of their career development. Theory was taught and practical examples exchanged in three face-to-face modules in Atlanta (USA, GA), Toronto (CAN, ON), and Chicago (USA, IL).

EMPLOYEE SURVEY

Following the last Group-wide voestalpine employee survey in the Northern fall of 2022, the review process began in December 2022 with the presentation of the results to the Management Board committees and the distribution of the respective results to the companies worldwide. Once the results had been analyzed, the companies were asked to report at least the two most significant measures to the Group. A total of 440 measures were reported by 210 companies. In addition to the engagement score recorded in the survey, these focused primarily on the surveyed areas of action “Information & communication,” “Appreciation,” and “Cooperation between colleagues.” For the first time, respondents were also asked which of voestalpine’s three corporate values the measures contribute to. Multiple answers were possible, which is why the results added together exceed the number of measures: 339 measures are aimed at “Living appreciation,” 171 at “Sustainable action,” and 133 at “Entrepreneurial thinking.”

In the final reporting of measures (until March 31, 2024), the companies are asked to report on the implementation status before preparations for the voestalpine Employee Survey 2024 begin. This will again take place worldwide from September 30 to October 27, 2024.

COOPERATION WITH EDUCATIONAL INSTITUTIONS

Many voestalpine companies offer students the opportunity to complete internships. One focus is on scientific work in cooperation with voestalpine companies. Numerous diploma and master’s theses as well as dissertations are currently being written in cooperation with the Group. voestalpine relies on innovative formats for different target groups in order to present itself to future employees: These include numerous training cooperations, sponsorship commitments aimed at kindling young people’s interest in technical degrees, and participation in job fairs or the “#voestalpinetalks” at the University of Mining and Metallurgy in Leoben, Austria—a cooperative event with all student representatives.

RAW MATERIALS

In recent years, commodity prices have been heavily influenced by events such as the COVID-19 pandemic and the war in Ukraine. The start of the war in February 2022 in particular triggered a price shock for raw materials and energy sources that are important for steel production. Prices for iron ore and coking coal largely returned to normal in the 2023/24 business year. However, the overseas transportation of raw materials from Asia and Australia did not function smoothly in the second half of the business year. This was triggered by the attacks by the Houthi rebels in the Red Sea. As a result, shipping companies largely avoided the Suez Canal and chose the route around the Cape of Good Hope. This meant longer transport times and increased costs. The trend in energy prices eased increasingly in the 2023/24 business year, after natural gas and electricity prices had previously reached historic highs.

IRON ORE

Iron ore is the most important raw material for the production of crude steel via the blast furnace and direct reduction route. With the outbreak of the war in Ukraine, voestalpine had to diversify its procurement of iron ore pellets more strongly. Despite the turmoil of war and logistical challenges, Ukraine continued to be an important iron ore supplier for voestalpine in the past business year. As the traditional transport routes across the Black Sea could not be used for the most part, alternative logistics routes were in demand for the procurement of Ukrainian iron ore.

The price trend for iron ore is traditionally closely linked to the development of the steel sector in China, which is responsible for more than half of global steel production. At the start of the business year, the price of iron ore (62% Fe, CFR China) was around USD 125 per ton, but subsequently came under pressure. Fears arose that China's struggling real estate sector could put the brakes on Chinese steel production. Accordingly, the price of iron ore approached the USD 100 per ton mark in Northern spring 2023 and subsequently fluctuated in a range of around USD 100 up to USD 125 per ton. Contrary to expectations, however, steel production in China remained high. Although other sectors were unable to compensate for the weakness in the real estate sector, China strengthened its export activities.

In Northern fall 2023, the price of iron ore also recovered due to the prospect of economic stimulus measures by the Chinese government. Towards the end of the 2023 calendar year, it stood at around USD 140 per ton. The price trend remained volatile in the fourth quarter of 2023/24. Towards the end of the 2023/24 business year, the iron ore price finally stood at around USD 100 per ton.

COKING COAL

Coking coal forms the basis for the production of metallurgical coke and is therefore an essential primary raw material for crude steel production using blast furnace technology. As a reducing agent, coke extracts oxygen from the iron ore. It also serves as a source of energy for the smelting process.

The most important supplier of metallurgical coal is Australia. Growing steel production in India in particular resulted in robust demand for coking coal in the 2023/24 business year. The expansion of coal mine capacity slowed down in light of steel manufacturers' plans for the transformation of steel production: away from the smelting process and towards the electrification of steel production. On the supplier side, however, there are signs of increasing concentration. For example, the Swiss commodities group Glencore acquired a majority stake in the coal business of Teck Resources from Canada in the 2023 calendar year. In addition, the Australian mining group BHP intends to acquire its competitor Anglo American from South Africa.

With the war in Ukraine, global transport routes have shifted somewhat. Due to the sanctions, Russian coking coal is increasingly being delivered to Asia instead of Europe. After China had switched to American coal mines more and more in recent years due to political tensions with Australia, China increasingly imported Australian coking coal again in the 2023 calendar year. Unlike with iron ore, however, China is not such a decisive factor in the global pricing of coking coal, as it relies more heavily on domestic sources of coking coal or imports from neighboring Mongolia.

The price of coking coal (HCC Premium, FOB Australia) was around USD 300 per ton at the start of the business year and subsequently fell to around USD 225 per ton. The price of metallurgical coal remained at this level until June 2023. In contrast to iron ore, the price of coal increased continuously over the Northern summer and rose to just under USD 375 per ton by the beginning of October 2023. In the fourth business quarter, prices for coking coal fell again slightly and stood at around USD 230 per ton at the end of the 2023/24 business year.

STEEL SCRAP

High-quality scrap serves as a valuable raw material in blast furnace-based steel production and supplements the use of pig iron. In steel production in electric arc furnaces, however, steel scrap forms the main raw material basis. Steel as a material is characterized by the fact that it can be recycled again and again. Steel products that have reached the end of their life cycle are reprocessed, making steel an integral part of a circular economy. However, steel scrap is also generated during steel production and is fed back into the production process as circular scrap. High-quality scrap is also produced during steel processing, for example during stamping processes in the automotive or white goods industry.

The weak development of the European construction industry and the mechanical engineering sector resulted in subdued demand for steel in the reporting period. This also had an impact on the demand for steel scrap in Europe. Due to the slightly improved car production in Germany in the calendar year 2023, the volume of so-called return scrap developed slightly better.

The price of steel scrap (CFR Turkey) fell from just under USD 450 per ton to around USD 375 per ton in the first business quarter of 2023/24. Over the Northern summer of 2023, the scrap price fluctuated between USD 350 and USD 375 per ton. The price of steel scrap did not recover until October 2023, but remained volatile and came to around USD 380 per ton towards the end of the 2023/24 business year.

ALLOYS

Alloys are a key cost factor in the High Performance Metals Division. They are also used in steel shops as a supplement to pig iron and scrap in order to produce the highest quality steel grades.

Nickel is the most important alloying element for the High Performance Metals Division. As with many other alloys, the outbreak of the war in Ukraine resulted in massive price increases for nickel. Price volatility largely returned to normal at the start of the 2023/24 business year. The nickel price was around USD 23,000 per ton at the start of the 2023/24 business year, weakened noticeably as the year progressed and stabilized at around USD 16,000 per ton towards the end of the 2023 calendar year. In the fourth business quarter of 2023/24, the price finally fluctuated between USD 16,000 and USD 18,000 per ton.

Ferro-chrome is an alloying element that is very energy-intensive to produce. With the outbreak of the war in Ukraine, there were sharp upward swings. With the gradual reduction in energy costs, the price of ferro-chrome has fallen continuously and stabilized at a lower level over the course of the 2023/24 business year.

The price of ferro-titanium, another important element for stainless steel production, spiked at the start of the war in Ukraine, but fell significantly over the course of the 2022/23 business year. The price is now even below the level of the Northern spring 2022.

Ferro molybdenum was characterized by a completely different price trend. After an unremarkable trend in Northern spring 2022, prices jumped sharply at the beginning of 2023. As a by-product of copper mining, the price doubled within a few months compared to Northern fall 2022. Price volatility was significantly lower in the 2023/24 business year.

ENERGY

In addition to coking coal and coke, natural gas and electricity are the main sources of energy for voestalpine. Natural gas is primarily used to heat crude steel prior to further processing in the rolling mills and for the heat treatment of steel products in furnaces. Already today electricity is of central importance to the High Performance Metals Division for the production of stainless steel products using electric arc furnaces. For voestalpine's blast furnace-based steel sites in Austria, the metallurgical gases produced are converted into electricity internally. They are therefore largely energy self-sufficient in terms of electricity.

As with raw materials, the start of the war in Ukraine also led to massive price distortions on the energy markets. The price of natural gas multiplied with peaks of over EUR 300 per MWh (spot market THE Settlement, Germany) and the price of electricity with peaks of around EUR 500 per MWh (spot market EXAA AT Base). The spot markets calmed down considerably in the final quarter of the 2022/23 business year. This continued unabated over the course of the 2023/24 business year. The escalation of the conflicts in the Middle East in the Northern fall of 2023 did not have a significant impact on natural gas and electricity prices.

