HIGH PERFORMANCE METALS DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The High Performance Metals Division operated in a consistently challenging economic environment throughout the 2025/26 business year. From the start of the reporting period, market conditions were shaped by a persistently weak economy in Europe and restrictive trade policies implemented by the U.S. administration. The division's management addressed these conditions early on through rigorous cost management and an organizational realignment of the division to sustainably secure competitiveness and profitability. The individual market segments developed as follows over the course of the 2025/26 business year:

The **Tooling** market segment encompasses the supply of tool steel and represents the division's largest segment in terms of both volume and value. This segment faced intense global competition and associated price pressure throughout the 2025/26 business year. The division therefore further intensified its focus on product segments at the top end of the quality spectrum as well as on value-added and service activities, such as heat and surface treatments. While demand in Europe remained stable but subdued throughout the 2025/26 business year, business performance in North America was characterized by cautious ordering behavior, not least due to U.S. tariffs. In Brazil, market weakness, which was further exacerbated by Chinese imports, persisted throughout the reporting period. In China itself, however, demand remained at a robust level.

The **Industrials** market segment encompasses a broad spectrum of specialty steels and machined components used in various industrial applications worldwide. Unlike the Tooling segment, these products are found directly in customers' end products. In this segment, demand from the automotive industry, particularly for valve steels and engine components, remained subdued throughout the 2025/26 business year. Increased competitive pressure from Asia and U.S. tariff policies further weighed on performance. In contrast, the automotive racing sector—where the division supplies high-performance materials and powders for 3D printing applications—performed very well. The food & beverage, media technology, and mining sectors also performed predominantly positively in the 2025/26 business year.

In the **Aerospace and Power Industries** market segment, the High Performance Metals Division supplies both specialty materials and forged parts and components, with very strong global market penetration. This segment benefited from strong demand throughout the 2025/26 business year, driven in particular by the European aerospace industry. The noticeable increase in production volumes from North American aircraft manufacturers during the reporting period further supported this positive momentum.

The **Oil & Gas, CPI & Renewables** market segment encompasses the supply of specialty materials and machined parts to global manufacturers of equipment for oil and natural gas exploration, as well as to the petrochemical and renewable energy industries (NOTE: We have virtually no revenue share in the renewables sector; this is where our focus will lie in the coming months). Business performance in this sector during the reporting period was largely shaped by global uncertainties. Throughout much of the 2025/26 business year, low oil prices, high inventory levels, and trade policy measures led to a decline in exploration activities. Toward the end of the business year, global oil and gas prices rose significantly due to the conflict in the Middle East. Subsequently, the first signs of a recovery in demand for oil and gas exploration products became apparent. The petrochemical industry, however, remained a largely stable market throughout the 2025/26 business year.

FINANCIAL KEY PERFORMANCE INDICATORS

While the High Performance Metals Division's revenue performance in the current reporting period lagged behind the previous year, earnings trends show a clearly positive trajectory. Specifically, the division's revenue decreased by 13.6% in the 2025/26 business year, from EUR 3,182.2 million in the prior year to EUR 2,749.7 million in the current reporting period. It should be noted that the prior-year figures largely still included the German plant Buderus Edelstahl, which was divested in January 2025.

