

# LETTER FROM THE MANAGEMENT BOARD

Ladies and gentlemen,  
valued shareholders!

voestalpine faced difficult macroeconomic conditions in the 2024/25 business year. Our response to the challenging economic environment, especially in Europe, was to strongly focus on generating free cash flow, maintaining consistently low debt levels, and initiating reorganization measures in several business areas. At the same time, we continued to pursue our growth projects. Our investment in greentec steel also continues to advance on schedule. The Group's broad diversification across industries and regions helped to stabilize earnings and once again confirmed the resilience of our corporate strategy.

In times as volatile as these, flexibility and adaptability are crucial. During the reporting period, voestalpine once again demonstrated both of these qualities, acting quickly and decisively when structural adjustments were required. This included the reorganization of our Automotive Components sites in Germany, which was an important step to remain a strategic and reliable partner for local automobile manufacturers. The sale of Buderus Edelstahl's operating business, along with the associated streamlining of the High Performance Metals Division's product portfolio, represents a long-term strengthening of our position in global markets. In addition, changing conditions in Europe made it necessary to reorganize sales and production companies within the High Performance Metals Division. These measures led to one-off negative impacts of approximately EUR 265 million on the Group's profit from operations (EBIT) for the 2024/25 business year.

## **Successful implementation of international growth projects**

At the same time, we successfully executed several international growth initiatives: In the warehouse systems segment, we established a new production site in Kentucky, United States. In the 2024/25 business year, we also signed new long-term contracts with two globally active truck manufacturers for the North American market. To support these agreements, we are investing in additional production capacity at our existing site in Indiana. There is also positive news from a flagship project in the railway infrastructure sector. The first of approximately 260 high-speed turnouts for Egypt's inaugural high-speed rail track, the "Green Line," have already left our new production facility in Cairo.

Acquisitions remain a key pillar of our strategy in challenging times. With the acquisition of a majority stake in Italfil S.p.A., for example, we have taken an important step toward our strategic goal of offering comprehensive solutions to our customers in the welding technology sector. In the United States, we were able to expand our production capacity for turnouts and track components through an asset deal.

Our “local for local” strategy has positioned us well, particularly in light of the trade conflicts that increasingly shaped the 2024/25 business year. The US elections marked a turning point and the beginning of a new reality. The United States remain an important market for voestalpine due to the strong demand for our high-quality products there. We are able to supply grades and specifications that are not widely available from domestic sources. Over the past several years, we have steadily expanded local value creation in the United States across our 49 sites, which together employ around 3,000 people. More than half of our US revenue is already being generated from local production and we will continue to pursue this strategy.

Nevertheless, we take a highly critical view of the escalating trade conflicts. We have had sufficient time in Europe to prepare for this scenario and must now respond decisively, leveraging our domestic market of 450 million people. To do so, it is essential to strengthen Europe as a business location and restore international competitiveness.

**Intentions alone are not enough—we must act**

As a global company with a 90% export ratio, we are not only faced with growing trade barriers. In Central Europe in particular, we also face high labor and energy costs, the world's strictest CO<sub>2</sub> regulations, and an enormous administrative burden. From our perspective, it is essential to close the gap between climate policy and industrial competitiveness.

The Steel and Metals Action Plan presented by the European Commission at the end of the reporting period is an important first step in improving the competitiveness of the European steel industry, and one that we believe to be positive. We see many promising starting points, though they are currently still at the conceptual stage rather than translated into concrete action. A fundamental shift in energy, climate, and industrial policy is not yet apparent. As with the Clean Industrial Deal, what matters is the practical implementation of the announced measures.

**Sustainability as a central pillar of the voestalpine Group's strategy**

Sustainability is firmly embedded in our corporate strategy, and is reflected in many years of targeted, well-established initiatives. We are therefore pleased to transparently present both financial and non-financial information in voestalpine's first integrated annual report, based on the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD). These new standards offer an opportunity to make our sustainability efforts more visible and more readily understood.

voestalpine has long set the environmental benchmark in the industry, and greentec steel offers a clear roadmap for transforming our steel production. Two major construction projects in Linz and Donawitz are on schedule and have also remained within budget during the 2024/25 business year. Starting in 2027, we will be operating one electric arc furnace powered by green electricity at each site. By 2029, this will have enabled us to reduce CO<sub>2</sub> emissions by up to 30% compared to 2019 levels. This reduction corresponds to nearly 5% of Austria's total annual CO<sub>2</sub> emissions. greentec steel therefore represents the largest climate protection initiative in Austria. The total investment amount is EUR 1.5 billion.

**voestalpine plays a leading role in climate protection**

voestalpine has deliberately structured its transformation plans in a modular way. The long-term goal is clear: We aim to achieve net-zero CO<sub>2</sub> emissions in steel production by 2050. To reach this goal, we are actively researching multiple new processes and investing in pilot and demonstration projects that explore innovative approaches in steel production. In the past financial year, we laid the foundation for another, entirely new, research initiative. Construction of the world's first demonstration facility at our Linz site will begin in fall 2025. The plant will combine a hydrogen-based direct reduction process for ultra-fine iron ores with electric melting. Commissioning is scheduled for June 2027. The total investment in this European flagship project will exceed EUR 170 million. This makes the new facility not only the largest R&D project in voestalpine's history, but also the largest climate protection research project in Austria.

In addition, voestalpine took a pioneering step in the capital markets during the 2024/25 fiscal year by becoming the first European steel company to issue a green bond. All proceeds from the issuance will fund voestalpine's sustainability initiatives, with greentec steel as a key focus.

### **Achieving more together**

We believe sustainable business begins with environmental and climate responsibility, and is truly brought to life through ethical governance—and above all, through the people whose daily actions make it a reality. In line with the CSRD and ESRS, our focus extends beyond environmental matters to include social factors, especially our employees, whose commitment, innovative strength and diversity ensure voestalpine's long-term success. Since 2013, voestalpine has supported the UN Global Compact (UNGC), whose ten principles encompass core responsibilities in the areas of human rights, labor, the environment, and anti-corruption.

Our employees contribute not only through their work, but also in their free time. A clear example of this is the “voestalpine cares” run. Between March and May 2024, employees participated for the second time by running, walking, hiking, using wheelchairs and handcycles to collect “donation miles.” In the past financial year, we were able to donate EUR 700,000 to Doctors Without Borders, the Austrian Red Cross, Hilfswerk International, and UNICEF for selected charitable aid projects.

The belief that we achieve more together carried us through the challenges of the past financial year. The markets were tough, and the general conditions complex. That's why identifying opportunities early and pursuing them determinedly was more important than ever. And it's exactly what we achieved—by setting clear priorities, executing them consistently, and building on our strengths. We would like to thank all our employees for their commitment, and our customers, investors, suppliers, and cooperation partners for their trust in voestalpine.

Linz, May 26, 2025

The Management Board

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