At the start of the 2023/24 business year, the price of natural gas was around EUR 50 per MWh and fluctuated in a range between EUR 25 and EUR 50 per MWh over the rest of the business year. This means that prices are even below the level before the outbreak of the war in Ukraine.

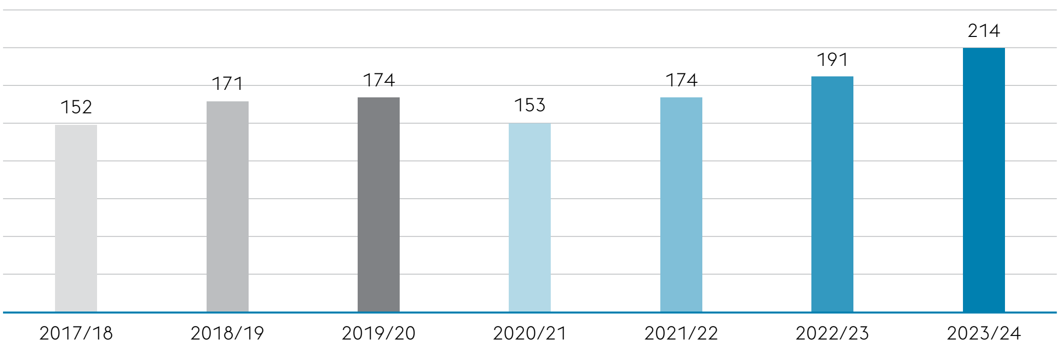
The gas supply in Europe has meanwhile eased considerably as a result of decreased gas consumption and the conscious diversification of gas supply sources, which has reduced dependence on Russia. For strategic reasons, voestalpine is nevertheless holding on to its own gas storage capacities, which has been contractually secured in May 2022 in order to secure the gas supply, particularly at the Austrian sites. Should the external supply fail, full operation can be maintained for a period of three months with an existing reserve of 1.5 TWh of natural gas. Limited operation is possible for a correspondingly longer period, depending on the respective production process.

The price trend for electricity in the 2023/24 business year was similar to that for natural gas. At the start of the business year, the price of electricity was just over EUR 100 per MWh. As the year progressed, it fluctuated between EUR 75 and EUR 100 per MWh before falling further in the fourth business quarter of 2023/24.

RESEARCH AND DEVELOPMENT

RESEARCH EXPENDITURE FOR THE voestalpine GROUP

In millions of euros, R&D gross expenditure (without R&D facility investments)



voestalpine's corporate strategy is geared towards innovation, technology, and quality leadership. Research and development therefore plays a central role in the business model, which is also reflected in the continuous increase in the R&D budget.

Steel is one of the most widely used materials in the world and is also indispensable in a sustainable society. It is durable and can be recycled again and again, making it the basis for modern solutions in mobility and the energy industry.

The two major topics of electrification (as part of the energy transition) and artificial intelligence were the focus of this year's two Group-wide events for employees in research and development and digitalization.

At the R&D Day, the relevant topics of electrification were discussed by external experts, from the holistic view of the energy transition to the role hydrogen will play here in future mobility developments.

The topic of the Digitalization Day was artificial intelligence. External experts provided an overview of the positioning of AI, its status of development, and the impact it could have on business activities. The program was supplemented by a session with internal contributions on AI applications in the voestalpine Group.

The Group's R&D activities follow the voestalpine strategy, which is based on current and relevant megatrends. They are summarized in prioritized innovation roadmaps and cover the topics discussed below.

CLIMATE-NEUTRAL STEEL PRODUCTION

One focus is on the further development of the existing process and the research and development of new technologies for sustainable steel production with the aim of achieving net zero emissions.

These initially include switching the process route to electric arc furnaces, maximizing the circular economy, and also developing the new HYFOR and SuSteel technologies for reducing iron ores.

The switch to the electric arc furnace route poses a challenge for the production of high-quality steel grades, which are required in the automotive industry or wire rod production, for example. The aim is to be able to produce the same high-quality products as before using the electric arc furnace route.

Depending on the input material used (scrap, HBI, pig iron), the increased addition of scrap can result in higher levels of so-called by-elements in the steel, which has a direct influence on the strength, ductility, hardenability, and other important mechanical-technological properties of the end product. R&D is therefore focusing on determining the correlation between steel grade, input material mix, and the resulting product properties as well as developing adequate metallurgical countermeasures and forecast-controlled process adjustments to the production facilities.

As part of the circular economy, work is being done to optimize the availability and quality of scrap, among other things. New sources of scrap are being developed by establishing closed loops with customers. In order to increase scrap quality, work is being carried out on AI-supported scrap sorting processes. voestalpine is involved in the KiRAMET project, the FFG lead project for AI-based recycling of metal composite waste.

In order to achieve the goal of CO_2 neutrality by 2050, research is being conducted into hydrogen-based technologies.

The H2FUTURE trial program was successfully completed; in addition to producing green hydrogen, the electrolysis plant at the Linz site provides grid services by participating in the balancing energy market. The project H2FUTURE Follow-up has been launched; it comprises the planning, installation, and operation of a system for compressing and purifying the hydrogen produced in the PEM electrolyzer, which can be used to supply R&D pilot plants, for example. Commissioning is planned for mid-2025.

In the HYFOR (Hydrogen-Based Fine-Ore Reduction) research project by Primetals Technologies, the applicability of the process of fine ore reduction using hydrogen was confirmed. Hydrogen-reduced material from the HYFOR test facility was melted down together with scrap in a trial melt at the "Technikum Metallurgie," a metallurgy technical center, and a low-CO_2 bearing steel was produced that met the required quality standards. This proved that a HYFOR or hydrogen-generated steel melt has no disadvantages in comparison with standard material.

A follow-up project for a demonstration plant for the HYFOR process with continuous operation at the Linz site is currently in preparation.

In the SuSteel (Sustainable Steelmaking) basic research project, the technical feasibility of producing crude steel directly from iron ore using hydrogen plasma was demonstrated at the pilot plant at the Donawitz site.

METAL ADDITIVE MANUFACTURING

This technology includes process development tailored to the respective requirements, from powder production to design, actual printing, and post-processing through to the finished component. All process steps are carried out by voestalpine.

The process is used, for example, in the improvement of tool repairs and upgrade services for hot stamping, high pressure die casting and hot forming applications and strengthens voestalpine's position as a full service provider in this field. Damage analysis, 3D scanning, programming, laser metal deposition with suitable filler materials, machining, and post-heat treatment are carried out. The results, such as reuse of tools through repair and design changes, longer service life through upgrades via multi-material coating, scrap avoidance, and minimization of raw material requirements, lead to considerable cost savings on the one hand and make a major contribution to sustainability on the other.

DIGITALIZATION

The topic of sustainability includes R&D activities to increase resource, energy, and general process efficiency, which is optimally supported and driven forward with the help of digitalization.

Robust sensor technology during operation provides the data for model-based control. Data-based algorithms in combination with machine learning and artificial intelligence (AI) not only help to optimize processes and increase their efficiency and, as a result, product quality, but also ensure a better understanding of the process as a basis for successful further developments. However, optimizing plant availability and capacity utilization as well as the entire process chain also means a reduction in energy consumption and CO_2 emissions.

Optical systems are already being used successfully in many voestalpine companies for AI-based defect detection, for example. This allows defects on the surface, such as cracks on the product or component, to be detected at an early stage.

With the help of OCR (Optical Character Recognition), i.e., algorithms for optical character recognition supported by artificial intelligence, parts can be clearly identified and their path can be traced.

AI is used successfully in condition monitoring and predictive maintenance applications. However, the use of AI is not just limited to production processes, but also supports intelligent product solutions.

In the latest generation of turnouts, AI is used to assess the respective status from the recorded data and decide whether a turnout failure and therefore a track closure is imminent. In this way, the perfect functioning of this important system component can be ensured with a high degree of accuracy and maintenance can be initiated proactively.

Visual Train Analysis (VTA), a camera-based condition analysis for wagons in motion, is used to automatically assess their condition on an ongoing basis and track the development of the wagons with regard to relevant wearing parts. A pilot system for speeds of up to 40 km/h is currently being tested. Further development is planned to make the system suitable for high-speed trains and to record additional condition data. This will increase safety in rail traffic and enable the wagon maintenance to be planned in advance.

PRODUCT DEVELOPMENTS

High-strength steels are continuously developed and adapted to customer requirements by constantly optimizing the alloy design in order to improve the weldability of the material and by optimizing and expanding the operation of the galvanizing lines. Outstanding quality performance has led to further customer approvals.

The new tailormade functional steel technology has already been successfully implemented on heating panels together with a customer. Further customer applications are in preparation. voestalpine Stahl GmbH received the Upper Austrian Innovation Award 2023 for this innovation.

In addition, a rail steel with optimum resistance to the formation of dents on the rail surface was developed. The material approval of this steel with increased toughness has already been successfully completed and the track tests have been started as part of Europe's Rail.

