

ANNUAL REPORT 2020/21

DEVELOPMENT OF THE KEY FIGURES

In millions of euros	2016/17	2017/18	2018/19	2019/20	2020/21
Income statement					
Revenue	11,294.5	12,897.8	13,560.7	12,717.2	11,266.6
EBITDA	1,540.7	1,954.1	1,564.6	1,181.5	1,134.5
Depreciation	717.4	774.1	785.2	1,270.5	1,019.3
EBIT	823.3	1,180.0	779.4	-89.0	115.2
Profit before tax	699.9	1,042.5	645.7	-230.3	10.8
Profit after tax ¹	527.0	825.4	458.6	-216.5	31.7
Statement of financial position					
Investments in tangible and intangible assets and interests	1,011.4	895.2	1,011.8	776.7	612.1
Equity	6,060.3	6,554.3	6,709.8	5,614.9	5,649.9
Net financial debt	3,221.1	2,995.1	3,125.4	3,775.0	2,742.8
Net financial debt in % of equity (gearing)	53.2%	45.7%	46.6%	67.2%	48.5%
Financial key performance indicators (KPIs)					
EBITDA margin	13.6%	15.2%	11.5%	9.3%	10.1%
EBIT margin	7.3%	9.1%	5.7%	-0.7%	1.0%
Return on capital employed (ROCE)	8.1%	11.1%	7.0%	-0.8%	1.1%
Cash flows from operating activities	1,150.4	1,195.1	1,166.6	1,304.0	1,633.5
Share information					
Share price, end of period (euros)	36.90	42.57	27.07	18.54	35.33
Dividend per share (euros)	1.10	1.40	1.10	0.20	0.50 ²
Market capitalization, end of period	6,506.2	7,506.0	4,832.6	3,308.9	6,307.1
Number of outstanding shares as of March 31	176,320,566	176,320,566	178,520,566	178,520,566	178,520,616
EPS – earnings per share (euros)	2.84	4.40	2.31	-1.24	0.24
Personnel					
Employees (full time equivalent), end of period	49,703	51,621	51,907	49,682	48,654

¹ Before deduction of non-controlling interests and interest on hybrid capital.

² As proposed to the Annual General Meeting.

HIGHLIGHTS

2020/21

- » Business year 2020/21 dominated by the COVID-19 pandemic.
- » Broad-based economic meltdown at the start of the reporting period, especially in Europe and North America due to the spread of the pandemic.
- » Positive after-tax result thanks to both rapid response in terms of capacity adjustments and quick implementation of efficiency improvement measures.
- » In part, unexpectedly fast and strong economic rebound during the second half of the business year 2020/21.
- » Year-over-year decrease in reporting period revenue by 11.4% to EUR 11,266.6 million (previous year: EUR 12,717.2 million).
- » Operating result (EBITDA) falls by a mere 4.0% to EUR 1,134.5 million. Previous year's figure of EUR 1,181.5 million contained non-recurring effects of EUR 83 million.
- » Impairment losses of EUR 197 million affect EBIT for the business year 2020/21. In the business year 2019/20, EBIT was impacted by impairment losses of EUR 402 million.
- » At EUR 115.2 million (up from EUR –89.0 million the previous year), profit from operations (EBIT) is positive despite impairment losses.
- » Profit before tax: EUR 10.8 million (previous year: EUR –230.3 million).
- » Profit after tax: EUR 31.7 million (previous year: EUR –216.5 million).
- » At EUR 5,649.9 million, equity is stable year over year (previous year: EUR 5,614.9 million).
- » Reduction in net financial debt by more than EUR 1 billion to EUR 2,742.8 million (previous year: EUR 3,775.0 million) thanks to outstanding cash flow in the business year 2020/21.
- » At 48.5%, gearing ratio (net financial debt relative to equity) improves significantly over the previous year (67.2%).
- » Dividend proposal to be submitted to the Annual General Meeting: EUR 0.50 per share.

CONTENTS

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

THE GROUP

- 3** Highlights
- 6** voestalpine Group – Global Presence
- 8** Overview of the voestalpine Group
- 10** Supervisory Board of voestalpine AG
- 12** Management Board of voestalpine AG
- 14** Letter of the Management Board
- 16** Investor Relations
- 20** Consolidated Corporate Governance Report 2020/21
- 30** Compliance

CONSOLIDATED MANAGEMENT REPORT

- 32** Report on the Group's Business Performance and Economic Situation
- 36** Report on the Financial Key Performance Indicators of the voestalpine Group
- 42** Steel Division
- 46** High Performance Metals Division
- 50** Metal Engineering Division
- 54** Metal Forming Division
- 58** Investments
- 60** Human Resources
- 64** Raw Materials
- 66** Research and Development
- 69** Environment
- 73** Report on the Company's Risk Exposure
- 80** Number of Treasury Shares
- 81** Disclosures on Capital, Share, Voting, and Control Rights as well as Associated Obligations
- 82** Outlook

CONSOLIDATED FINANCIAL STATEMENTS

- 84** Report of the Supervisory Board
- 86** Consolidated Statement of Financial Position
- 88** Consolidated Statement of Cash Flows
- 89** Consolidated Statement of Comprehensive Income
- 90** Consolidated Statement of Changes in Equity
- 92** Notes to the Consolidated Financial Statements
- 204** Auditor's Report
- 211** Management Board Statement in accordance with Section 124 (1) Austrian Stock Exchange Act 2018 (*Börsegesetz 2018 – BörseG 2018*)
- 212** Investments

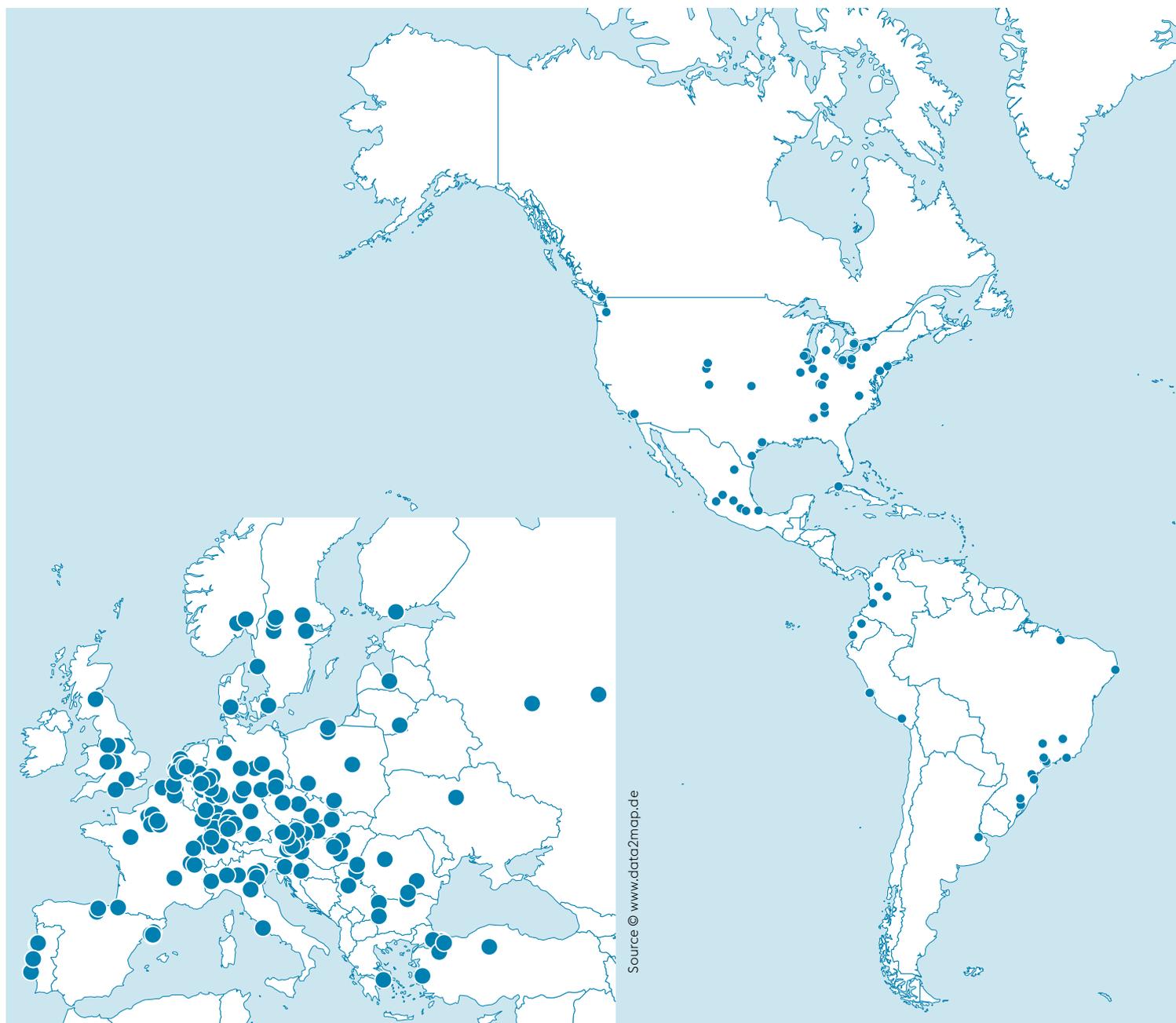
OTHER

- 225** Glossary
- 226** Contact, Imprint

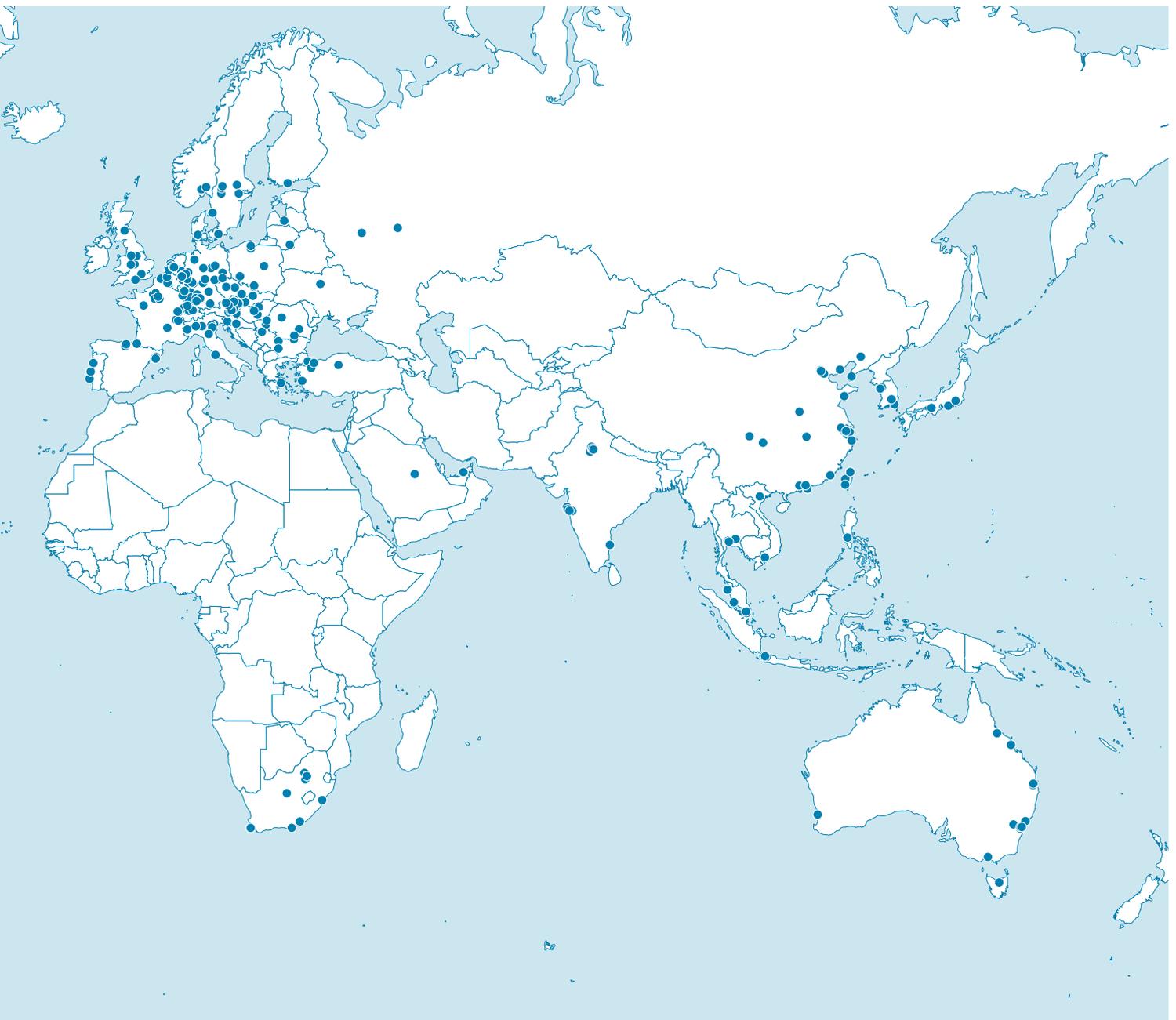
All quantities expressed as tons in this Annual Report are metric tons (= 1,000 kg/ton).

voestalpine GROUP GLOBAL PRESENCE

In its business segments, voestalpine is a globally leading steel and technology group with a unique combination of materials and processing expertise.



voestalpine, which operates globally, has around 500 Group companies and locations in more than 50 countries on all five continents. With its top-quality products and system solutions, it is a leading partner to the automotive and consumer goods industries as well as the aerospace and oil & gas industries, and is also the world market leader in railway systems, tool steel, and special sections. voestalpine is fully committed to the global climate goals and is working intensively to develop technologies which will allow it to decarbonize and reduce its CO₂ emissions over the long term.