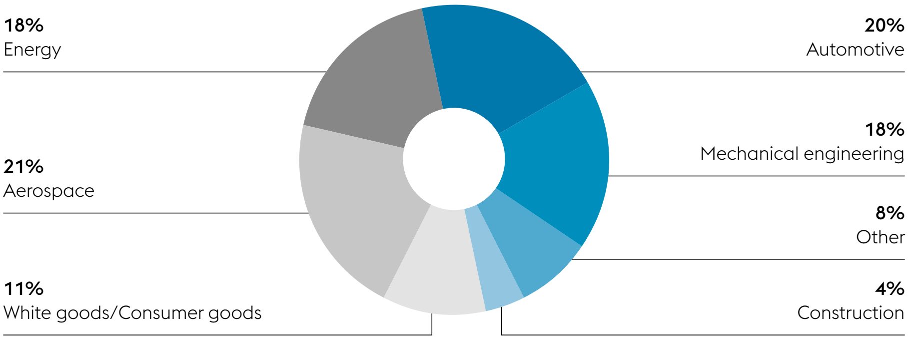
The earnings performance of the High Performance Metals Division in the 2025/26 business year was supported by far-reaching reorganization measures aimed at improving efficiency and reducing costs. In the previous business year, significant one-off effects also weighed on earnings. Specifically, expenses related to the sale process of Buderus Edelstahl (EUR 83 million), impairment charges on goodwill at the High Performance Metals Production cash-generating unit (EUR 78 million), and expenses for the reorganization of sales locations (EUR 16 million) reduced EBIT by a total of EUR 176 million, of which EUR 92 million also had a negative impact on EBITDA. Based on these developments, the High Performance Metals Division succeeded in increasing EBITDA by 160.5% from EUR 83.0 million (margin 2.6%) to EUR 216.2 million (margin 7.9%). In terms of EBIT, the division once again achieved a clearly positive result of EUR 57.3 million in the current reporting period, following a loss of EUR 156.8 million in the prior year. The EBIT margin thus improved from –4.9% to 2.1%.

A direct quarter-over-quarter comparison of the third and fourth quarters of 2025/26 reveals a clearly positive trend in the financial performance indicators of the High Performance Metals Division. Revenue increased by 13.4% from EUR 657.1 million in the third quarter to EUR 745.0 million in the fourth quarter, primarily due to the expansion of shipment volumes. In terms of EBITDA, the division achieved an increase of one-third in the current reporting quarter, rising from EUR 48.5 million (margin 7.4%) in the third quarter of 2025/26 to EUR 64.7 million (margin 8.7%) in the fourth quarter of 2025/26. Improved capacity utilization of production facilities and growing shipment volumes contributed to the performance increase. EBIT reached EUR 20.1 million (margin 2.7%) in the current reporting quarter, representing an increase of 74.8% compared to the immediately preceding quarter (EUR 11.5 million, margin 1.7%).

As of March 31, 2026, the High Performance Metals Division employed 11,062 full-time equivalents (FTEs), representing a decrease of 5.3% compared to the previous year's figure of 11,679. The reduction is primarily attributable to reorganization measures in the production and sales areas.

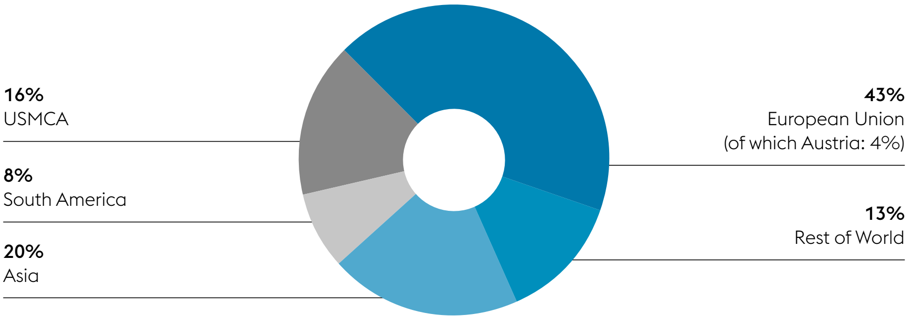
CUSTOMERS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2025/26



MARKETS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2025/26



QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros					BY		
	1st quarter 2025/26	2nd quarter 2025/26	3rd quarter 2025/26	4th quarter 2025/26	2025/26	2024/25	Change in %
Revenue	678.5	669.1	657.1	745.0	2,749.7	3,182.2	–13.6
EBITDA	53.8	49.2	48.5	64.7	216.2	83.0	160.5
EBITDA margin	7.9%	7.3%	7.4%	8.7%	7.9%	2.6%	
EBIT	14.9	10.8	11.5	20.1	57.3	–156.8	
EBIT margin	2.2%	1.6%	1.7%	2.7%	2.1%	–4.9%	
Employees (full-time equivalent)	11,587	11,506	11,214	11,062	11,062	11,679	–5.3