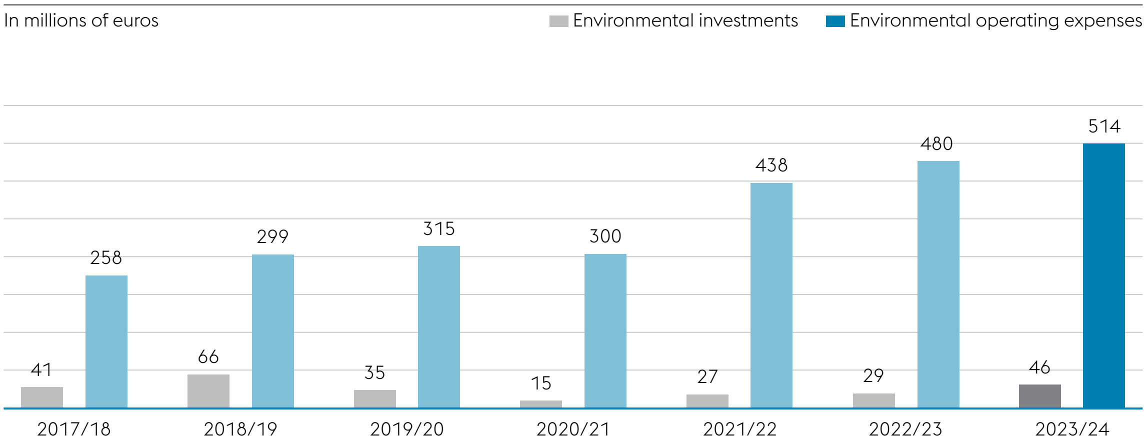
Various forged parts made of titanium alloy were developed for aircraft landing gear with the help of finite element analysis, taking into account the ideal load. This makes it possible to meet the extremely high quality and safety requirements. On this basis, the framework agreement with an important customer was extended as a result.

Finite element analysis is also used in component development and approval in the area of high-bay warehouse systems. Further developments have been successfully implemented for various automatic guided vehicles and autonomous mobile robots using modular profile systems and standardized racking systems. voestalpine is the cost/benefit leader in this area.

The development of the substructure for agrivoltaic applications such as vertical solar and canopy structures, e.g., over fruit trees, led to the realization of a first pilot system with a customer. The optimal use of land for agriculture and energy purposes with minimal impact on agricultural yields is still being tested in collaboration with a research center. A patent has already been granted.

ENVIRONMENT

ENVIRONMENTAL EXPENDITURES



ENVIRONMENTAL INVESTMENTS AND EXPENSES

The voestalpine Group's environmental expenses reached a new record level in the business year 2023/24 with an increase of more than 7%, while investments were maintained at a consistently high level.

Current operating expenses related to the environment increased by 7.2% from EUR 479.9 million to EUR 514.4 million. Over the past ten years, voestalpine's environmental expenses have already totaled around EUR 3.3 billion.

Investments in environmentally relevant assets increased to EUR 45.8 million (previous year: EUR 28.9 million).

EU EMISSIONS TRADING/ CO_2 CERTIFICATES

In the first half of the business year 2023/24, the price of certificates from the EU Emissions Trading Scheme largely ranged between EUR 80 and EUR 90. However, the price subsequently weakened significantly and reached its lowest point in the 2023/24 business year in February 2024 at around EUR 50. Over the entire reporting period, the certificate price fell by 32.8% from EUR 89.24 as of March 31, 2023 to EUR 59.98 as of March 31, 2024.

The voestalpine Group's purchase requirement is calculated from the total quantity of certificates required (amount of emissions) minus the allocated free certificates. On average in recent years, it has amounted to around one third of total CO_2 emissions.

As a result, the burden from certificate trading recognized in profit or loss amounted to EUR 231.6 million in the business year 2023/24 (previous year: EUR 242.1 million).

CLIMATE PROTECTION

The greentec steel climate protection program, with which voestalpine aims to achieve net-zero emissions by 2050 at the latest, is being implemented as planned. The political-regulatory framework for European and national energy and climate policy was fleshed out in certain aspects during the reporting period, but remains open in key areas.

POLITICAL FRAMEWORK

At EU level, a number of key issues, such as the directives on energy efficiency, were adopted in 2023 and industrial and raw materials policy decisions will be taken in spring 2024 shortly before the final trilogue agreement between the Commission, Council and Parliament. These include the "Net-Zero Industry Act" (NZIA), which is intended to support important industrial activities for the transformation, and the "Critical Raw Materials Act" (CRMA) to secure the (domestic) supply of the necessary raw materials.

October 2023 also saw the start of the three-year trial phase of the CO_2 carbon border adjustment mechanism (CBAM), the political objective of which is to treat imports of certain products into the EU in a comparable way to the level of CO_2 pricing that applies here. Accordingly, anyone importing goods into the EU must either provide evidence of a CO_2 pricing system corresponding to the EU Emissions Trading Scheme (ETS) or otherwise pay import duties.

CBAM initially covers the iron, steel, aluminium, cement, electricity, fertilizer and hydrogen sectors, as well as selected upstream and downstream products. With the "live operation" of the world's first such border adjustment from 2026, a gradual phasing out of the free allocation of emissions trading certificates is planned in these sectors by 2034.

However, solutions for exports from the EU to compensate for additional costs due to higher climate protection standards compared to other regions and thus create reasonably comparable competitive conditions on the global market are still outstanding.

Despite their fundamentally understandable intentions, what all of these European and national regulations have in common is that they are in some cases associated with excessive additional administrative work. It therefore remains to be seen whether they will actually have a positive impact on both climate and industrial policy. What is certain is that the reduction in bureaucracy originally promised by the EU Commission has not yet materialized.

While important components of the "Green Deal" have not yet been finally adopted or implemented, the new 2040 climate targets are being discussed at EU level. The EU Commission published its ideas on this at the beginning of February. Specifically, a net target of minus 90% compared to 1990 is proposed in conjunction with an "Industrial Carbon Management Strategy" for unavoidable residual emissions. This primarily concerns carbon capture and utilization or storage (CCUS).

Although decisions will no longer be made in the legislative period of the EU Parliament or by the current Commission, which ends in the first half of 2024, the implications of a renewed tightening of targets would be considerable, as all matters of the "Fit for 55" package, including the legal implementation at national level, would have to be adapted.

Similar discussions are currently taking place in the individual EU member states. Both Austria and Germany are working on a carbon management strategy, which voestalpine believes should be an integral part of the corresponding EU plans.

The key question for all energy-intensive sectors will be how the industrial transformation can be made economically viable in the long term. The key aspects remain the future European and national subsidy regime, the development of "green" lead markets for CO_2-reduced products as well as availability, secure supply, infrastructure and competitive price levels in relation to renewable energies. These challenges can only be met to a limited extent by individual companies themselves and require a coordinated industrial policy geared towards them. The discussion about a new "Industrial Deal" for the European Union in the coming legislative period, which has been gaining momentum since the beginning of 2024, should not only create greater awareness of the fact that all relevant issues such as climate, energy, competition, trade, finance, research/innovation must be considered in an integrated and coordinated manner, but should ultimately also lead to a long-term, sustainable industrial policy agenda for the EU and its member states.

greentec steel: voestalpine's FUTURE-ORIENTED CLIMATE PROTECTION PROGRAM

With greentec steel, the voestalpine Group is gradually implementing an ambitious step-by-step plan. greentec steel encompasses all of voestalpine's activities and innovations on the path to steel production with net zero emissions. As part of the Science Based Targets Initiative (SBTi), the voestalpine Group is committed to reducing the sum of Scope 1 and Scope 2 emissions by 30% and Scope 3 emissions by 25% by 2029 compared to the reference year 2019. Achievement of the 2029 target is also subject to external factors and influencing variables such as raw materials, energy and the economy. greentec steel envisages various technological options with high CO_2 reduction potential. The phased plan thus offers voestalpine a certain degree of flexibility in order to be able to react to changing conditions and at the same time limit the economic risk to a manageable level.

greentec steel comprises an initial investment-volume of around EUR 1.5 billion. This will initially involve installing two green electricity-powered electric arc furnaces at the Linz and Donawitz sites and decommissioning two coal-based blast furnace units. Depending on the quality requirements, a mix of input materials consisting of scrap, liquid pig iron and hot briquetted iron (HBI) will be used. voestalpine obtains the required HBI primarily from the direct reduction plant in Texas/USA, which has been majority-owned by a global steel producer since 2022; 20% is owned by voestalpine with long-term purchase agreements.

In the meantime, the decisions for the facilities and suppliers have been made and construction of the electric arc furnaces has begun. The Austrian federal government had approved funding of around EUR 90 million for this as part of the "Transformation of Industry" program. The environmental impact assessment procedure for the necessary upgrading of the electricity grid has been completed at the Donawitz site and is imminent at the Linz site at the time of reporting. After planned completion in 2027 and successful ramp-up, 2.5 million tons of CO_2-reduced steel can be produced annually.

voestalpine's long-term concept for achieving net zero emissions by 2050 at the latest, in line with the target path of the EU Emissions Trading System, consists of several modular technology steps and options. These focus equally on the greatest possible CO_2 reduction effect, taking into account the actual feasibility (e.g. with regard to the availability of raw and input materials and renewable energies, including the corresponding infrastructure).