OVERVIEW OF THE voestalpine GROUP

The voestalpine Group has four divisions that are leading providers in Europe and globally thanks to their outstanding product portfolios.

STEEL DIVISION

GLOBAL QUALITY LEADERSHIP

in highest quality strip steel, and market leader in heavy plate and foundry products for the most sophisticated applications.

36%

OF GROUP REVENUE

Revenue (in millions of euros)	4,216.7
EBIT (in millions of euros)	9.2
EBIT margin	0.2%
Employees (full-time equivalent)	10,461

The Steel Division has been setting environmental benchmarks in steel production for years. At the same time, it is working to develop cutting-edge, hydrogen-based options that aim to make CO₂-neutral production of steel a reality. Thanks to its high-quality strip steel, the Steel Division is the first point of contact for major automotive manufacturers and suppliers worldwide. It also is a key partner of the European white goods and mechanical engineering industries and produces heavy plate for energy sector applications used under the most difficult conditions. Besides serving the oil & natural gas industry, the Steel Division also provides customized solutions for renewable energy operations.

HIGH PERFORMANCE METALS DIVISION

GLOBAL LEADERSHIP

in tool steel as well as leading position in high-speed steel, aerospace materials, special steel parts, and powder technology. Innovation leader in additive manufacturing.

19%

OF GROUP REVENUE

Revenue (in millions of euros)	2,299.8
EBIT (in millions of euros)	48.8
EBIT margin	2.1%
Employees (full-time equivalent)	12,586

The High Performance Metals Division is the leading manufacturer worldwide of high performance metals. Its unique product portfolio is powerfully enhanced by component production, heat treatment, coating, and additive manufacturing—all of which is embedded in a global service network. The customers of these products include the automotive and consumer goods supplier industries, special purpose engineering companies, the oil & natural gas industry as well as the aerospace industry where the division's forgings make it the global market leader.

METAL ENGINEERING DIVISION

GLOBAL LEADERSHIP

in railway systems; global provider of complete welding solutions; European technology leader in premium wire products; and preferred provider of high-tech seamless tubes for the oil & natural gas industry as well as for industrial applications.

23%

OF GROUP REVENUE

Revenue (in millions of euros)	2,667.3
EBIT (in millions of euros)	16.3
EBIT margin	0.6%
Employees (full-time equivalent)	13,145

As the leading provider worldwide of integrated track systems, the Metal Engineering Division's Railway Systems business unit offers customized, comprehensive solutions for all rail technology segments—from mass transit, to mixed traffic, all the way to heavy haul and high speed networks. The division's Industrial Systems business unit has established itself as a global, integrated provider of complete welding solutions. It also plays a leading role as a development partner and manufacturer of premium wire products and high-tech seamless tubes.

METAL FORMING DIVISION

GLOBAL LEADERSHIP

in defined niches that require the highest quality and the most sophisticated technology for metal processing solutions within a global network that generates the best possible customer value.

22%

OF GROUP REVENUE

Revenue (in millions of euros)	2,553.9
EBIT (in millions of euros)	124.0
EBIT margin	4.9%
Employees (full-time equivalent)	11,525

The Metal Forming Division is voestalpine's competence center for highly developed special sections, tube, and precision strip steel products as well as for pre-finished system components made of pressed, stamped, and roll-formed parts that are used in a wide range of industries but especially in the premium automotive segment. The division combines materials and processing expertise unique in the industry with a global presence that make it the partner of choice for customers focused on innovation and quality.

SUPERVISORY BOARD

voestalpine AG

Dr. Joachim Lemppenau

Chairman of the Supervisory Board (since 07/01/2004)

Initial appointment: 07/07/1999

Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg

Dr. Heinrich Schaller

Deputy Chairman of the Supervisory Board (since 07/04/2012)

Initial appointment: 07/04/2012

CEO of Raiffeisenlandesbank Oberösterreich AG, Linz

KR Dr. Franz Gasselsberger, MBA

Member of the Supervisory Board, Chairman of the Audit Committee (since 07/03/2019)

Initial appointment: 07/01/2004

CEO of Oberbank AG, Linz

Dr. Wolfgang Eder

Member of the Supervisory Board

Initial appointment: 07/03/2019

Former Chairman of the Management Board of voestalpine AG, Linz

Mag. Ingrid Jörg

Member of the Supervisory Board

Initial appointment: 07/03/2019

President of Aerospace and Transportation, Constellium Switzerland AG, Zurich

Dr. Florian Khol

Member of the Supervisory Board

Initial appointment: 07/03/2019

Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna

Mag. Maria Kubitschek

Member of the Supervisory Board

Initial appointment: 07/03/2019

Deputy Director of the Federal Chamber of Workers/Vienna Chamber of Workers, Vienna

Prof. Elisabeth Stadler

Member of the Supervisory Board

Initial appointment: 07/03/2019

Chairwoman of the Management Board of Vienna Insurance Group AG (Wiener Versicherung Gruppe), Vienna

Delegated by the Works Council:

Josef Gritz

Member of the Supervisory Board

Initial delegation: 01/01/2000

Chairman of the Works Council for Workers of voestalpine Stahl
Donawitz GmbH, Donawitz

Sandra Fritz

Member of the Supervisory Board

Initial delegation: 06/15/2019

Member of the Works Council for Salaried Employees of voestalpine AG, Linz

Hans-Karl Schaller

Member of the Supervisory Board

Initial delegation: 09/01/2005

Chairman of the Group Works Council of voestalpine AG, Linz
Chairman of the European Works Council of voestalpine AG, Linz

Gerhard Scheidreiter

Member of the Supervisory Board

Initial delegation: 01/01/2012

Chairman of the Works Council for Workers of voestalpine BÖHLER Edelstahl
GmbH & Co KG, Kapfenberg

MANAGEMENT BOARD

voestalpine AG



From left to right: Robert Ottel, Franz Kainersdorfer, Herbert Eibensteiner, Franz Rotter, Hubert Zajicek, Peter Schwab



Dipl.-Ing. Herbert Eibensteiner

Chairman of the Management Board (since 07/03/2019), Member of the Management Board (since 04/01/2012), born 1963

Assigned areas of responsibility within the Group:

Corporate Development; R&D and Innovation Strategy; Strategic Human Resources Management; Corporate Communications and Corporate Image; Compliance; Legal; M&A; Strategic Environmental Management; Investor Relations; Information Competence Center (Trade & Statistics); Internal Audit

Dipl.-Ing. Dr. Franz Kainersdorfer

Head of the Metal Engineering Division, Member of the Management Board (since 07/01/2011), born 1967

Assigned area of responsibility within the Group:

Group's Long-Term Energy Supply

Mag. Dipl.-Ing. Robert Ottel, MBA

Chief Financial Officer (CFO), Member of the Management Board (since 04/01/2004), born 1967

Assigned areas of responsibility within the Group:

Corporate Accounting and Reporting; Controlling including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management; Information Technology

Dipl.-Ing. Franz Rotter

Head of the High Performance Metals Division, Member of the Management Board (since 01/01/2011), born 1957

Assigned area of responsibility within the Group:

Health & Safety

Dipl.-Ing. Dr. Peter Schwab, MBA

Head of the Metal Forming Division, Member of the Management Board (since 10/01/2014), born 1964

Assigned area of responsibility within the Group:

Procurement Strategy

Dipl.-Ing. Hubert Zajicek, MBA

Head of the Steel Division, Member of the Management Board (since 07/04/2019), born 1968

Assigned area of responsibility within the Group:

Raw Materials

LETTER OF THE MANAGEMENT BOARD

Ladies and Gentlemen:

The business year 2020/21 was affected by an economic meltdown of historic proportions that was triggered by the outbreak of the COVID-19 pandemic. Almost all of voestalpine's customer segments experienced a massive downturn in demand during the business year's first quarter. The Group reacted rapidly and counteracted the crisis through capacity adjustments, short time work, and comprehensive cost-cutting measures.

However, the economic effects are but a consequence of the crisis, which was and still is primarily a health crisis. Hence all of the steps we took gave highest priority to the safety and health of all of the Group's employees. Comprehensive hygiene and safety measures were put in place Group-wide from the onset of the pandemic, and employees were asked to work from home as far as possible. Thanks to the dedication and flexibility of our workforce, the company succeeded in maintaining production during this challenging time, thus assuring its ability to make deliveries to its customers. We want to express our sincere thanks to all employees worldwide for that.

China overcame the pandemic faster than all other countries. Because voestalpine's plants in China already returned to normal capacity utilization early in the reporting period, they were able in part to offset the meltdowns in other markets. Europe's productive sector began to see the first signs of a recovery over the Northern summer of 2020. The automotive industry rebounded from its COVID-19-induced low surprisingly soon, causing a pronounced increase in demand for high-quality steel products. In turn, this benefited especially the Steel Division, which saw record capacity utilization at its key production plants in the second half of the business year 2020/21. Two of the Group's key markets—North America and Brazil—stabilized as well.

But the aerospace industry and the oil & natural gas industries were hit particularly hard by the crisis. Owing to the changed market environment, capacity adjustments were absolutely necessary in the affected voestalpine Group companies. The Railway Systems and Warehouse & Rack Solutions business segments, by contrast, delivered stable performance throughout the business year ended. Thanks to the boom in online commerce, the storage technology segment actually posted an all-time high in orders. voestalpine's broad positioning—both regionally and technologically—thus turned out to be an important factor in the Group's success and stability.

Along with the economic tailwind that began in the middle of the reporting period, the internal measures aimed at lowering costs and boosting efficiency were decisive to the Group's positive results for the business year 2020/21. At the time of writing, voestalpine boasts higher liquidity and lower liabilities

than just a year ago despite the economic crisis. The company's consistent working capital management is reflected in its free cash flow (FCF) of more than EUR 1 billion, which lowered the gearing ratio from 67.2% to 48.5%. At approximately EUR 1.1 billion, the operating result (EBITDA) saw a substantial improvement over and above the forecasts at the start of the reporting period. Given these results, the Management Board proposes to pay a dividend of EUR 0.50 per share for the business year 2020/21.

The strengths of voestalpine's business model were on full display during the COVID-19 crisis yet again. Hence we will continue to focus on high-tech segments that meet highest quality standards and develop innovations in collaboration with our customers. As before, the stated goal is to continue driving the company's value-added growth. The issue of sustainability has become an important topic. voestalpine is committed to the climate goals and has submitted a clear plan for decarbonizing the production of steel through its "greentec steel" program. In a first step, the partial shift from the coal-based blast furnace route to electric arc technology is designed to bring about a reduction in CO₂ by about 30% through to the year 2030. The Group aims to achieve climate-neutral steelmaking by 2050 using both green electricity and green hydrogen. It is clear that this transformation must be economically viable.

The current economic environment does allow us to look to the business year 2021/22 with optimism. The greater the number of people worldwide being given effective vaccines against the COVID-19 virus, the sooner the economic development worldwide will gather speed. voestalpine is ideally positioned—strategically and technologically as well as with respect to its highly qualified and motivated workforce—to exploit this dynamic.