An overview of the key elements and milestones of the greentec steel climate protection program (reference year 2019 for Scope 1 and 2):

By 2029: Phase 1 with a target of minus 30% CO_2 emissions

» Investment in two electric arc furnaces powered by renewable electricity in Linz and Donawitz and decommissioning of two coal-based blast furnaces.

From 2030 to 2035: Phase 2 with a target of minus 50% CO_2 emissions

» Focus on direct CO_2 avoidance through the further replacement of fossil pig iron production and the likely additional use of CO_2 capture and utilization technologies (carbon capture storage and utilization).

By 2050 at the latest: Phase 3 with net zero CO_2 emissions target

» Focus on replacing the remaining fossil pig iron capacities using fossil-free energy sources, such as "green" hydrogen and bioenergy, as well as the capture of CO_2 (CCUS) with the aim of achieving the greatest possible flexibility while ensuring that the net-zero strategy is actually economically viable.

» The final decisions will be made at a later date in line with investment cycles and in accordance with foreseeable conditions.

OPERATIONAL MEASURES

In the business year 2022/23, voestalpine launched a Group-wide expansion offensive for the generation of its own renewable energy. This includes the installation of PV systems on technically suitable building roofs and open spaces as well as investments in wind and hydropower. The expansion of renewable energy production continued in the business year 2023/24. In addition, the construction of e-charging stations will be further accelerated at European locations.

The High Performance Metals Division's sites are continuously working to reduce energy consumption and increasingly cover it from renewable sources. In the business year 2023/24, a 187.5 kWp photovoltaic system was installed at the Johannesburg site in South Africa, among others. Initiatives to replace fossil fuels with sustainable alternatives are also underway at production sites. These include projects for the production of biomethane and the evaluation of the effects of hydrogen as an energy source on the products and processes of the High Performance Metals Division. At the Hagfors plant in Sweden, 50% of natural gas requirements are already covered by biomethane and the conversion of heat treatment furnaces to electricity is being accelerated.

The High Performance Metals Division is continuously driving forward improvements in energy efficiency. In the past year, around 70 GWh of energy was saved. The measures implemented include the optimization of combustion technology, the conversion of heating technology in furnaces, the installation of efficient LED lighting systems, various optimizations of the plant control system and numerous process improvements. The High Performance Metals Division has set itself the target of reducing CO_2 emissions (Scope 1 and Scope 2) by 50% by 2029 compared to 2019. Progress and target achievement are monitored using a detailed roadmap based on individual projects.

With its highly efficient technology, closed water circuits and efficient heat extraction, the new special steel plant in Kapfenberg, Austria, makes a significant contribution to reducing environmental impact and sets new standards worldwide.

The opportunities to leverage the remaining energy-saving potential at sites that produce crude steel conventionally are limited. Nevertheless, significant progress has been made at the Metal Engineering Division's Donawitz site in Austria. A newly installed system for preheating combustion air has led to energy savings of 27,000 MWh per year. In addition, the implementation of a natural gas expansion machine reduces the annual energy requirement by a further 2,200 MWh by converting the energy from the pressure difference between the external and internal gas network into electricity and thus making it usable. In addition, measures were taken to generate renewable electricity at the site. For example, PV systems were installed on the plant restaurant and an industrial building, which feed the electricity generated directly into the plant grid.

At the Metal Engineering Division site in Kindberg, Austria, the expansion of PV system capacity is underway. Process optimization measures and improvements to exhaust gas recirculation at various heating units minimized heat losses in the reporting period. Another highlight at the site is the extraction of district heating, which can feed up to 15,000 MWh into the district heating network of the town of Kindberg when completed, which will significantly reduce the use of primary energy in the region.

PV systems were also installed at various locations in the Metal Forming Division. In many cases, mounting systems produced in-house ("iFIX") were used. Several sites also switched to energy-saving LED hall lighting, which further reduced electricity consumption.

In addition, voestalpine Precision Strip GmbH has increased the proportion of electricity it generates itself by modernizing its own hydropower plants and installing a PV system. The use of waste heat from the company's own plants and the procurement of waste heat from the neighboring company (sector coupling) for hall heating reduced the purchase of natural gas and thus CO_2 emissions.

In the Steel Division, work on greentec steel is already in full swing. Construction of the electric arc furnace began in the past calendar year. Work has already begun on the new power supply system using the microtunneling process and a new conveyor belt bridge for supplying raw materials has been implemented.

In addition to greentec steel, the division also focused on expanding its own renewable energy generation. In the past calendar year 2023, for example, another PV system with an output of almost 1,400 kWp was commissioned on the foundry's production hall.

Another key focus was on the CO_2-reduced product portfolio. Since 2021, voestalpine has also been offering all flat steel and heavy plate products manufactured at the Linz site in a greentec steel edition. Thanks to optimization measures in process management, such as the use of scrap and reducing agents, and the use of renewable electricity, these products have a CO_2 footprint that is around 10% lower, resulting in savings of more than 200,000 t CO_2 along the entire value chain since the start of the project. In addition to the automotive industry, steel produced in this way is already being used by customers in façade construction, building technology, crane construction and the heating and heat pump industry, among others.

PRODUCT SUSTAINABILITY

The political and legal framework in Europe aims to transform the economic system towards a circular economy. Sustainability along the supply and value chains is of particular importance here.

The concept of the circular economy requires a consideration of the entire value chain of products in terms of ecological, economic and social aspects across all phases of the life cycle—from raw materials through production, use and consumption to the end of life, which in turn represents the beginning of a new life cycle.

At voestalpine, the circular economy has long been implemented at process and product level in many areas and is constantly being developed further.

Steel products are inherently durable and contribute to the further development of the circular economy approach. Modern lightweight steels and manufacturing processes such as additive manufacturing make it possible to reduce the amount of material used in products. During the use phase, steel products can be repaired and refurbished using various processes, thereby extending their service life. Due to their durability and longevity, steel products can also be reused and recycled again and again. At the end of their service life, they serve as a secondary raw material from which new high-quality steel products can be manufactured. Steel is multi-recyclable, which means that the cycle is closed and can be repeated as often as required. The use of waste and recycled materials from our own steel production, as well as waste and secondary raw materials from external production processes, also contributes to the circular economy. The by-products from steel production can in turn be used as secondary raw materials for the manufacture of products in other industrial sectors. One example of such industrial symbioses is blast furnace slag, which is a by-product of steel production. They are used by the cement industry as additives, which conserves natural resources and reduces CO_2 emissions in the production of cement. Through research and development, voestalpine promotes the efficient use of alternative or secondary raw material sources.

voestalpine's current focus in determining the sustainability of products (product sustainability) is on ecological aspects, i.e. analyzing the environmental impact of products and their decarbonization. Life cycle assessment (LCA) is a central element and methodological tool in this process. This requires standardized, reliable and globally comparable methods that can help to create an international level playing field and thus promote sustainable economic growth.

Environmental Product Declarations (EPDs) are an essential tool for voestalpine to determine and communicate the environmental impact of products based on a life cycle assessment. EPDs are based on the international standards EN 15804 and ISO 14025 and are checked and verified by independent third parties. voestalpine has listed and published environmental product declarations for numerous products (such as hot-rolled steel strip, hot-dip galvanized steel strip, hot-formed pressed steel parts, prestressed concrete turnout sleepers, rails and seamless tubes) from the Group's various units in the declaration program of the Institut Bauen und Umwelt e.V. (IBU). EPDs for various other voestalpine products are being prepared on an ongoing basis.

Product development is inextricably linked to the circular economy. The transformation towards largely CO_2-free production should ensure the consistently high quality of products and materials. A technology transformation also has an impact on existing substance and material cycles and industrial symbioses and therefore requires the further or new development of sectoral and cross-sectoral circular economy approaches.

Regular dialog with the various stakeholders on decarbonization and product sustainability along the supply and value chains contributes to the ongoing specification and step-by-step implementation of voestalpine's strategy for CO_2-reduced and, in the long term, climate-neutral steel production.

In order to create the greatest possible transparency for stakeholders and make the transformation steps comparable, the voestalpine Group has committed to setting targets for reducing greenhouse gas emissions as part of the Science Based Targets initiative (SBTi). The proposed targets for voestalpine's Near-Term Science Based Targets have been reviewed and validated by SBTi and are in line with the 2-degree reduction pathway (well-below 2 °C trajectory).

As part of its comprehensive decarbonization strategy, the Steel Division has already implemented short-term decarbonization measures at the Linz site with the "CO_2-reduced steel" climate project. The goal is to reduce direct CO_2 emissions along the existing steel production processes. The environmental impact of the products manufactured in this process, in particular the carbon footprint, is determined and reported on the basis of a life cycle assessment in accordance with internationally recognized methods and standards.

Sustainable and decarbonized products are playing an increasingly important role in supply and value chains. It is therefore essential to create uniform definitions, methodologies and framework conditions and thus a level playing field in international competition for sustainable products.

Cross-industry initiatives can support this development. These include, for example, the ResponsibleSteel initiative, which voestalpine was one of the first steel companies to join in 2019.

REPORT ON THE COMPANY'S RISK EXPOSURE

Proactive risk management, as it is understood and regularly practiced in the voestalpine Group, serves to ensure the Group's existence as a going concern in the long term as well as to increase its value, and is thus a key success factor. Risk management guidelines are rooted in a general policy that applies throughout the Group, and the risk management system is continuously updated and refined. In order to achieve corporate goals in the best possible way, the **systematic risk management process** helps management to identify risks at an early stage and initiate suitable precautionary measures to avert or avoid dangers. In the interests of sustainable, responsible, and value-oriented corporate management, risk management is an integral part of decision-making and business processes in all areas of the company and at all hierarchical levels, and also includes the responsible use of resources and the environment as well as compliance with regulatory requirements. Risk management extends across both the strategic and operational levels. It is a key element for the Group's sustainable success and makes a significant contribution to the successful implementation of the corporate strategy and the objectives derived from it.

Strategic risk management serves to evaluate and safeguard strategic planning for the future. The strategy is reviewed as to its conformity with the Group's system of objectives in order to ensure value-added growth through the best possible allocation of resources. Opportunities identified in the risk management process are taken up, considered in the strategy process and pursued further. **Operational risk management**, which also ensures conformity with the strategy, is based on a process that must be carried out several times a year uniformly throughout the Group ("identify and analyze, assess, manage, document, and monitor").

» A supporting checklist is available for risk identification; it is regularly reviewed as to its topicality and adjusted as necessary.

» Identified risks are appraised using a nine-field assessment matrix that evaluates possible losses and the probability of their occurring. Essentially, this involves documenting operational, market, procurement, technology, financial, human resource, compliance, IT, and environmental risks as well as other sustainability risks on a strategic and operational level.

» Risk management measures pursue different strategies taking into account risk appetite and risk-bearing capacity (such as "avoid," "mitigate," "secure," and combinations thereof; the wording, "bear" risk, comes into play to the extent that financial considerations preclude any other actions). Local management is responsible for making decisions as to what steps to pursue and implement.

» The risk management process, including documentation and monitoring, is supported by a special web-based IT system.

The operating units appoint risk managers who, in coordination with the respective management, drive and are responsible for the decentralized risk management process in the given units. The findings of the risk management process are also part of the regular divisional and Group controlling meetings, in which significant changes in the risk landscape are reported at the business unit or divisional level. The Management Board of voestalpine AG receives standardized reports on risk management every six months and on an ad hoc basis as required. **Overall responsibility** for risk management lies with the Management Board of voestalpine AG.

Among other things, the **Audit Committee** of voestalpine AG continuously addresses issues relating to risk management and the internal control system (ICS) as well as the monitoring thereof. Both risk management and internal control are integral components of existing management systems within the voestalpine Group. Internal Audit monitors all operational and business processes and the associated risks as well as the ICS. As regards both the reporting on and the appraisal of the audit results, Internal Audit acts as an independent in-house department not bound by instructions. The functionality of the submitted **risk management system** applied is again reviewed annually by an external auditor (Rule 83 of the Austrian Code of Corporate Governance). The Audit Committee also receives a report on risk management every six months.

DESCRIPTION OF MATERIAL FIELDS OF RISK

The material fields of risk and associated preventive measures that were presented in the previous business year's Consolidated Management Report remain valid.

» GEOPOLITICAL CONFLICTS AND THEIR IMPACT

The past business year continued to be characterized by geopolitical conflicts and tensions. Geopolitical developments—particularly the war in Ukraine—were and continue to be monitored on an ongoing basis in order to identify any future effects on the voestalpine Group at an early stage and to proactively counteract potential risks in a constantly changing geopolitical environment in the best possible way with a robust and sustainable organization. The activities initiated or adapted at the beginning of the war in Ukraine to maintain and secure the supply of relevant raw materials and natural gas continue to apply and are listed in the section "Availability of Raw Materials and Energy Supplies."

» RISKS OF DECARBONIZATION/ CLIMATE PROTECTION PROGRAM

greentec steel

voestalpine AG is committed to the Paris Climate Agreement, which aims to keep the increase in the average global temperature well below 2°C above pre-industrial levels and to make efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Building on this, the European Union has set itself the binding target of achieving climate neutrality by 2050 as part of the European Green Deal, laid out in the European Climate Law. This requires a significant reduction of current greenhouse gas emissions over the next few decades. With greentec steel, the voestalpine Group is gradually implementing an ambitious step-by-step plan. greentec steel involves all of voestalpine's activities and innovations on the path to steel production with net zero emissions. As part of the Science Based Targets initiative (SBTi), the voestalpine Group is committed to reducing the sum of Scope 1 and Scope 2 emissions by 30% and Scope 3 emissions by 25% by 2029 compared to the reference year 2019. Target achievement in 2029 is also subject to external factors and influencing variables such as raw materials, energy, and the economy.

voestalpine's long-term concept for producing steel at net zero by 2050 at the latest, in line with the EU emissions trading target path, consists of several modular technology steps and options. These are based equally on the greatest possible CO_2 reduction effect and the actual feasibility (e.g., due to the respective political and legal framework, the availability of raw and input materials, and renewable energies as well as the availability of the necessary infrastructures) as well as the economic feasibility. Here is an overview of the key elements of the greentec steel climate protection program (reference year 2019 for Scope 1 and Scope 2):

» By 2029: Phase 1 with a target of minus 30%

greentec steel comprises an investment volume of around EUR 1.5 billion in the first stage. This will initially involve installing two green electricity-based electric arc furnaces at the Linz and Donawitz sites and decommissioning two coal-based blast furnace units. Depending on the quality requirements, a mix of input materials consisting of scrap, liquid pig iron, and HBI (hot briquetted iron) will be used. voestalpine obtains the required HBI primarily from the direct reduction plant in Texas/USA, which has been majority-owned by a global steel producer since 2022; 20% is owned by voestalpine with corresponding long-term purchase agreements.

Following the granting of EUR 90 million by the Austrian federal government as part of the "Transformation of Industry" program funded by environmental subsidies in Austria and the plant and supplier decisions, construction has now begun. The environmental impact assessment procedure for the necessary upgrading of the electricity grid has been completed at the Donawitz site and at the time of writing has almost been completed at the Linz site. After the planned completion in 2027 and following a successful ramp-up, 2.5 million tons of CO_2-reduced steel will be produced annually.

» **From 2030 to 2035: Phase 2 with a target of minus 50%**
Focus on direct CO_2 avoidance through further replacement of fossil pig iron production capacities and likely supplementary use of CO_2 capture and utilization technologies (carbon capture utilization and storage).

» **By 2050 at the latest: Phase 3 with a target of net zero emissions**
Focus on replacing the remaining fossil pig iron capacities using fossil-free energy sources, e.g., “green” hydrogen and bioenergy, as well as CO_2 capture (CCUS) with the aim of achieving the greatest possible flexibility while ensuring that the net-zero strategy is actually economically feasible. The final decisions on these options will not be made until a later date and they will be in line with investment cycles and in accordance with the foreseeable conditions.

For the forward-looking greentec steel climate protection program, which extends over several years and comprises investments of around EUR 1.5 billion in the first stage, possible risks of varying degrees cannot be ruled out due to the complexity of the overall project, possible changes to the schedule and with regard to internal and external financing options. Experienced plant engineers are always used for important sub-projects such as the construction of the electric arc furnaces. In particular, detailed risk analyses of anticipated cost increases are continuously documented in a project organization and measures are developed and evaluated. Regular reports are submitted to the Management Board and Supervisory Board of voestalpine AG. voestalpine currently considers a financial burden beyond the estimated investment volume as unlikely. The greentec steel project management organization that has been installed also monitors the basic assumptions underlying the investment decision, such as sales expectations, raw material and energy price assumptions as well as their availability, and regulatory changes. The developments are constantly compared with the current situation and the progress of the project. greentec steel offers various technological options (such as electrification, hydrogen technologies, use of biogenic energy sources, etc.) with high CO_2 reduction potential. The phased plan thus allows voestalpine a certain degree of flexibility in achieving its targets in order to be able to react to changing framework conditions and at the same time keep the business risk at a manageable level.

The largest climate protection program in Austria was launched with the greentec steel phased plan for the transformation of steel production. However, successful implementation for Phase 2 and Phase 3 still requires appropriate framework conditions to ensure that no disadvantages arise compared to other markets. A basic prerequisite for the transformation is the sufficient availability of energy from renewable sources at economically viable, competitive prices.

Further risks associated with greentec steel (such as the availability of raw materials and energy, project management, uncertainties in legislation, availability of qualified staff) will be discussed in the following chapters.

CO_2-reduced steel is already being supplied to almost 40 customers in the form of the greentec steel edition. This means that voestalpine is already meeting the increasing demand for innovative product solutions.