Linz, May 31, 2021

The Management Board

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

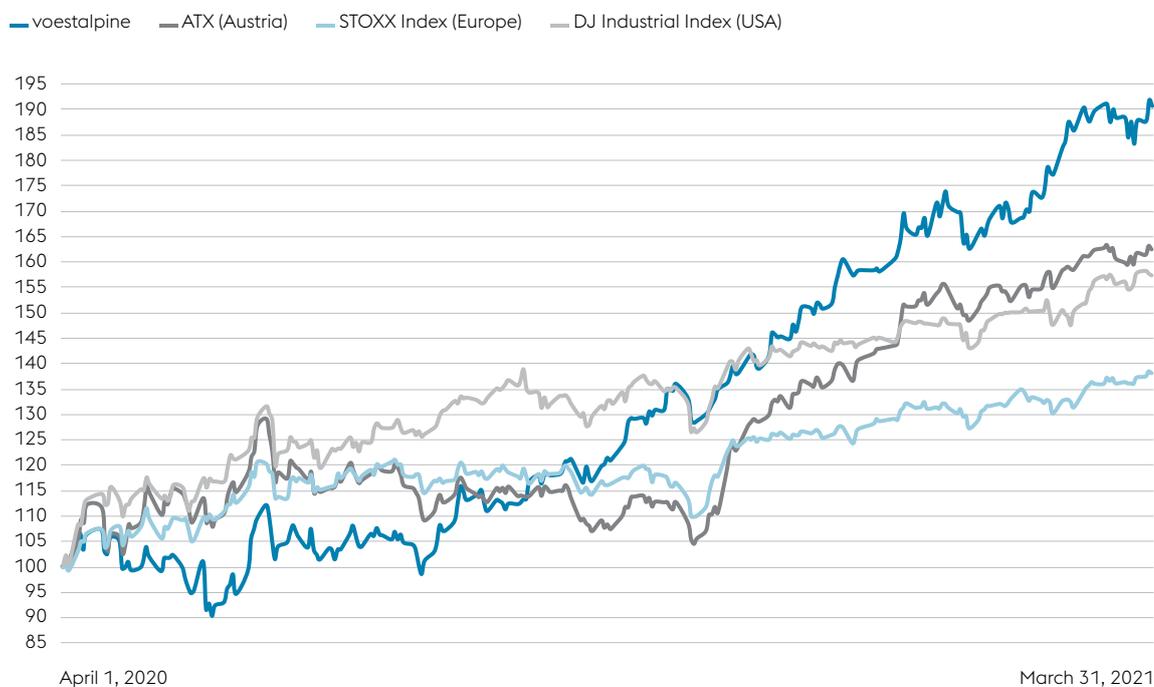
Hubert Zajicek

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

INVESTOR RELATIONS

voestalpine AG VS. THE ATX AND INTERNATIONAL INDICES

Changes compared to March 31, 2020, in %



DEVELOPMENT OF THE voestalpine SHARE

In the fourth quarter of the business year 2019/20, the global capital markets—and thus the voestalpine share—were pulled into a downward spiral

owing to the accelerating spread of the COVID-19 pandemic. The stock markets started to rebound toward the end of the aforementioned business quarter thanks to various governments' announcements that they would support their economies through comprehensive emergency packages.

The fluctuations in the price of the voestalpine share largely stopped in the first few months of the business year 2020/21. Its lateral price movement remained in place until roughly the end of the first half of the reporting period. The business year's second half presented a completely different picture, however. Early October 2020 saw an upward movement in the share's price that did not change until the end of the reporting period. For one, demand especially from the automotive industry jumped substantially after the Northern summer, in turn leading to improved forecasts for the company's earnings performance in the business year 2020/21. For another, the pharmaceutical industry achieved breakthroughs in November 2020 regarding the development of effective vaccines against COVID-19. The prospect of a return to "normal" economic activity worldwide led to euphoria among investors, in turn causing sharp upswings in the stock particularly of companies sensitive to economic developments. Geopolitical issues that generally determine developments in the international capital markets receded into the background. For example, the fact that the previous president—whose measures to stimulate the economy through tax cuts and infrastructure programs boosted the U.S. stock indices—lost the election did not trigger longer-lasting price declines. The same goes for

the resignation of the Italian government, which had failed due to different views on the allocation of the European Commission's Recovery Fund: this, too, had but a moderate effect on the capital markets. On the whole, optimistic investors that anticipated prosperous economic developments were the ones that dominated this market phase. They pointed not only to the stimulus packages that had been enacted by governments and central banks alike but also to high savings rates in various countries. These effects outweighed fears that the threat of impending bankruptcies as well as the loss of income due to short time work and high unemployment rates could put a damper on economic development.

The voestalpine share benefited from the positive sentiment in the stock markets, too. In addition, analysts kept raising their earnings forecasts for the voestalpine Group. Against this backdrop, the voestalpine share rose by 90.6% within one business year, from EUR 18.54 as of April 1, 2020, to EUR 35.33 as of March 31, 2021. The increase in the share's price thus significantly outperformed the two benchmark indices, ATX and STOXX (Europe), which rose by a mere 62.4% and 38.2%, respectively, during the same period. voestalpine's share also delivered much better performance relative to the Dow Jones Industrial during the reporting period.

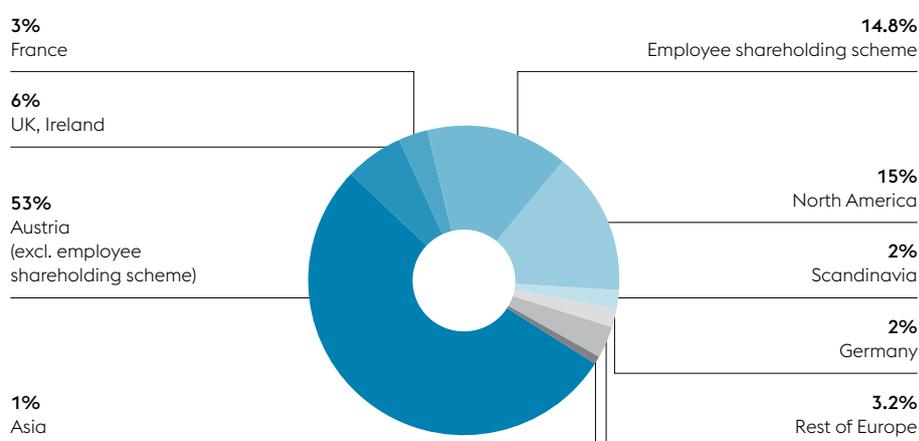
BONDS

Type of bond	ISIN number	Issuing volume	Interest rate	Share price (03/31/2021)
Corporate bond 2014 – 2021	AT0000A19S18	EUR 400 million	2.25%	101.3
Corporate bond 2017 – 2024	AT0000A1Y3P7	EUR 500 million	1.375%	102.5
Corporate bond 2019 – 2026	AT0000A27LQ1	EUR 500 million	1.75%	104.1

SHAREHOLDER STRUCTURE

The shareholder structure by region as of the end of the business year 2020/21 presents the following (indicative) picture:

SHAREHOLDER STRUCTURE



MAJOR INDIVIDUAL SHAREHOLDERS

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	< 15%
voestalpine employee shareholding scheme	14.8%
Oberbank AG	8.0%

voestalpine AG is currently being analyzed by the following investment banks/ financial institutions:

- » Alpha Value, Paris
- » Baader Bank AG, Munich
- » Bank of America/Merrill Lynch, London
- » Citigroup, London
- » Commerzbank, Frankfurt
- » Credit Suisse, London
- » Deutsche Bank, London
- » Erste Bank, Vienna
- » Exane BNP Paribas, Paris
- » Goldman Sachs, London
- » Jefferies, London
- » J.P. Morgan, London
- » Kepler Cheuvreux, Frankfurt
- » Morgan Stanley, London
- » Oddo BHF, Paris
- » Raiffeisen Centrobank, Vienna
- » Société Générale, Paris
- » Wiener Privatbank, Vienna

SHARE INFORMATION

Share capital	EUR 324,391,840.99 divided into 178,549,163 no-par value shares
Treasury shares as of March 31, 2021	28,547 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

PRICES (AS OF END OF DAY)

Share price high April 2020 to March 2021	EUR 35.54
Share price low April 2020 to March 2021	EUR 16.74
Share price as of March 31, 2021	EUR 35.33
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of March 31, 2021 ¹	EUR 6,307,133,363.28

¹ Basis: Total number of shares minus repurchased shares.

BUSINESS YEAR 2020/21

Earnings per share	EUR 0.24
Dividend per share	EUR 0.50 ¹
Carrying amount per share as of March 31, 2021	EUR 30.95

¹ As proposed to the Annual General Meeting.

FINANCIAL CALENDAR

Record date for attendance at the AGM	June 27, 2021
Annual General Meeting	July 7, 2021
Ex-dividend date	July 15, 2021
Record date for dividend payment	July 16, 2021
Dividend payment date	July 19, 2021
Publication Q1 2021/22	August 4, 2021
Publication Q2 2021/22	November 10, 2021
Publication Q3 2021/22	February 9, 2022
Business Year 2021/22	June 8, 2022
Annual General Meeting	July 6, 2022

CONSOLIDATED CORPORATE GOVERNANCE REPORT 2020/21

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The Austrian Corporate Governance Code (“Code”) provides Austrian stock corporations with a framework for managing and monitoring their company. It serves to establish a system for managing and controlling companies and groups that is accountable and geared to creating sustainable, long-term value. This is designed to ensure a high degree of transparency for all stakeholders of a company.

The Code is based on the provisions of Austrian stock corporation, stock exchange, and capital market law; the EU recommendations regarding the responsibilities of members of supervisory boards and the compensation of directors; as well as the OECD Principles of Corporate Governance. The Code has undergone a number of

revisions since 2002. The present Corporate Governance Report is based on the Code’s most recent amendment, which was adopted in January 2021.

» The Code can be accessed at www.corporate-governance.at

It achieves validity when companies voluntarily undertake to adhere to it. The Management Board and the Supervisory Board of voestalpine AG decided as early as in 2003 to recognize the Corporate Governance Code, and they have also accepted and implemented the amendments introduced since that date. voestalpine AG thus commits itself to comply with the Austrian Corporate Governance Code as amended.

In addition to the mandatory “L Rules,” the company also complies with all of the “C Rules” and “R Rules” of the Code.¹

¹ The Austrian Corporate Governance Code contains the following rules: “L Rules” (= Legal) are measures prescribed by law; non-compliance with the “C Rules” (= Comply or Explain) must be justified; “R Rules” (= Recommendations) are recommendations.

COMPOSITION OF THE MANAGEMENT BOARD

» Dipl.-Ing. Herbert Eibensteiner

Chairman of the Management Board

Born 1963; Member of the Management Board since 04/01/2012; Chairman of the Management Board since 07/03/2019; End of his current term of office: 03/31/2024

Assigned areas of responsibility within the Group:

Corporate Development; R&D and Innovation Strategy; Strategic Human Resources Management; Corporate Communications and Corporate Image; Compliance; Legal; M&A; Strategic Environmental Management; Investor Relations; Information Competence Center (Trade & Statistics); Internal Audit

Positions at material subsidiaries² of the voestalpine Group:

voestalpine Stahl GmbH, Chairman of the Supervisory Board; voestalpine High Performance Metals GmbH, Chairman of the Supervisory Board; voestalpine Metal Engineering GmbH, Chairman of the Supervisory Board; voestalpine Metal Forming GmbH, Chairman of the Supervisory Board

» Dipl.-Ing. Dr. Franz Kainersdorfer

Head of the Metal Engineering Division

Born 1967; Member of the Management Board since 07/01/2011; End of his current term of office: 03/31/2024; Member of the Supervisory Board of VA Erzberg GmbH, Eisenerz, Austria; Member of the Supervisory Board of Virtual Vehicle Research GmbH, Graz, Austria

Assigned area of responsibility within the Group:

Group's Long-Term Energy Supply

Positions at material subsidiaries² of the voestalpine Group:

voestalpine Metal Engineering GmbH, Chairman of the Executive Management Board; voestalpine Stahl GmbH, Member of the Supervisory Board; voestalpine High Performance Metals GmbH, Member of the Supervisory Board; voestalpine Metal Forming GmbH, Member of the Supervisory Board; voestalpine Stahl Donawitz GmbH, Chairman of the Supervisory Board; voestalpine Rail Technology GmbH, Chairman of the Supervisory Board; voestalpine Tubulars GmbH, Chairman of the Supervisory Board; voestalpine Texas LLC, Member of the Board of Directors; voestalpine Rohstoffbeschaffungs GmbH, Deputy Chairman of the Advisory Board; voestalpine Wire Rod Austria GmbH, Chairman of the Supervisory Board

» Mag. Dipl.-Ing. Robert Ottel, MBA

Chief Financial Officer (CFO)

Born 1967; Member of the Management Board since 04/01/2004; End of his current term of office: 03/31/2024; Deputy Chairman of the Supervisory Board of APK-Pensionskasse AG, Vienna, Austria; Member of the Supervisory Board of Josef Manner & Comp. AG, Vienna, Austria;³ Member of the Supervisory Board of Vienna Stock Exchange AG, Vienna, Austria

Assigned areas of responsibility within the Group:

Corporate Accounting and Reporting; Controlling including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management; Information Technology

Positions at material subsidiaries² of the voestalpine Group:

voestalpine Stahl GmbH, Deputy Chairman of the Supervisory Board; voestalpine High Performance Metals GmbH, Deputy Chairman of the Supervisory Board; voestalpine Metal Engineering GmbH, Deputy Chairman of the Supervisory Board; voestalpine Metal Forming GmbH, Deputy Chairman of the Supervisory Board

² The material subsidiaries listed in this Report are the divisions' lead companies as well as subsidiaries of the voestalpine Group with revenue of over EUR 200 million.

³ Mag. Dipl.-Ing. Robert Ottel, MBA, will leave the Supervisory Board of Josef Manner & Comp. AG when his term of office on the Supervisory Board ends on May 25, 2021.

» **Dipl.-Ing. Franz Rotter**

Head of the High Performance Metals Division

Born 1957; Member of the Management Board since 01/01/2011; End of his current term of office: 03/31/2024

Assigned area of responsibility within the Group:

Health & Safety

Positions at material subsidiaries² of the voestalpine Group:

voestalpine High Performance Metals GmbH, Chairman of the Executive Management Board; voestalpine Stahl GmbH, Member of the Supervisory Board; voestalpine Metal Engineering GmbH, Member of the Supervisory Board; voestalpine Metal Forming GmbH, Member of the Supervisory Board; voestalpine BÖHLER Edelstahl GmbH, Member of the Supervisory Board; Buderus Edelstahl GmbH, Chairman of the Supervisory Board; Uddeholms AB, Member of the Executive Board; Villares Metals S.A., Member of the Supervisory Board

» **Dipl.-Ing. Dr. Peter Schwab, MBA**

Head of the Metal Forming Division

Born 1964; Member of the Management Board since 10/01/2014; End of his current term of office: 03/31/2024; Chairman of the Supervisory Board of Austrian Institute of Technology (AIT), Vienna, Austria⁴

Assigned area of responsibility within the Group:

Procurement Strategy

Positions at material subsidiaries² of the voestalpine Group:

voestalpine Metal Forming GmbH, Chairman of the Executive Management Board; voestalpine Stahl GmbH, Member of the Supervisory Board; voestalpine High Performance Metals GmbH, Member of the Supervisory Board; voestalpine Metal Engineering GmbH, Member of the Supervisory Board; voestalpine Automotive Components Dettingen GmbH & Co KG, Chairman of the Advisory Board

» **Dipl.-Ing. Hubert Zajicek, MBA**

Head of the Steel Division

Born 1968; Member of the Management Board since 07/04/2019; End of his current term of office: 03/31/2024

Assigned area of responsibility within the Group:

Raw Materials

Positions at material subsidiaries² of the voestalpine Group:

voestalpine Stahl GmbH, Chairman of the Executive Management Board; voestalpine High Performance Metals GmbH; Member of the Supervisory Board; voestalpine Metal Engineering GmbH, Member of the Supervisory Board; voestalpine Metal Forming GmbH, Member of the Supervisory Board; voestalpine Grobblech GmbH, Chairman of the Supervisory Board; voestalpine Steel & Service Center GmbH, Chairman of the Supervisory Board; Logistik Service GmbH, Chairman of the Supervisory Board; voestalpine Texas LLC, Chairman of the Board of Directors; voestalpine Rohstoffbeschaffungs GmbH, Chairman of the Advisory Board

² The material subsidiaries listed in this Report are the divisions' lead companies as well as subsidiaries of the voestalpine Group with revenue of over EUR 200 million.

⁴ Dipl.-Ing. Dr. Peter Schwab, MBA, was elected to the Supervisory Board of AIT Austrian Institute of Technology GmbH on May 6, 2021, and elected its Chairman as of the same date.

COMPOSITION OF THE SUPERVISORY BOARD

<p>» Dr. Joachim Lemppenau Born 1942</p>	<p>Chairman of the Supervisory Board (since 07/01/2004) Initial appointment: 07/07/1999 Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg, Germany</p>
<p>» Dr. Heinrich Schaller Born 1959</p>	<p>Deputy Chairman of the Supervisory Board (since 07/04/2012) Initial appointment: 07/04/2012 CEO of Raiffeisenlandesbank Oberösterreich AG, Linz, Austria; Second Deputy Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna, Austria; Deputy Chairman of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen, Austria</p>
<p>» KR Dr. Franz Gasselsberger, MBA Born 1959</p>	<p>Member of the Supervisory Board Chairman of the Audit Committee (since 07/03/2019) Initial appointment: July 1, 2004 CEO of Oberbank AG, Linz, Austria; Member of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck, Austria; Member of the Supervisory Board of BKS AG, Klagenfurt, Austria; Member of the Supervisory Board of Lenzing AG, Lenzing, Austria</p>
<p>» Dr. Wolfgang Eder Born 1952</p>	<p>Member of the Supervisory Board Initial appointment: 07/03/2019 Former Chairman of the Management Board of voestalpine AG, Linz, Austria; Chairman of the Supervisory Board of Infineon Technologies AG, Neubiberg/Munich, Germany</p>
<p>» Mag. Ingrid Jörg Born 1969</p>	<p>Member of the Supervisory Board Initial appointment: 07/03/2019 President of Aerospace and Transportation, Constellium Switzerland AG, Zurich, Switzerland</p>
<p>» Dr. Florian Khol Born 1971</p>	<p>Member of the Supervisory Board Initial appointment: 07/03/2019 Attorney at law & partner, Binder Grösswang Rechtsanwälte GmbH, Vienna, Austria</p>
<p>» Mag. Maria Kubitschek Born 1962</p>	<p>Member of the Supervisory Board Initial appointment: 07/03/2019 Deputy Director of the Federal Chamber of Workers/Vienna Chamber of Workers, Vienna, Austria; Member of the Supervisory Board of Vienna Insurance Group AG (Wiener Versicherung Gruppe), Vienna, Austria⁵</p>
<p>» Prof. Elisabeth Stadler Born 1961</p>	<p>Member of the Supervisory Board Initial appointment: 07/03/2019 Chairwoman of the Management Board of Vienna Insurance Group AG (Wiener Versicherung Gruppe), Vienna, Austria; Member of the Supervisory Board of OMV Aktiengesellschaft, Vienna, Austria</p>

⁵ Ms. Mag. Maria Kubitschek resigned her position on the Supervisory Board of Vienna Insurance Group AG (Wiener Versicherung Gruppe) effective September 25, 2020.

Delegated by the Works Council:

» Josef Gritz Born 1959	Member of the Supervisory Board Initial delegation: 01/01/2000 Chairman of the Works Council for Workers of voestalpine Stahl Donawitz GmbH, Donawitz, Austria
» Sandra Fritz Born 1977	Member of the Supervisory Board Initial delegation: 06/15/2019 Member of the Works Council for Salaried Employees of voestalpine AG, Linz, Austria
» Hans-Karl Schaller Born 1960	Member of the Supervisory Board Initial delegation: 09/01/2005 Chairman of the Group Works Council of voestalpine AG, Linz, Austria; Chairman of the European Works Council of voestalpine AG, Linz, Austria
» Gerhard Scheidreiter Born 1964	Member of the Supervisory Board Initial delegation: 01/01/2012 Chairman of the Works Council for Workers of voestalpine BÖHLER Edelstahl GmbH & Co KG, Kapfenberg, Austria

All Supervisory Board positions held by shareholder representatives end as of the close of the Annual General Meeting of voestalpine AG tasked with adopting resolutions regarding the business year 2023/24.

None of the members of the Supervisory Board missed more than one half of the meetings of the Supervisory Board during the past business year.

COMPENSATION REPORT FOR MANAGEMENT BOARD AND SUPERVISORY BOARD

The Austrian Corporate Governance Code was amended in January 2021 to reflect the provisions regarding compensation policies and the compensation report that were incorporated into the Austrian Stock Corporation Act by way of the 2019 Austrian Corporate Law Amending Act (*Aktienrechts-Änderungsgesetz*). In accordance with these new provisions, on June 2, 2020, the Supervisory Board resolved a compensation policy for the members of the Management Board and the members of the Supervisory Board of voestalpine AG and submitted the policy to the Annual General Meeting on July 1, 2020, for resolution.

The business year 2020/21 thus is the first time the compensation of the members of the Management Board and the members of the Supervisory Board will be accounted for as part of the compensation report to be prepared pursuant to Sections 78c and 98a Austrian Stock Corporation Act (*Aktiengesetz – AktG*). This Compensation Report will be submitted to the Annual General Meeting

on July 7, 2021, for a vote and subsequently published on the company's website. In contrast to previous years, therefore, there will be no reporting on compensation as part of the Consolidated Corporate Governance Report.

INFORMATION REGARDING THE INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

Under Rule 53 of the Austrian Corporate Governance Code, the majority of the members elected to the Supervisory Board by the Annual General Meeting shall be independent of the company and its Management Board. The Supervisory Board shall establish and publish criteria regarding such independence (see www.voestalpine.com » Investors » Corporate Governance).

Based on the criteria established by the Supervisory Board, seven of eight members elected to the Supervisory Board by the Annual General Meeting have confirmed that they consider themselves to be independent. The Supervisory Board

member, Dr. Wolfgang Eder, pointed out in his confirmation that, given his position as the Management Board Chairman of voestalpine AG until July 3, 2019, he does not fulfill one of the Supervisory Board's criteria of independence. With the exception of Dr. Heinrich Schaller (who represents the shareholder, Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG) and Ms. Maria Kubitschek (who represents the voestalpine Mitarbeiterbeteiligung Privatstiftung), none of the Supervisory Board members elected by the Annual General Meeting are shareholder members with an investment of more than 10% or represent the interests of shareholders holding stakes in excess of 10% (Rule 54).

As legal counsel to voestalpine AG and its subsidiaries, the law firm of Binder Grösswang Rechtsanwälte GmbH, of which the Supervisory Board member Dr. Florian Khol is a partner, provided legal services in the business year 2020/21 particularly in connection with matters related to corporate and capital market law. Fees for these matters were billed at customary market rates. For the business year 2020/21, total net fees of EUR 23,930 (2019/20: EUR 52,434.33) were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH. The Supervisory Board member, Prof. Elisabeth Stadler, is the Management Board Chairman of Vienna Insurance Group AG (Wiener Versicherung Gruppe – VIG). The voestalpine Group has purchased insurance policies from VIG at terms and conditions customary for the market and industry primarily for the following areas: property/business interruptions, corporate liability, and transportation. VIG accounted for about 36.2% (2019/20: about 33%) of the voestalpine Group's premiums for insurance programs in the business year 2020/21.

COMMITTEES OF THE SUPERVISORY BOARD

The Articles of Association authorize the Supervisory Board to appoint committees from among

its ranks and to define their rights and responsibilities. The committees may also be given the right to make decisions. In accordance with the ratio defined in Section 110 (1) Austrian Labor Constitution Act (*Arbeitsverfassungsgesetz – ArbVG*), the employee representatives on the Supervisory Board have the right to nominate members with a seat and a vote for Supervisory Board committees. At its meeting on June 2, 2020, the Supervisory Board resolved a comprehensive revision of the rules of procedure for the Supervisory Board. The following Supervisory Board committees have been established pursuant thereto:

GENERAL COMMITTEE

The General Committee simultaneously serves as the Nomination Committee as defined in the Code. The Chairman of the Supervisory Board and one or all of his deputies are members of the General Committee. With the exception of matters concerning relations between the company and the members of the Management Board, pursuant to Section 110 (1) ArbVG one or two employee representatives also are members of the General Committee.

The General Committee is responsible for executing, amending, or rescinding director's contracts with members of the Management Board as well as for all matters associated with the administration of Management Board members' stock option plans. As the Nomination Committee, the General Committee submits recommendations to the Supervisory Board concerning potential candidates for positions on the Management and/or Supervisory Board that are becoming vacant. The General Committee is authorized to make decisions in urgent cases.

Members of the General Committee of the Supervisory Board:

- » Dr. Joachim Lemppenau (Chairman)
- » Dr. Heinrich Schaller
- » Hans-Karl Schaller

AUDIT COMMITTEE

The Audit Committee is tasked with the responsibilities set forth in Section 92 (4a) AktG as well as in Rule 40 of the Code. Hence it is responsible for monitoring the financial reporting process; reviewing and monitoring the auditor's independence and supervising their work; reviewing and preparing the approval of the annual financial statements; reviewing the proposal for the appropriation of earnings, the Management Report, and the Consolidated Corporate Governance Report; as well as approving non-audit services. It is also tasked with reviewing the Group's Consolidated Financial Statements and submitting a recommendation for the selection of an auditor. The Audit Committee also is responsible for monitoring the effectiveness of the Group-wide internal control system, Internal Audit, and the Risk Management system as well as for reporting the findings of its reviews to the Supervisory Board.

Members of the Audit Committee of the Supervisory Board:

- » KR Dr. Franz Gasselsberger, MBA (Chairman)
- » Dr. Wolfgang Eder
- » Dr. Joachim Lemppenau
- » Dr. Heinrich Schaller
- » Hans-Karl Schaller
- » Josef Gritz

COMPENSATION COMMITTEE

The Compensation Committee consists of at least two shareholder representatives, including the Chairman of the Supervisory Board. It prepares proposals for the compensation policy applicable to the members of the Management Board and monitors whether the directors' contracts with Management Board members comply with the policy.