» **AVAILABILITY OF RAW MATERIALS AND ENERGY SUPPLIES**

In order to ensure the long-term supply of raw materials and energy in the required qualities and quantities, the voestalpine Group has for many years been pursuing a diversified procurement strategy in line with the heightened political and economic risks of this globalized market. This is also reinforced by the various decarbonization activities and geopolitical developments (such as the Ukraine conflict).

- » For example, since the beginning of the war in Ukraine, alternative suppliers and transport routes have been activated to ensure the supply of relevant raw materials (such as iron ore, iron ore pellets, pulverized coal injection (PCI) coal, alloys) to the Group's production plants (especially the steelworks in Austria). The short-term holding of inventories of critical raw materials (such as iron ore and coal) also helps to bridge short-term supply bottlenecks.
- » In addition, the voestalpine Group has contractually secured its own natural gas storage facilities in order to secure the natural gas supply (particularly for heat treatment and for the rolling mills at the Austrian sites). With an existing reserve of 1.5 TWh of natural gas, full operation can be maintained for three months or, depending on the respective production mode, partial operation for a correspondingly longer period in the event of a complete loss of the external supply. In addition, work has been and continues to be carried out with existing and new suppliers to continuously expand sources of natural gas supply. For example, natural gas supplies from non-Russian sources are increasingly being transported to Austria off the conventional Russian-Ukrainian transport routes and used for ongoing operations. In the event of a potential natural gas bottleneck, contingency plans would also come into effect in which production could be gradually adjusted to the available energy volumes. Last but not least, the Group's international orientation with 500 companies and locations worldwide—and therefore numerous unaffected locations outside Europe—would also make it possible to compensate for production bottlenecks to some extent. Bottlenecks could be avoided by quickly adapting the supply and logistics processes to the new challenges.
- » Long-term supply relationships, long-term supply contracts, the further expansion of the supplier portfolio, and the optimization of both the Group's self-sufficiency and the circular economy (for example, in the area of scrap, the opportunities for a circular economy along the entire value chain will be further intensified by expanding or establishing supply options with customers, suppliers, and process partners) form the core elements of a diversified procurement strategy. This strategy has become even more important in view of geopolitical events and the given volatility on the raw materials markets (for more details, see the "Raw materials" chapter of this Management Report).

Developments in the supply of energy and, in particular, natural gas and raw materials supplies are constantly monitored, especially on the basis of geopolitical developments, and evaluated in regular discussions between experts and the Management Board.

In the area of energy supply, the development of alternative energy resources is constantly being investigated and driven forward. This is motivated not only by the aforementioned war in Ukraine and the associated activities to strengthen resilience, but also in particular by the changes in energy requirements resulting from decarbonization activities. In addition to the systematic expansion of our own renewable energy capacities and the purchase of renewable energy based on long-term PPAs (Power Purchase Agreements), the focus here remains on numerous research and demonstration projects in the areas of hydrogen, biogas and biomass as well as projects in alternative iron and steel production technologies (such as "H2FUTURE" [hydrogen pilot plant], "HYFOR" [Hydrogen-Based Fine-Ore Reduction], and smelter as well as "SuSteel" [Sustainable Steelmaking]). Research activities in the field of CO_2 capture, utilization, and storage (CCUS) complete the overall picture.

» HEDGING THE PRICE OF RAW MATERIALS AND ENERGY

Objectives, principles, responsibilities, and accountabilities as well as methods, procedures, and decision-making processes for dealing with commodity and energy price risks are set out in an internal guideline. Based on this and taking into account the individual characteristics of the business model of the respective Group company, prices are hedged by means of short-term supply contracts with a fixed price agreement or by means of derivative financial instruments. PPAs (power purchase agreements) are a new instrument used for long-term hedging of electricity price fluctuations. Depending on the business model of the Group company concerned, changes in energy and commodity prices can for the most part be passed on to customers, sometimes with a time delay. In this case, the aim of risk management is to secure the previously determined contribution margins under the sales contracts. Iron ore, coke, coking coal, zinc, nickel, CO_2, cobalt, and energy (electricity, natural gas) are subject to raw materials risk and energy risk management. The goal is to reduce the fluctuation in earnings from the volatility of raw material and energy prices to a level that is consistent with the principle of conservative financial policy as defined in the voestalpine Group's financial constitution. The underlying guideline was updated in the current business year, with the topic of energy in particular being adapted to new circumstances. The issue of security of supply (procurement risk) has already been addressed under "Availability of raw materials, energy supply." The comprehensive measures help to ensure financial stability and strengthen the company's resilience to volatile markets and effectively manage relevant risks with the necessary flexibility.

» DISRUPTIONS IN LOGISTICS AND SUPPLY CHAINS

In general, global supply chains can be disrupted by geopolitical conflicts (such as the current war in Ukraine) or other events (such as a pandemic). This can lead to restrictions on the part of suppliers, customers, disruptions to transport routes, and potential sanctions or embargoes. The focus on less vulnerable supply chains and the simultaneous broadening of logistics options have already significantly increased the resilience of our logistics and supply chains in the past (e.g., when transporting raw materials). Diversified procurement strategies and supply chains serve to provide the best possible protection and resilience against unforeseen events.

» EFFECTS OF A PANDEMIC

The Group crisis management initiated in the course of the COVID-19 pandemic was put on hold by the end of the 2022/23 business year. The applied crisis management, defined measures and lessons learned were evaluated and compiled in a general pandemic guide in order to be able to counteract the effects of such an incident (e.g., general pandemic) in the best possible way. Developments relating to any pandemics are monitored so that the Group's crisis management system can be adapted and implemented if necessary.

» FAILURE OF PRODUCTION FACILITIES

Targeted and comprehensive investments serving to optimize sensitive units technologically have been and are being carried out to minimize the risk of failure of critical facilities. Necessary investments in modernization and replacements are also planned for the long term. Additional supplementary measures include consistent, systematic and preventive maintenance, risk-oriented storage of critical spare parts, and appropriate employee training, to continuously improve the performance and reliability of the systems and further minimize the risk of failure. In addition, appropriate emergency plans have been defined for key plants to minimize any effects and to enable a controlled restart.

Emergency generators are available to protect critical facilities and processes at key plants in case of sudden, unplanned power interruptions (i.e., blackouts). These generators can be used to power limited partial operations, emergency operations, and, in extreme cases, controlled plant shutdowns. Furthermore, the Linz facility, for example, has a captive power plant with black start capacity and special internal grids (i.e., self-contained, segregated areas). Regular run-throughs of a range of scenarios are carried out (e.g., tests of the emergency generators and the emergency and communications plans for different failure scenarios) to ensure that the facilities are ideally prepared for adverse events.

Existing emergency plans are regularly evaluated by the respective experts and adapted to new or changed circumstances if necessary.

» IT, FAILURE OF IT SYSTEMS

Services for business and production processes, which are mainly based on complex IT systems, are provided at most Group sites by IT subsidiaries wholly owned by voestalpine AG (voestalpine group-IT GmbH in Austria and its sister companies in Germany, Brazil, and China). Due to the great importance of IT security and IT availability and in order to further minimize potential IT failure and IT security risks, minimum IT security standards, including business continuity management requirements, are available. They are regularly adapted to new circumstances and compliance with the relevant requirements is reviewed annually in the form of internal and external audits. The highly qualified voestalpine Security Operation Center (SOC) ensures that security-relevant incidents are identified and rectified on an ongoing basis, thereby also contributing to prevention. Penetration tests are carried out regularly to reduce the risk of unauthorized access to IT systems and applications. Extensive online campaigns were also initiated in the past business year to raise employee awareness of security issues, particularly the dangers of phishing attacks. An internal working group collects information on possible cyber fraud attacks (e.g., social engineering, CEO fraud, payment/delivery detours, phishing) and develops preventive measures that are reviewed for their effectiveness and adjusted if necessary. All of these measures are aimed at reducing the risk and downtime of IT systems due to cyber attacks, human error, manipulation, hardware defects, and similar causes as much as possible or keeping them as low as possible.

» PERSONNEL RISKS

In the voestalpine Group, employees and their expertise and dedication are a key success factor. The positioning of voestalpine AG as an attractive employer on the one hand and measures to retain employees on the other are intended to ensure the availability of qualified specialists to the required extent. Ongoing training and continuing education, fair working conditions and terms, a modern working environment, and a wide range of training and development opportunities are individual aspects in this regard. Internal apprentice training is another focal point.

» KNOWLEDGE MANAGEMENT/ PROJECT MANAGEMENT

Complex projects that were initiated in the past are consistently refined and/or adjusted in order to sustainably safeguard the Group's knowledge—especially to prevent the loss of its expertise. Besides permanently documenting all available knowledge, new findings from key projects as well as lessons learned as a result of unplanned events are incorporated where appropriate. Detailed process documentation, especially in IT-supported areas, also contributes to securing the available knowledge.