Members of the Compensation Committee of the Supervisory Board:

- » Dr. Joachim Lemppenau (Chairman)
- » Dr. Heinrich Schaller
- » Hans-Karl Schaller

NUMBER OF AND SIGNIFICANT CONTENT OF THE SUPERVISORY BOARD AND COMMITTEE MEETINGS IN THE BUSINESS YEAR 2020/21

During the business year 2020/21, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Association; it held five plenary sessions, three meetings of the Audit Committee, and five meetings of the General Committee.

In both the General Committee and the Audit Committee meetings, the Management Board provided comprehensive oral and written information regarding the development of the company's business as well as its financial management and position. The business year 2020/21 was defined by the economic distortions resulting from the COVID-19 pandemic. As part of the Management Board's ongoing reports on the Group's current economic and financial situation, the Supervisory Board thus dealt intensively with the ramifications of this pandemic for voestalpine as well as with the measures the Management Board planned and took in this connection. At its meetings, the Supervisory Board also dealt in detail with scenarios regarding CO₂-reduced steelmaking, the Group's 2025+ Strategy, its sustainability strategy, its qualitative personnel planning including succession planning as well as issues related to innovation and information technology. In particular, both the General Committee and the Supervisory Board dealt with the revision of the rules of procedure for the Supervisory Board and the changes in the compensation policy applicable to the members of the Supervisory Board.

The Audit Committee concerned itself especially with the preparation and review of the company's consolidated and annual financial statements, the auditor's independence as well as topics related to the internal control system, the risk management system, and Internal Audit.

The auditor of the auditing firm, Deloitte Audit Wirtschaftsprüfungs GmbH, attended all meetings of the Audit Committee in the business year 2020/21 and was available for questions and discussions.

Previously, the Supervisory Board had postponed the self-evaluation required under Rule 36 of the Corporate Governance Code, which had been planned for the meeting on March 19, 2020, to the meeting on June 2, 2020, because not all Supervisory Board members were present at the March meeting in person due to the COVID-19 pandemic and the resulting stay-at-home orders and travel restrictions, and because it makes sense to carry out a self-evaluation in a meeting at which all participating members are present in person. The self-evaluation thus took place during the business year 2020/21, specifically, at the Supervisory Board meetings on June 2, 2020, and March 18, 2021.

PRINCIPLES OF THE voestalpine GROUP'S COMPENSATION POLICY

Employees' total compensation takes the form of fixed, market-rate salaries, some of which are supplemented by variable compensation.

The amount of the fixed salaries is based on the activities, role, and position of the given employee as well as on their individual experience and expertise. Any relevant statutory requirements and contracts under collective bargaining agreements or works agreements are complied with as applicable. In the event of supplementary, variable compensation, the amount of the given component of compensation is contingent on the achievement of stipulated targets. Depending on the given employee's role, both qualitative and quantitative targets are agreed. The qualitative targets are usually set for one business year at a time, whereas the quantitative targets are usually

set for one business year at a time and, in part, for a minimum of three years.

Group-wide requirements applicable to managing directors and officers concern the amount of the maximum possible variable compensation and the weighting of the targets. Compensation packages for all other employees are determined by each individual company in line with market conditions, taking into account both local practice and local requirements. Various compensation elements are possible in this connection, including non-monetary components:

- » Pension plans (e.g., the Austrian pension fund)
- » Insurance (e.g., accident insurance)
- » Discounts at the cafeteria
- » Coupons

The compensation packages of managing directors and officers always include variable compensation (bonus) and, in some cases, a pension plan and a company car.

COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Professional suitability (i.e., whether the candidate possesses the requisite competence and experience) and personality traits (e.g., personal integrity) are material criteria in the selection and appointment of Management Board members. In addition, age and gender are also included in the decision-making process. Independent management audits by external advisers that are conducted as necessary ensure that the decisions are also based on objective evaluations. At present, no woman sits on the Management Board of voestalpine AG. The members of the Management Board are between 52 and 63 years of age, possess a range of educational credentials primarily in technical fields as well as broad professional and international manage-

ment experience. The shareholder representatives on the Supervisory Board are elected by the Annual General Meeting in accordance with the applicable statutory framework. At this time, the Supervisory Board includes four women and two non-Austrian nationals. The members of the Supervisory Board are between 50 and 78 years of age and possess a wide range of professional expertise as well as professional and management experience.

STEPS FOR PROMOTING WOMEN

In the business year 2020/21, the percentage of female executives was about 13.6%, a slight increase over the previous year's 12.5%. One woman has been appointed to a divisional management position since the business year 2013/14.

As part of internal leadership development efforts, great importance is placed on continuing to increase the percentage of female participants. The Group thus makes it a point to ensure that women are represented at each training level of the Leadership Development Program ("value:program"). Due to the COVID-19 pandemic and the associated governmental restrictions and/or internal security measures, no new iterations of the value:program were launched during the business year 2020/21. Programs that had already been started, however, were completed in the course of the business year by switching individual modules to a digital format.

Overall, the percentage of women in the voestalpine Group in the business year 2020/21 was 14.8% (previous year: 14.7%). There are industry-specific, historical, and cultural reasons for this percentage—which remains low compared with other industries. In the public's consciousness, the image of a steel and technology Group still

conforms to the image of the heavy industry, with the result that broad-based recruitment of female employees is a challenging undertaking. Nonetheless, the percentage of women in the voestalpine Group among salaried employees up to the age of 30 has now reached about 39.8%; despite all of our efforts, however, among workers women still only account for a mere 7.9%.

None of the Group companies have explicit "female quotas." Instead, the voestalpine Group generally strives to raise the percentage of women in the Group at all levels in the long term through appropriate measures. This includes a number of activities, some of which are country-specific: e.g., participation in the "Girls' Day," the specific advancement of women in technical trades requiring apprenticeships, and/or boosting the hiring of female graduates of technical schools and universities. In addition, the establishment and expansion of in-house child care facilities and/or collaborations with external facilities is being accelerated. Such facilities and collaborations can be found at the Group's plants in Linz and Leoben/Donawitz, Austria, for instance. These offerings are supplemented by flexible work and shift models; enhanced technical training geared to women; enhanced qualifications for apprentices and assistants; mentoring programs; special health programs; guidance on equality and non-discrimination; and so forth. Thanks to these efforts, by now women are also employed in leadership positions in traditionally male-dominated, technical areas of the company. Women also occupy executive positions in the financial, legal, strategic, communications, and human resources departments in a number of Group companies.

As part of the annual Human Resources Report, data on the percentage of women in executive positions is regularly collected and analyzed based on qualifications and training programs for the purpose of monitoring the long-term impact of all measures.

EXTERNAL EVALUATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Austrian Corporate Governance Code provides for a regular external evaluation of the company's compliance with the Code. This evaluation was carried out by the Group's auditor as part of the audit of the 2020/21 financial statements. The review did not bring to light any facts and circumstances that would cause us to assume that the company's Consolidated Corporate Governance Report does not comply with material

aspects of the Code. Compliance with the Code's C rules pertaining to the auditor (Rules 77 through 83) was reviewed and confirmed by the law firm, WOLF THEISS Rechtsanwälte GmbH & Co KG.

The External Review Reports may be viewed on the company's website, www.voestalpine.com.

Linz, Austria, May 20, 2021

The Management Board

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

Hubert Zajicek

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

COMPLIANCE

CODE OF CONDUCT

In its business segments, voestalpine is a globally leading steel and technology group with a unique combination of materials and processing expertise. With its top-quality products and system solutions, voestalpine is a leading partner to the automotive and consumer goods industries as well as to the aerospace and oil & natural gas industries. The company also is the world market leader in railway systems, tool steel, and special sections. As a reliable partner, voestalpine not only takes ownership of the challenges facing its customers, but also is fully aware of its particular responsibilities in its dealings with customers, suppliers, and other business partners as well as with its employees and shareholders. Consequently, in all of their professional actions and decisions both the executive and the non-executive personnel must comply with all statutory and other external requirements as well as with all internal rules and regulations applicable to voestalpine AG and its Group companies. This understanding is expressed in the Code of Conduct of voestalpine AG, which provides the basis for the morally, ethically, and legally sound conduct of all of the Group's employees. The Management Board explicitly and emphatically commits to both this Code of Conduct and a zero-tolerance policy toward violations thereof.

COMPLIANCE MANAGEMENT SYSTEM

A new, comprehensive Compliance management system encompassing risk analysis/prevention and identification/reaction was established in the voestalpine Group during the business year 2011/12, thus placing Compliance on a very broad, Group-wide basis. In addition to a Group Compliance Officer, additional Compliance officers have been appointed for all divisions and a number of business units as well as larger Group

companies. The Group Compliance Officer reports directly to the Chairman of the Management Board, but is not bound by instructions.

The Compliance organization is responsible for the following areas:

- » Antitrust law;
- » Corruption;
- » Compliance with capital market regulations;
- » Fraud (internal cases of theft, fraud, embezzlement, breach of trust);
- » Conflicts of interest; and
- » Special issues that are assigned to the Compliance officers by the Management Board of voestalpine AG (e.g., UN or EU sanctions).

All other Compliance issues—e.g., environmental law, taxes, accounting, labor law, protection of employees or data—are not part of the Compliance officers' sphere of responsibility. These Compliance issues are handled by other organizational units.

COMPLIANCE GUIDELINES

The provisions of the Code of Conduct are supplemented and fleshed out by Group guidelines as follows:

» ANTITRUST LAW

This guideline describes the prohibition of agreements restricting competition; establishes rules for dealing and interacting with industry associations, professional associations, and/or other sector organizations; and defines particular rules of conduct for employees of the voestalpine Group.

» BUSINESS CONDUCT

Among other things, this guideline regulates conduct relative to gifts, invitations, and other benefits; donations, sponsoring, and secondary

employment; as well as private purchases of goods and services by employees from customers and suppliers.

» GUIDELINE ON DEALINGS WITH BROKERS AND CONSULTANTS

This guideline prescribes the procedure to be followed prior to contracting with or engaging sales representatives, marketing and other consultants, or lobbyists. An objective analysis of business partners' environment and scope of activities before establishing business relationships with them serves to ensure that the business partners also comply with both applicable law and the voestalpine Code of Conduct.

The Code of Conduct is available in 21 languages, and the Compliance Guidelines in 14. The entire body of Compliance rules and regulations applies Group-wide.

PREVENTION

Preventive measures are the first line of defense of an efficient Compliance management system. Comprehensive training programs to that end have been carried out across the Group in recent years. E-learning systems, in particular, are increasingly being used in addition to face-to-face training in order to achieve the broadest possible training effect. For example, to date web-based courses have been used to train some 12,700 Group employees in antitrust law and 27,200 employees with respect to the Code of Conduct; learning outcomes were verified through final tests. Face-to-face training is tailored to target groups, for one, and generally carried out as part of executive training programs and in connection with specific training programs for non-executive employees in sales and procurement, for another. In the business year 2020/21, the COVID-19 pandemic and the resulting governmental restrictions and/or internal protection and

security measures made it largely impossible to carry out such face-to-face training; it was replaced by training via video conference only in part. Over and above these measures, Compliance issues are repeatedly brought to the attention of voestalpine's personnel through regular communications, especially employee magazines and poster campaigns or in the context of Group and divisional events.

» Information on the subject of Compliance in the voestalpine Group is also available on the website of voestalpine AG and, specifically for employees, on the Group's intranet.

WHISTLEBLOWING SYSTEM

A web-based whistleblower system was launched in January 2012. Reports of Compliance violations should be made openly for the most part, i.e., divulging the whistleblower's name. This web-based system, however, offers the additional possibility of reporting misconduct anonymously and of communicating with whistleblowers in ways that allow them to remain completely anonymous. It is thus designed to systematically utilize internal information for the purpose of identifying Compliance risks in the Group early on and effectively.

CONSOLIDATED MANAGEMENT REPORT 2020/21

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 (UGB).

CORPORATE GOVERNANCE REPORT

The consolidated Corporate Governance Report for the business year 2020/21 was published on voestalpine AG's website under the "Investors" tab.

» The full link is

<http://www.voestalpine.com/group/en/investors/corporate-governance>

REPORT ON THE GROUP'S BUSINESS PERFORMANCE AND ECONOMIC SITUATION

Globally, the COVID-19 pandemic shaped economic developments during the business year 2020/21. The major economies were confronted with sharp economic declines, particularly in the business year's first quarter, before rebounding as time went on. While the recovery took hold at different rates across different regions, it withstood subsequent waves of the COVID-19 pandemic during which infection rates were significantly higher than at the outset. In particular, the manufacturing industry rebounded well worldwide, whereas many areas of the service industry remained under pressure throughout the reporting period due to the pandemic.

The global search for vaccines against the COVID-19 virus came to fruition in the third quarter of the business year 2020/21, and several pharmaceutical groups developed effective vaccines. Progress in the ensuing campaign to immunize populations proceeded differentially

across regions. Along with adaptation to the social rules adopted earlier to contain the pandemic, however, the vaccination drive substantially boosted economic sentiment across wide areas toward the end of the business year. The Global Composite PMI™ rose to its highest level in six years during this phase.

EUROPE

The first quarter of the business year 2020/21 delivered an economic shock that affected large swaths of Europe. Almost all countries imposed state-mandated lockdowns in reaction to the onset of COVID-19, restricting public life in order to contain the pandemic. Initially, these measures did indeed make it possible to control infection rates fairly well and enabled some areas to return to a semblance of "normalcy" over the Northern summer, subject to certain restrictions. A strong rebound in private consumption ensued immediately, followed a little while later by a substantial recovery in industrial production.

After the Northern summer, the number of infections rose dramatically yet again in almost all European countries. By the end of the reporting period, this had resulted in a second wave that could no longer be tamped down to the levels recorded over the summer. Most countries reacted yet again by imposing restrictions on social life as well as by shutting down large swaths of commerce and the leisure industry. In contrast to the first lockdown, however, the new restrictions did not encompass the manufacturing sector and the construction industry, with the result that the summer's uptrend in both areas solidified

significantly over the course of the business year 2020/21.

Given the serious economic fallout from the state-mandated restrictions, most governments quickly enacted support programs to forestall a tidal wave of bankruptcies. The European Central Bank (ECB) responded rapidly as well and, among other things, set up a Pandemic Asset Purchase Program (PEPP) that was expanded to the enormous amount of EUR 1.85 trillion during the company's final business quarter. This quickly gave European member states financial leeway despite their growing sovereign debt. The European Union's EUR 750 billion Recovery Fund was put in place to boost investments.

In the EU, COVID-19 vaccines were not licensed until the end of the third quarter of the business year 2020/21. The campaign to immunize people using these vaccinations started in the last business quarter. There were many setbacks. Despite the delays and organizational difficulties during the ramp-up phase, on the whole the vaccination drive did substantially improve prevailing sentiment—both among the public and economically speaking.

The voestalpine Group, which generates approximately two-thirds of its revenue in Europe, had to contend with massive business losses in the first quarter of the business year 2020/21. The first lockdown in Europe led to cuts in many areas and even to weeks-long production shutdowns as, for example, in the European automotive industry. In this environment, voestalpine availed itself of governmental support programs; of these, the short time work program turned out to be one of the most effective.

The economy consolidated rapidly at the start of the Northern summer, and almost all markets of the voestalpine Group rebounded during the second business quarter. Demand for voestalpine's products continued to rise in the second half of the business year 2020/21 despite new lockdowns in many markets, and it accelerated yet further toward the end of the reporting period due to the marked increase in people's savings and the considerable improvement in people's mood.

Yet these positive developments did not touch the aerospace industry and the oil and natural gas sectors. The latter did not show any signs of recovering until the company's fourth business quarter.

NORTH AMERICA

In North America, specifically, the United States, the COVID-19 pandemic triggered an unprecedented economic recession in the first quarter of the business year 2020/21. By contrast to Europe, however, no nationwide lockdown was put in place. In turn, this kept economic sentiment and momentum a bit more afloat than in Europe. Toward the end of the first business quarter, consumer spending recovered quite quickly and dynamics accelerated further as the year wore on. But the general momentum fluctuated over the reporting period as a result of both the rates of infection and regionally divergent actions aimed at fighting the pandemic. The labor market also began to rebound quite early in the business year and followed a steady, positive trajectory despite seasonal volatility. Over all, the service sector took a much greater economic hit from the COVID-19 pandemic than the productive sector, which saw substantially positive development during this period. The construction industry's trajectory was particularly robust.

The successful development of COVID-19 vaccines by pharmaceutical companies based in the United States as well as the U.S.'s rapid and extremely efficient immunization campaign boosted economic sentiment in the country yet further toward the end of the business year.

The Federal Reserve (Fed) switched to crisis mode early on by enacting a massive easing of monetary policy and putting in place emergency lending programs. In addition, it introduced the new pillars of its strategy which, besides inflation and stability targets, also puts the development of the labor market front and center for the very first time.

At the political level, the struggle to deal with the economic crisis initially took place in the context of the presidential election campaign. Compared

with the European crisis intervention programs, in North America state support for the economy remained rather modest. After winning both the presidential election and the majority in both houses of Congress, however, the Democrats presented the historic, USD 1.9 trillion “American Rescue Plan.” It will be accompanied by the longer-term “American Jobs Plan,” a USD 2.3 trillion infrastructure program that aims to fight unemployment.

This hodgepodge of successful vaccination drive, the Fed’s supportive monetary policy, massive governmental support programs as well as (just as in Europe) consumers’ substantially higher savings actually got things moving. All of it clearly boosted economic sentiment yet further in the fourth quarter of the business year 2020/21, but it also led for the first time in years to a debate on rising inflation expectations.

The environment sketched out above affected the voestalpine Group’s North American companies differently depending on the market segment. Just as in Europe, the U.S. automotive industry had shut down production completely for several weeks during the business year’s first quarter, but it rapidly found its footing again as the year wore on and met with very good demand toward the end of the reporting period. Neither aerospace nor the oil and natural gas industry exhibited any signs of recovering during this time. Those voestalpine Group companies that focus on consumer and capital goods performed solidly throughout the business year 2020/21. The voestalpine Group benefited from the excellent economic environment of the U.S. construction industry especially with respect to storage technology.

SOUTH AMERICA/BRAZIL

The COVID-19 pandemic hit Brazil, the most relevant country on the South American continent for the voestalpine Group, a bit later than elsewhere. As a result, the country’s economic development on the whole and capacity utilization at voestalpine’s facilities in Brazil were still good at the start of the reporting period. But the economic meltdown occurred here, too, in the course of the first business quarter. In managing the pandemic, the Brazilian government has avoided placing far-reaching governmental restrictions on the economy. Support measures that it enacted for the benefit of the country’s population helped to mitigate the recession. The second quarter of

the business year 2020/21 saw a noticeable economic rebound, with the momentum continuing to accelerate through the end of the reporting period. The government’s response to the renewed, sharp increase in the number of COVID-19 infections during this quarter was limited to regional restrictions yet again. The economic momentum remained solid during the subsequent business quarter and did not flatten until the end of the business year’s fourth quarter when industrial companies shut down production in part owing to very high numbers of infections.

The Brazilian facilities of the voestalpine Group were differently affected by the pandemic’s ramifications and initially had to adjust their production rates to the weakened demand. Following the Southern summer, however, order levels recovered and gradually improved through the end of the reporting period. Due to the extreme increase in the rates of infection during the fourth quarter of the business year 2020/21, however, individual customers curtailed production and limited logistics.

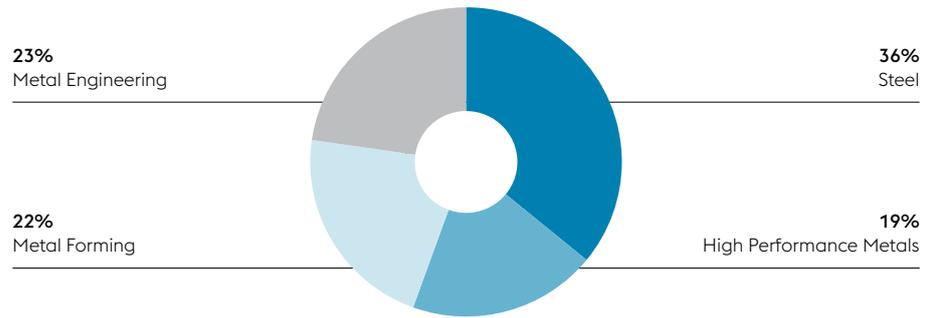
ASIA/CHINA

China, the first country in Asia to be exposed to COVID-19, was already affected during the final quarter of the business year 2019/20. The country’s political culture made it possible to bring the pandemic under control quite quickly using a rigorous approach, including massive restrictions on people’s individual liberties. Following several weeks of complete lockdowns of vast regions, the country started a coordinated effort even before the end of the business year 2020/21 to ramp up economic activity. China did not see any new, isolated clusters of COVID-19 infections until the end of the reporting period. They, too, were quickly brought under control and did not hamper the country’s economic development.

Moreover, China’s central government intensified state-sponsored capital spending programs in both infrastructure and real estate; this succeeded soon in returning the economy to a growth trajectory, which industry and private consumers alike immediately embraced. In contrast to other large economic regions, the country’s economic momentum was not contingent on the availability of effective vaccines, although China itself had already developed an effective COVID-19 vaccine early on. Against this backdrop, the country succeeded in generating positive economic

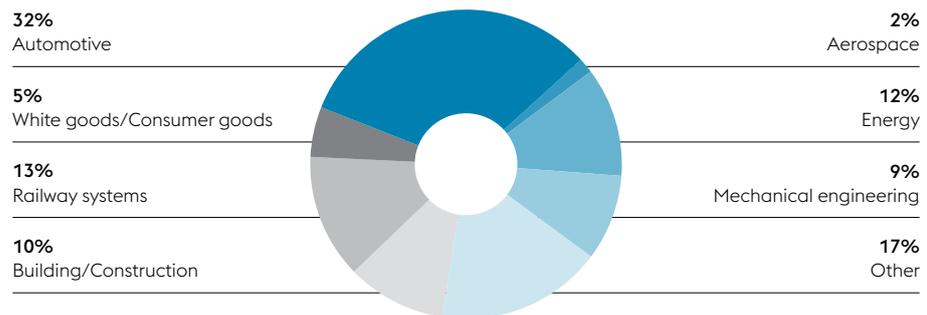
REVENUE BY DIVISIONS

As percentage of total divisional revenue, business year 2020/21



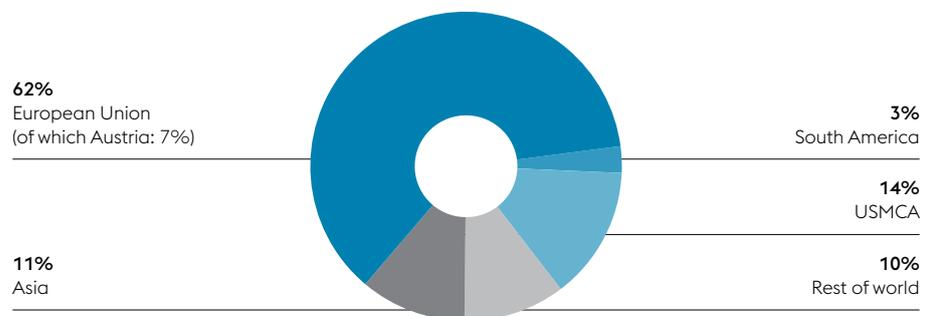
REVENUE BY INDUSTRIES

As percentage of Group revenue, business year 2020/21



REVENUE BY REGIONS

As percentage of Group revenue, business year 2020/21



growth of more than 2% during the calendar year 2020 that plunged the rest of the world into a deep recession.

Given these parameters, voestalpine's entities in China achieved production levels at the start of the business year 2020/21 equivalent to those prior to the outbreak of the COVID-19 pandemic and succeeded in generating further growth throughout the reporting period.

The fact that the Chinese steel industry produced record levels of crude steel yet again was a knock-on effect of the country's comprehensive construction and infrastructure program. As a result, China became the world's largest consumer of iron ore by far, thus driving demand for it in the world market. In turn, this triggered a ferocious increase in iron ore prices during the business year 2020/21 irrespective of the strong, worldwide recession that saw temporary shutdowns of steel production capacities in both Europe and North America. This effect was intensified by the fear that the pandemic might lead to delivery shortfalls from iron ore producers such as Brazil. Following a short period during which global iron ore prices eased a bit during the Northern summer, prices tightened yet again over the business year's second half as production capacities were ramped up anew in Europe's and North America's steel industry, hitting a ten-year record high toward the end of the reporting period.