Any risks arising from projects (e.g., from major projects, investments or project business) are countered by using a wide range of project management tools and appropriate project monitoring and, depending on the size of the project, by holding regular project oversight meetings with the involvement of top management. In particular, this also concerns any risks associated with ramp-ups and/or cost increases. Insights gained from earlier activities are also compiled in the sense of lessons learned and form the basis of ongoing enhancements of already available tools to ensure that they are consistently applied in future projects.

» COMPLIANCE RISKS

Compliance violations (e.g., antitrust and corruption violations) represent a significant risk and may have adverse effects in that they may trigger financial losses and damage the Group's reputation. A Group-wide compliance management system is designed to counteract these risks, particularly antitrust and corruption violations. In-person training focused on particular topics is part of this system, along with e-learning programs.

» RISKS OF NONCOMPLIANCE WITH DATA PROTECTION REQUIREMENTS

Violations of requirements under data protection laws may have adverse financial effects and lead to reputational damage. A data protection unit was established pursuant to the data protection requirements that apply throughout the Group. It helps Group company managers carry out their responsibilities regarding compliance with statutory and intra-Group data protection requirements. Topic-focused e-learning is offered as a supplementary measure.

» RISKS FROM NATURAL HAZARDS, PHYSICAL CLIMATE RISKS

The short- and medium-term physical risks associated with climate change from natural hazards (such as fire, flooding or low water as well as fluctuating water levels, snow load, drought, strong winds and storms, temperature fluctuations) were determined as part of the implementation of the EU Taxonomy Regulation. Detailed climate risk and vulnerability analyses were carried out for relevant operating sites. Physical climate risks were identified, quantified, and disclosed using a simulation-based software tool. Heavy rainfall, flooding, and mudslides are significant physical climate risks for the voestalpine Group. Based on this, appropriate precautionary measures have been taken. These include structural and technical measures such as flood protection, fire alarms, sprinkler systems, and logistics adjustments in the event of low water, for example. As part of regular drills, tests of existing emergency plans as well as inspections and risk surveys conducted with insurance companies, existing precautionary measures are checked to ensure they are up to date and complete and, if necessary, adapted or expanded to new circumstances. Existing insurance cover for natural hazards and other risks is regularly reviewed with our internal insurance company (voestalpine Insurance Broker GmbH) to ensure that it is up to date. Measures taken are regularly checked for effectiveness in order to manage risks and to counteract the progression of climate change in the best possible way.

Further details can be found in the annual Corporate Responsibility Report (this report will be integrated into the Management Report in the coming business year).

» OTHER SUSTAINABILITY RISKS

Potential risks pertaining to sustainability and associated issues such as climate action and environmental protection, social and personnel issues, respect for human rights, and the fight against corruption are considered in terms of their impact at all levels, in compliance with the Group's sustainability strategy.

- » For more information on the impact of the climate and energy policies on the voestalpine Group, including its decarbonization strategy, please see the disclosures in the Notes under item B "Summary of Accounting Policies" in the Notes.
- » Sustainability issues—chief among them climate action and risk management—are also addressed in a separate Sustainability Report that is published annually. This Corporate Responsibility Report is prepared in accordance with the international standards of the Global Reporting Initiative (GRI). In addition, the "Environment" chapter of the Management Report contains greater detail on the CO_2 issue.

In addition, corresponding activities relating to the Supply Chain Due Diligence Act have been initiated and process guidelines have been rolled out or are being processed at the affected locations. Developments relating to supply chain due diligence laws continue to be monitored and evaluated on an ongoing basis.

» RISKS FROM THE FINANCIAL SECTOR

Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existing policies include targets, principles, duties, and responsibilities that apply to both Group Treasury and the finance departments of individual Group companies. Financial risks are monitored continuously and hedged where feasible. Our strategy for managing foreign currency risks is aimed, in particular, at creating natural hedges. The management of other risks (interest rates and raw materials) serves to reduce fluctuations in both cash flows and income and to safeguard contribution margins. Market risks are largely hedged through derivative financial instruments that are used exclusively in connection with an underlying transaction.

Specifically, financing risks are hedged using the following measures:

» Liquidity risk

Liquidity risks generally arise when a company is potentially unable to raise the funds necessary to meet its financial obligations. Existing liquidity reserves enable the company to meet its obligations when due, even in times of crisis. Over and above the liquidity reserve, a precise financial plan that is prepared on a revolving, quarterly basis is the Group's primary instrument for controlling liquidity risk. Group Treasury centrally determines the need for new funding and bank credit lines based on the consolidated operating results. The intention is to ensure that the liquidity reserve covers the Group's planned liquidity needs for the next 12 months. As far as banking policies are concerned, care is taken to avoid cluster risks by diversifying the financial partners. Particular attention was and still is paid to boosting the company's internal funding capacity.

» Credit risk

Credit risk refers to financial losses that may occur due to non-fulfillment of contractual obligations by individual business partners. The credit risk of the underlying transactions is minimized as far as possible through a large number of credit insurances and bankable securities (guarantees, letters of credit). The default risk related to the Group's remaining own risk is managed by way of defined credit assessment, risk evaluation, risk classification, and credit monitoring processes. The current Ukraine war did not cause loan insurers to significantly tighten credit limits in individual customer segments in the past, nor have these events led to greater receivable charge-offs. Counterparty credit risk in financial contracts is managed through daily monitoring of the counterparties' credit ratings and any changes in their credit default swap (CDS) levels. Investment limits weighted by the probability of default (PD) are allocated on that basis.

» Foreign currency risk

Foreign currency risk management aims primarily to create a natural hedge (cross-currency netting) within the Group by combining the cash flows. In this respect, hedges are implemented centrally by Group Treasury based on derivative hedging instruments. voestalpine AG hedges the budgeted (net) foreign currency payment streams for up to 12 months. Longer-term hedging is carried out only in connection with contracted project business. While the hedging ratio is between 25% and 100% of the budgeted cash flows for the next 12 months, the amount of the hedging ratio depends on the business model of the respective Group company concerned. In addition, the hedging ratio generally decreases with maturity.

» **Interest rate risk**
voestalpine AG conducts interest rate risk assessments centrally for the entire Group. In particular, this entails managing cash flow risks (i.e., the risk that interest expense or interest income may undergo an adverse change). As of the March 31, 2024, reporting date, any increase in the interest rate by one percentage point would decrease the net interest expense associated with bank loans and capital market indebtedness in the subsequent business year by EUR 0.5 million. However, this is a reporting date assessment that may be subject to fluctuations over time.

» **Price risk**
voestalpine AG also assesses price risk. Mainly scenario analyses are used to quantify interest and currency risks.

UNCERTAINTIES STEMMING FROM LEGISLATION

Changes in legislation—such as regulations on climate and environmental protection or energy policy—can lead to changes in production conditions and purchasing behavior. In general, there is a long-term risk that regulatory requirements lead to poor competitiveness. High energy costs compared to international competitors and the investments required to implement climate protection targets are increasingly jeopardizing the competitiveness of European locations.

Geopolitical conflicts, in particular the war in Ukraine, could lead to new or additional sanctions and embargoes, which in turn could lead to further restrictions throughout the European economic area and the global economy with consequences that are difficult to predict.

The legal situation and draft legislation as well as any effects resulting from geopolitical conflicts are monitored on an ongoing basis.

ECONOMIC RISKS

Based on the insights gained from economic and financial crises in the past and their effects on the voestalpine Group and in particular from crises in the recent past (such as the Ukraine war, interest rate and inflation developments, COVID-19 pandemic) additional steps primarily of a corporate nature have been and are being taken to mitigate the Group's risk exposure. These measures are consistently applied and followed up on in order to achieve the objectives below, in particular:

» Minimize the negative effects that even a recessionary economic trend would have on the company through relevant scenario planning;
» Maintain high product quality along with concurrent continual efficiency gains and ongoing cost optimization;
» Ensure the security of supply chains as far as possible;
» Counteract any price volatilities—especially in connection with energy and raw materials—by means of suitable tools and measures and also pass them on to customers;

» Have sufficient financial liquidity available even in the event of constricted financial markets;
» Secure in-house expertise even more efficiently than before with a view to continuing the long term expansion of the Group's quality and technology leadership.

In a persistently difficult economic environment, any consequences of global (trade) conflicts and the effects of changes in geopolitical conditions are monitored on a continual basis.

Specific measures to hedge the risks previously identified within the voestalpine Group have been developed and implemented. These steps are aimed at reducing potential losses and/or minimizing the likelihood of losses occurring. It must be stated that, from today's perspective, the operating risks facing the voestalpine Group—over and above global crises and their consequences—are limited and manageable, and that they do not threaten the company's existence as a going concern.

REPORT ON THE KEY FEATURES OF THE GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO ACCOUNTING PROCEDURES

Pursuant to Section 243a (2) Austrian Commercial Code *(Unternehmensgesetzbuch – UGB),* Austrian companies whose shares are traded on a regulated market must describe the key features of their internal control and risk management system with regard to accounting procedures in their management reports.

Section 82 Austrian Stock Corporation Act *(Aktiengesetz – AktG)* requires the Management Board to establish a suitable internal control and risk management system for accounting procedures. The Management Board of voestalpine AG has adopted relevant guidelines that are binding on the entire Group. In line with the voestalpine Group's decentralized structure, the local management of each Group company is obliged to establish and shape an internal control and risk management system for accounting procedures that meets the requirements of that individual company and ensures compliance with the relevant, existing Group-wide guidelines and regulations.

The entire process, from procurement to payment, is subject to strict and unified Group-wide guide lines that are designed to reduce the risks associated with the business processes to a minimum. These Group guidelines set forth measures and rules for avoiding risk, such as the strict separation of functions, signature authority rules, and, in particular, signing authorizations for payments that apply only collectively and are limited to only a few individuals (four-eyes principle). In this context, control measures related to IT security are a cornerstone of the internal control system (ICS). Issuing IT authorizations restrictively supports the separation and/or segmentation of sensitive activities. The accounting in the individual Group companies is largely carried out using SAP software. The reliability of these SAP systems is guaranteed by automated business process controls that are built into the system as well as by other methods. Reports on critical authorizations and authorization conflicts are generated in an automated process.

To prepare the Consolidated Financial Statements, the data pertaining to fully consolidated entities is transferred to the unified Group consolidation and reporting system. Group-wide accounting policies applicable to the recording, posting, and recognition of business transactions are governed by the voestalpine Consolidated Financial Statements Manual and are binding on all Group companies. Automatic controls built into the reporting and consolidation system, along with numerous manual reviews, have been put in place to avoid material misstatements to the greatest extent possible. These controls range from management reviews and discussions of the net profit/loss for the reporting period all the way to the specific reconciliation of accounts. voestalpine AG's Controlling Manual contains a summarizing presentation of how the accounting system is organized. The accounting and controlling departments of the individual Group companies submit monthly reports containing key performance indicators (KPIs) to their own managing directors and to the management boards of the respective divisions and, upon approval, to the holding company's Corporate Accounting & Reporting department to be aggregated, consolidated, and reported to the Group Management Board. Additional information, such as detailed target/performance comparisons, is prepared in a similar process as part of quarterly reporting. Quarterly reports are submitted to the supervisory board, board, or advisory board of the given Group company, and a consolidated report is submitted to the Supervisory Board of voestalpine AG.

Besides operational risks, the accounting system is also subject to Group risk management. In this context, possible accounting risks are analyzed on a regular basis, and measures to avoid them are taken. The focus is on those risks that are regarded as fundamental to the given company's activities. Compliance with the ICS, including the required quality standards, is monitored continuously by way of audits at the Group company level. Internal Audit works closely with the appropriate management board members and managing directors. It reports directly to the Chairman of the Management Board of voestalpine AG and submits reports periodically to the Group Management Board and, subsequently, to the Audit Committee of the Supervisory Board of voestalpine AG.

NUMBER OF TREASURY SHARES

The Annual General Meeting on July 7, 2021, authorized the Management Board for a period of 30 months to buy back treasury shares representing up to 10% of the respective share capital. The buyback price may, at most, be 20% less than or 10% higher than the average closing price of the shares on the three market trading days prior to the buyback. The Management Board exercised this authorization on November 3, 2022, and resolved a buyback program involving up to 10,000,000 ordinary shares (= about 5.6% of the share capital) starting on November 10, 2022, and likely ending on July 10, 2023. Until July 10, 2023, voestalpine AG has bought back 7,070,000 ordinary shares under this stock buyback program.

	Treasury shares in thousands of shares	Percentage of share capital in %	Percentage of share capital in thousands of euros
As of 03/31/2023	**5,898.2**	**3.3**	**10,716.0**
Additions in 2023/24	1,200.30	0.7	2,180.8
Disposals in 2023/24	0.0	0.0	0.0
As of 03/31/2024	**7,098.5**	**4.0**	**12,896.8**

DISCLOSURES ON CAPITAL, SHARE, VOTING, AND CONTROL RIGHTS AS WELL AS ASSOCIATED OBLIGATIONS

As of March 31, 2024, the share capital of voestalpine AG is EUR 324,391,840.99 (March 31, 2023: EUR 324,391,840.99) and is divided into 178,549,163 ordinary no-par value shares (March 31, 2022: 178,549,163). There are no restrictions on voting rights (1 share = 1 vote). voestalpine AG is unaware of any agreements among or between its shareholders that restrict voting rights or the transfer of shares.

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, Linz, Austria, and voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the company's employee shareholding scheme), Linz, Austria, each hold more than 10% (and less than 15%) of the company's share capital. Oberbank AG, Linz, Austria, holds more than 5% (and less than 10%).

The Management Board of voestalpine Mitarbeiterbeteiligung Privatstiftung exercises the voting rights of shares held in trust by voestalpine Mitarbeiterbeteiligung Privatstiftung for the employees of voestalpine AG's Group companies that participate in the employee shareholding scheme. However, the way in which the voting rights are exercised requires the approval of the Advisory Board of voestalpine Mitarbeiterbeteiligung Privatstiftung. The Advisory Board resolves such approval with a simple majority. This Board is constituted on a basis of parity, with six members each representing the employees and the employer. In the event of a tie, the chairperson of the Advisory Board, who must be appointed by the employee representatives, casts the deciding vote.

As regards those powers of the Management Board that do not follow directly from the law—such as buybacks of the company's treasury shares and/or authorized or contingent capital—reference is made to Note 17 (Equity) of the Notes to the Consolidated Financial Statements 2023/24.

The EUR 500 million fixed-interest bonds 2017–2024; the EUR 500 million fixed-interest bonds 2019–2026; the EUR 250 million convertible bonds 2023–2028 issued in April 2023; the EUR 50 million privately floated fixed-interest bond 2019–2031; a total of EUR 190,5 million and USD 100 million, respectively, in promissory note loans; as well as the EUR 1,000 million syndicated loan obtained in 2019 (revolving credit facility, undrawn); and bilateral loans for a total of EUR 355 million and USD 132,9 million, respectively, contain change-of-control clauses. Under the terms of these financing agreements, the bondholders or lenders have the right, respectively, to demand redemption of their bonds or repayment of their loans if control of the company changes hands. With the exception of the terms of the EUR 250 million convertible bonds 2023–2028, the terms of the aforementioned financing agreements specify that a change of control at voestalpine AG is triggered when a party acquires a controlling interest in the company as defined in the Austrian Takeover Act *(Übernahmegesetz)*. In the case of the EUR 250 million convertible bonds 2023–2028, the terms governing a change of control are defined in Section 11 (d) of the convertible bond terms and conditions (see www.voestalpine.com » Investors » Debt Investor Relations » Outstanding bonds). In addition to a bondholder's right to demand redemption of their convertible bonds in the event of a change of control, the latter also lowers the conversion price.

There are no indemnity agreements between the company and the members of its Management Board, the members of its Supervisory Board, or its employees in the event of a public takeover bid.

OUTLOOK

Economic momentum in the business year 2023/24 varied greatly both regionally and in the individual market segments. Thanks to its global positioning and broad diversification, the voestalpine Group was able to generate a solid operating result in the past business year despite the economic weakness in Europe.

The current trends have not changed significantly with the start of the new 2024/25 business year. While Europe is currently still experiencing very subdued economic growth, momentum in North America is solid despite high interest rates. Brazil has cooled off recently, whereas economic growth in China has picked up again somewhat.

Based on this, the economic developments for the 2024/25 business year are estimated as follows:

In Europe, the economy appears to have bottomed out in many segments, which means that at least stable development can be expected for the 2024/25 business year. In addition, possible interest rate cuts could provide positive impetus in the second half of the year.

The presidential elections make forecasts for North America challenging. However, given the resilience of the U.S. economy to interest rate hikes and geopolitical shocks to date, a continuation of the growth trend is quite possible.

Economic growth in South America/Brazil is expected to be slightly weaker in the 2024/25 business year compared to the previous year.

The problems in the real estate sector are likely to continue to affect China in the current business year. However, the latest economic stimulus measures make economic growth around the target range of 5% appear realistic.

With regard to the market segments, the good market environment in the railway infrastructure, aerospace, and warehouse technology segments is expected to continue. The automotive industry and the energy sector should largely continue their stable development to date. The construction, mechanical engineering, and consumer goods segments are likely to remain at least at the current level. Any positive stimuli, such as interest rate cuts, could lead to an upturn in the second half of the 2024/25 business year.

Based on these assumptions and assuming no economic distortions from geopolitical developments, the Management Board of voestalpine AG expects an EBITDA in the range of EUR 1.7 to 1.8 billion for the business year 2024/25.

Strategically, voestalpine's management will continue to expand the Group's processing activities globally in the business year 2024/25 and the following years and continue to drive forward the implementation of the greentec steel transformation project towards net zero CO_2 emissions.

Linz, May 27, 2024

The Management Board

Herbert Eibensteiner	Franz Kainersdorfer	Gerald Mayer
Reinhard Nöbauer	Carola Richter	Hubert Zajicek

This report is a translation of the original German-language report, which is solely valid.