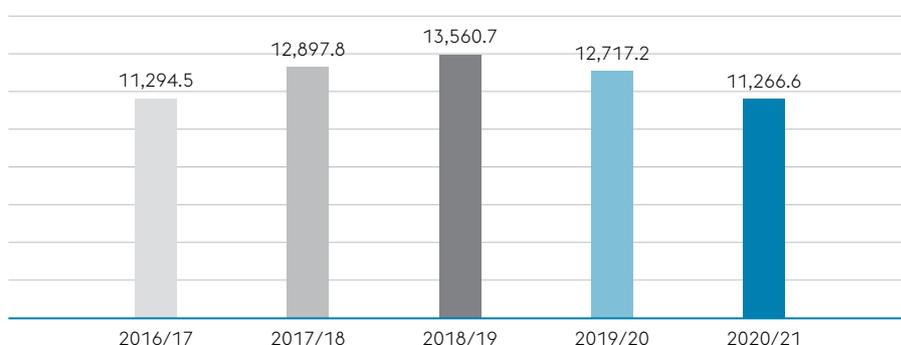
REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP

REVENUE

As the analysis of the voestalpine Group's revenue performance during the reporting period shows, the negative ramifications of the COVID-19 pandemic impacted the business year 2020/21 the most early on. The meltdown in revenue during the first quarter resulted directly from the measures that were put in place worldwide to contain the pandemic. Both the Steel Division and the Metal Forming Division were those of the Group's units that had to contend with the biggest revenue declines during this phase because they focus the most on the automotive industry—the Group's customer segment that was hit the hardest. Yet these two divisions also delivered the strongest recovery within the voestalpine Group in subsequent quarters. The High Performance Metals Division posted the highest decline in revenue for the business year on the whole because it is exposed the most to the structural weaknesses of both the energy sector and the aerospace industry. Although a pronounced rebound followed the extremely difficult conditions in the reporting period's first quarter, year over year the voestalpine Group's revenue for the business year 2020/21 fell by 11.4% to EUR 11,266.6 million (2019/20: EUR 12,717.2 million).

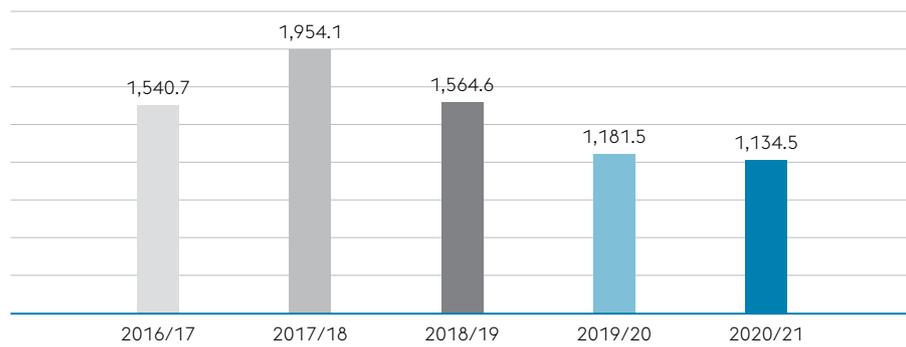
REVENUE OF THE voestalpine GROUP

In millions of euros



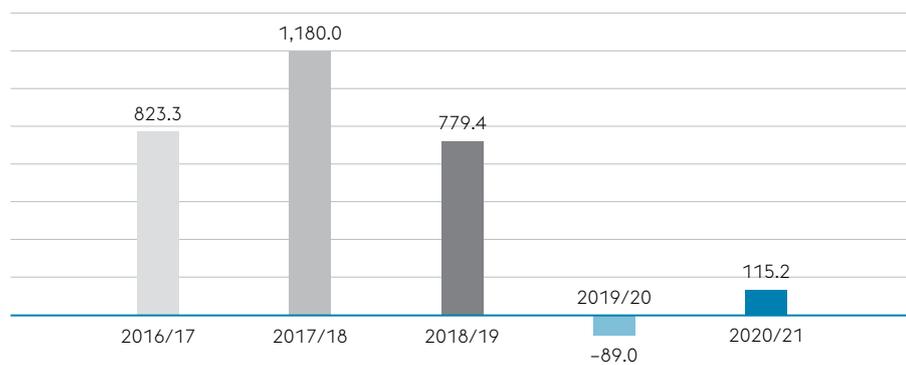
EBITDA

In millions of euros



EBIT

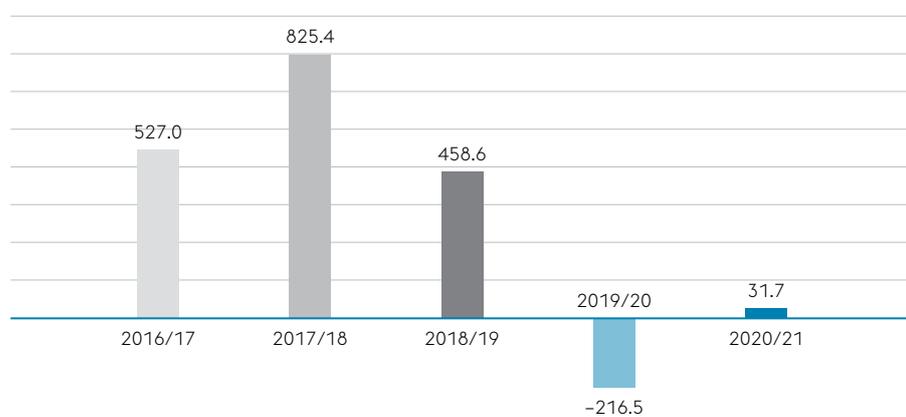
In millions of euros



PROFIT AFTER TAX

In millions of euros

Before deduction of interest on hybrid capital (where relevant) and non-controlling interests.



EPS – EARNINGS PER SHARE

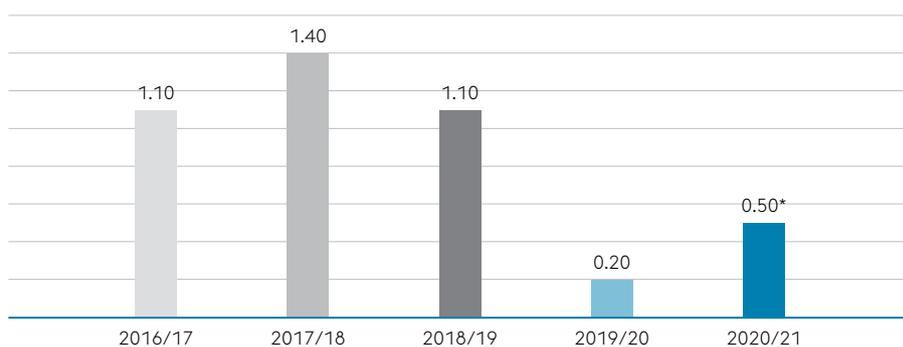
In euros



DIVIDEND PER SHARE

In euros

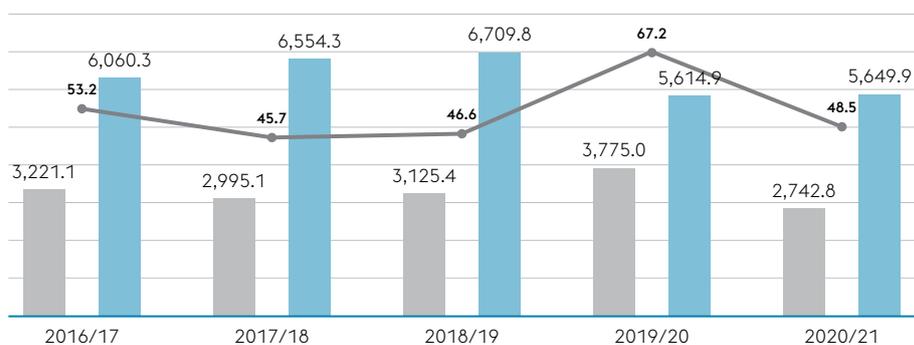
* As proposed to the Annual General Meeting.



NET FINANCIAL DEBT – EQUITY – GEARING RATIO

In millions of euros

■ Net financial debt ■ Equity — Gearing (in %)



NON-RECURRING EFFECTS

Negative non-recurring effects impacted voestalpine's earnings figures for both the previous business year and the reporting period. In the business year 2019/20, this included impairment losses as well as a total of EUR 83 million in one-time effects that lowered EBITDA, most of them attributable to the High Performance Metals Division. In addition, the impairment losses taken in the business year 2019/20 reduced the voestalpine Group's EBIT by EUR 402 million. While these impairment losses affected all four divisions, the Steel Division accounted for some 60% thereof.

The impairment losses of EUR 197 million recognized in the business year 2020/21 impacted EBIT mainly in the second quarter and were allocable to the following companies: voestalpine Texas (EUR 163 million), voestalpine Tubulars (EUR 25 million), and voestalpine Special Wire (EUR 9 million). The voestalpine Group's ad-hoc notification dated October 22, 2020, announced the impairment losses on assets based on expected earnings as of the close of the business year 2020/21, which largely result from global disparities associated with the COVID-19 pandemic as well as from necessary adjustments of the Group's medium-term earnings forecasts.

OPERATING INCOME

Similarly to revenue, the voestalpine Group also saw a marked upturn in earnings over the reporting period's individual quarters. For the business year 2020/21 on the whole, at 4.0% the decline in EBITDA to EUR 1,134.5 million (2019/20: EUR 1,181.5 million) is moderate, given the negative consequences of COVID-19. Aside from the non-recurring effects in the previous business year, this is due especially to the strict cost control measures in all four divisions. To the extent available and suitable, the Group also availed itself of governmental support programs such as short time work. This approach enabled numerous production units that faced foreseeable lower capacity utilization over a limited time to achieve effective flexibility of fixed costs. Structural cuts, by contrast, were implemented at those facilities that are exposed to the negative fallout from the COVID-19 pandemic in the longer term.

The voestalpine Group succeeded in generating positive EBIT during the reporting period. While

the Group's EBIT for the business year 2019/20 was EUR -89.0 million (margin of -0.7%), EBIT for the business year 2020/21 is EUR 115.2 million (margin of 1.0%). This positive outcome stems chiefly from the robust recovery in the reporting period's second half. Its first half still saw highly negative results on account of the extremely difficult conditions at the beginning as well as the impairment losses that had an adverse effect on EBIT largely in the second quarter.

PROFIT BEFORE TAX AND PROFIT AFTER TAX

Based on net financial income of EUR -104.4 million (2019/20: EUR -141.3 million), the profit before tax for the business year 2020/21 is slightly positive at EUR 10.8 million (2019/20: EUR -230.3 million). At EUR 31.7 million (2019/20: EUR -216.5 million), the voestalpine Group also succeeded in improving its profit after tax. A positive tax expense of EUR 20.9 million is shown in the Consolidated Income Statement for the business year 2020/21, compared with EUR 13.8 million for the business year 2019/20.

PROPOSED DIVIDEND

A dividend of EUR 0.50 per share will be paid to the company's shareholders subject to approval by the Annual General Meeting of voestalpine AG, which will take place on July 7, 2021. This represents an increase of 150% over the previous year's dividend of EUR 0.20 per share. Notwithstanding the adverse market conditions arising from the COVID-19 pandemic early on, the company thus succeeded in substantially raising the dividend for the business year 2020/21. Relative to the earnings per share of EUR 0.24 reported in accordance with IFRS (previous business year: EUR -1.24), the current proposal equates to a distribution ratio of 208.3%. Relative to voestalpine's average share price of EUR 24.51 in the business year ended, the dividend yield is 2.0%.

CASH FLOWS

Cash flow generation in the reporting period was highly positive, as underscored by the voestalpine Group's strong ability to fund itself internally even in a difficult market environment. In the business year 2020/21, the cash flows from operating activities rose significantly to EUR 1,633.5 million (2019/20: EUR 1,304.0 million). The successful implementation of the steps the company took to reduce working capital by EUR 633.3 million

over the reporting period were key to its excellent performance in this respect. This followed the reduction in working capital by EUR 433.9 million that had already been achieved in the business year 2019/20. Investing activities during the business year 2020/21 were highly selective, with the result that investments in other intangible assets as well as property, plant and equipment were EUR -599.3 million, down from EUR -747.9 million in the previous business year. No noteworthy acquisitions were made in the business year 2020/21 following the Group's already reduced acquisition activity in the business year 2019/20. While the item, "additions to/divestments of other financial assets," was positive in the previous business year (EUR 108.8 million), it is negative in the reporting period (EUR -84.1 million). Based on these figures, the cash flows from investing activities changed from EUR -606.8 million in the business year 2019/20 to EUR -665.8 million in the business year 2020/21. The cash flows from Group financing activities in the reporting period are EUR -595.6 million (2019/20: EUR -374.3 million). In sum, cash and cash equivalents rose in the business year 2020/21 by EUR 372.1 million (increase in 2019/20: EUR 322.9 million).

GEARING RATIO

The gearing ratio (net financial debt as a percentage of equity) improved year over year, from

67.2% as of March 31, 2020, to 48.5% as of March 31, 2021. As a result, the Group not only met its gearing ratio target of no more than 50% but also managed to slightly surpass it. Given its good working capital performance and the lower expenditures for both investments and acquisitions, the voestalpine Group substantially reduced its net financial debt during the reporting period. At EUR 2,742.8 million as of March 31, 2021, not only did the Group bring the gearing ratio down significantly year over year, it also brought it to the lowest level since the business year 2014/15. As of March 31, 2021, equity is EUR 5,649.9 million and thus fairly stable (March 31, 2020: EUR 5,614.9 million).

HUMAN RESOURCES

Adjustments to personnel already had to be made toward the end of the business year 2019/20 in response to COVID-19, and the challenging economic environment made further cuts necessary at the start of the business year 2020/21. Given the economic rebound, however, the number of employees rose slightly in the reporting period's fourth quarter. On the whole, as of the close of the business year 2020/21 the voestalpine Group had 48,654 employees (FTE) and thus 2.1% less year over year (2019/20: 49,682).

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	03/31/2020	03/31/2021
Financial liabilities, non-current	3,889.7	2,846.2
Financial liabilities, current	754.1	1,220.7
Cash and cash equivalents	-794.7	-1,159.7
Other financial assets	-55.4	-145.3
Loans and other receivables from financing	-18.5	-19.1
Net financial debt	3,775.0	2,742.8

QUARTERLY DEVELOPMENT OF THE voestalpine GROUP

In millions of euros	1 st quarter 2020/21	2 nd quarter 2020/21	3 rd quarter 2020/21	4 th quarter 2020/21	BY		Change in %
					2020/21	2019/20	
Revenue	2,397.3	2,712.8	2,861.0	3,295.5	11,266.6	12,717.2	-11.4
EBITDA	157.8	237.2	287.9	451.6	1,134.5	1,181.5	-4.0
EBITDA margin	6.6%	8.7%	10.1%	13.7%	10.1%	9.3%	
EBIT	-48.7	-166.3	81.3	248.9	115.2	-89.0	
EBIT margin	-2.0%	-6.1%	2.8%	7.6%	1.0%	-0.7%	
Profit before tax	-74.4	-193.1	57.0	221.3	10.8	-230.3	
Profit after tax ¹	-69.7	-206.1	116.5	191.0	31.7	-216.5	
Employees (full-time equivalent)	47,894	47,917	47,871	48,654	48,654	49,682	-2.1

¹ Before deduction of interest on hybrid capital (where relevant) and non-controlling interests.

STEEL DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

For the Steel Division, the spread of the COVID-19 pandemic in Europe and the resulting lockdowns triggered meltdowns in demand across almost all of its customer segments at the start of the business year 2020/21. The division responded to this very serious development by intensifying cost and efficiency measures, launching a sales campaign, and temporarily shutting down one blast furnace to cut production capacity. Demand from the European steel market began to rebound after the Northern summer of 2020 and developed into a boom of sorts by the end of the reporting period.

The **consumer goods and white goods industries** did well even during the difficult first phase early in the business year, and they returned to comfortable demand levels quite quickly. In and of themselves, the lockdowns resulted in strong demand for new household appliances and devices, which continued unabated through to the close of the reporting period.

The **construction industry** presented a similar picture. It had to contend with construction site closures during the first lockdown in the Northern spring of 2020 but rapidly returned to the solid position it had occupied prior to the spread of COVID-19 as early as during the Northern summer. After dipping slightly for seasonal reasons during the Northern winter, demand returned

to a high level by the end of the business year 2020/21.

While the European **automotive industry** had to enact major production shutdowns in April 2020, production was ramped up again incrementally in May and June. The initially slow rebound developed considerable momentum over the remainder of the reporting period. As a result, the automotive segment soon started to see orders return to the levels prevailing prior to the outbreak of the pandemic. The division's rapid and strong recovery was also driven by the need to replenish supply chains, given the sharp inventory reductions during the shutdowns over the Northern summer. However, inventories had not yet returned to normal levels by the end of the business year 2020/21 because the demand for cars rose more strongly and quickly than had generally been expected. Premium manufacturers, in particular, who also serve markets in North America and Asia, benefited from the positive market momentum in those areas. The unexpectedly strong rebound in demand triggered delivery bottlenecks in the semiconductor industry, with the result that automotive production had to be curtailed a bit during the business year's final months owing to the lack of electronic parts. Demand for high-quality steel in vehicle production remained very high nonetheless.

Aside from the sharply contracting economy in Europe, the **mechanical engineering industry** was also hammered by the limitations on travel to its

traditional export markets which, in turn, caused a dramatic drop in demand during the first six months of the business year 2020/21. While it did not begin to recover until the end of calendar year 2020, by the final business quarter the market situation was very good in this segment, too.

The **energy industry**—a key market of the heavy plate product segment—came under extreme pressure on the whole. Aside from the weakening of demand on account of COVID-19, this was mainly attributable to the very low level of investments in the face of low oil prices. This situation did not noticeably improve during the remainder of the business year 2020/21. Thanks to its focus on special applications, however, the heavy plate product segment managed to offset some of the declines arising from the unfavorable market conditions.

Owing to the meltdown in demand, production capacities at the division's plant in Linz, Austria, had to be adjusted in the first few months of the reporting period, and a small blast furnace had to be shut down temporarily. It was fully started up again in September 2020 thanks to the division's focused working of the market and flexible approaches to production. The price of iron ore continued to rise during the business year 2020/21 despite the deep, global market distortions arising from the COVID-19 pandemic. This is rooted in the fact that China has developed into the world's biggest steel producer. China succeeded in containing the pandemic within a fairly short time and used state-sponsored investment projects to drive the country's production of crude steel to new highs. Coal, scrap, and energy are the other critical input materials required for the production of steel. Initially, the prices of these raw materials fell in response to the capacity cut-backs outside of China. The fact that steel production had once again expanded in Europe and North America caused prices to increase substantially toward the end of the reporting period, particularly those of scrap and iron ore.

While steel prices in the European spot market had fallen at the start of the business year 2020/21 due to shrinking demand, they stabilized in the Northern summer and then quickly and significantly climbed again during the business year's third quarter, developing yet more momentum through to the end of the reporting period. In the main, this was due to the unexpectedly rapid rebound in demand for steel and the fact that the ramp-up of production in Europe, where steel plants had been shut down, was delayed and sluggish in part. Add to that increases in raw material costs coupled with the low availability of steel imports on account of similar shortages of steel in North America and the highly dynamic steel market in China.

At the start of the business year 2020/21, the Steel Division also had to contend with price declines in its short and medium-term business. The structure of its existing contracts, however, ensured not only that the price declines were smaller than those in the spot markets but also that the price increases in the reporting period's second half did not take hold in the spot markets until after a minor delay.

Given the steel production curtailments in both North America and Europe, the Group's direct reduction plant in Texas, USA, was confronted with sharply lower demand during most of the first half of the business year 2020/21. Its success in acquiring new customers in the Far East enabled it to offset this weakness only in part. Thanks to stronger demand for steel in North America and the associated increase in the prices for input materials such as hot briquetted iron (HBI), however, the market environment improved significantly during the business year's second half.

FINANCIAL KEY PERFORMANCE INDICATORS

The Steel Division's key performance indicators (KPIs) for the business year 2020/21 mirror the meltdown at the year's beginning and the subsequent improvement through to its end. Division revenue for the business year 2020/21 declined by 7.7% to EUR 4,216.7 million year over year (2019/20: EUR 4,570.5 million). Roughly one half of this decrease is due to the reduction in delivery volumes. Add to that slightly lower prices as well as the fact that, compared with the previous business year, deliveries of high-priced heavy plate products accounted for a smaller share of the overall product mix.

The Steel Division's EBITDA for the business year 2020/21 is EUR 486.6 million (margin of 11.5%) and thus almost stable year over year (2019/20: EUR 494.0 million, margin of 10.8%). Strict cost management and slightly lower expenditures for raw materials largely offset both the decline in sales and slightly lower contract prices. State-sponsored short time work options helped to buttress these measures. Just as with respect to revenue, the division's EBITDA improved as well over the course of the reporting period after the sharp downturn early on.

The Steel Division's EBIT was impacted by non-recurring effects both in the reporting period and in the previous business year. A total of EUR 240 million in impairment losses were taken on the division's direct reduction plant in Texas, USA, as well as the Foundry Group (cast steel) in the business year 2019/20. A total of EUR 163 million in impairment losses were taken on the Texas direct reduction plant for the business year 2020/21. But the division posted positive EBIT of EUR 9.2 million (margin of 0.2%) for the reporting period

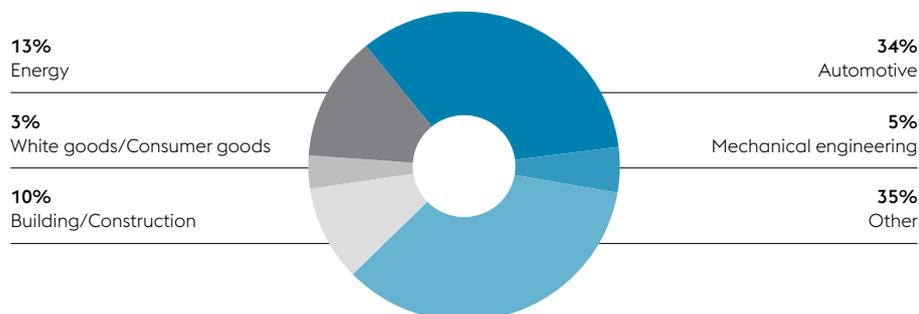
nonetheless, compared with EBIT of EUR –100.6 million (margin of –2.2%) for the previous business year.

The quarter-on-quarter comparison (QoQ) of the third and fourth quarters of the business year 2020/21 confirms the Steel Division's unequivocal upward trajectory. Division revenue climbed in the fourth quarter by 11.9% to EUR 1,260.3 million, up from EUR 1,125.9 million in the third. Because a large number of customer contracts is usually renegotiated at the start of a calendar year, higher prices were realized in the reporting period's fourth quarter. These price increases resulted from the significant increase in demand for the division's steel products after the Northern summer, which was also driven by the sharp increases in iron ore prices. Besides full capacity utilization in the fourth quarter of the business year 2020/21, the positive market environment also helped to boost deliveries by 7% compared with the third quarter. On the whole, the Steel Division's EBITDA improved QoQ by 47.3%, from EUR 131.4 million in the third quarter to EUR 193.6 million in the fourth; the EBITDA margin rose accordingly from 11.7% to 15.4%. The increase in EBIT was even more pronounced: It skyrocketed by 162.3%, from EUR 49.1 million to EUR 128.8 million, causing the EBIT margin to soar from 4.4% to 10.2%.

Following a reduction in the number of employees (FTE) during the first quarter of the business year 2020/21 due to the difficult market environment, the number of employees rose again slightly during the subsequent quarters in tandem with improved capacity utilization. Hence the Steel Division had 10,461 employees as of March 31, 2021, returning it more or less to the level of 10,419 as of March 31, 2020.

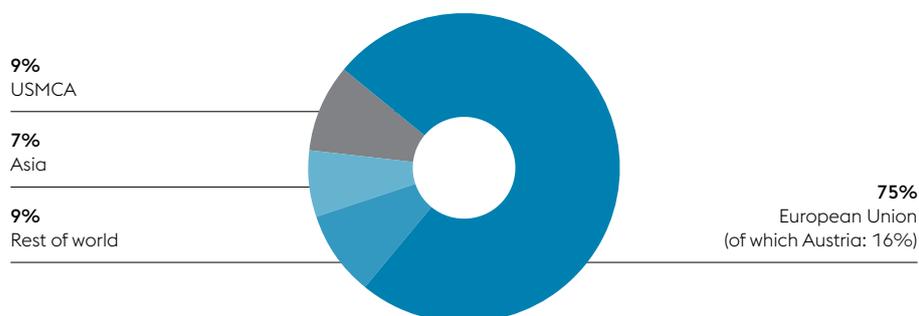
CUSTOMERS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2020/21



MARKETS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2020/21



QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros

	1 st quarter 2020/21	2 nd quarter 2020/21	3 rd quarter 2020/21	4 th quarter 2020/21	BY		Change in %
					2020/21	2019/20	
Revenue	834.9	995.6	1,125.9	1,260.3	4,216.7	4,570.5	-7.7
EBITDA	68.2	93.4	131.4	193.6	486.6	494.0	-1.5
EBITDA margin	8.2%	9.4%	11.7%	15.4%	11.5%	10.8%	
EBIT	-13.5	-155.2	49.1	128.8	9.2	-100.6	
EBIT margin	-1.6%	-15.6%	4.4%	10.2%	0.2%	-2.2%	
Employees (full-time equivalent)	10,181	10,321	10,342	10,461	10,461	10,419	0.4

HIGH PERFORMANCE METALS DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The COVID-19 pandemic dampened demand for both tool steel and special materials much of the time during the business year 2020/21. While a slight rebound did not make itself felt in the markets until the reporting period's third quarter, it solidified toward the period's end.

The production capacities of the High Performance Metals Division had to be adjusted accordingly to the lower demand. This affected production facilities and companies with a strong focus on the aerospace and oil & natural gas industries the most. Comprehensive measures were taken in this environment with respect to both costs and efficiency in order to stabilize earnings and cash flows.

This also concerned the Value Added Services business segment, which comprises the company's international distribution network. In addition to capacity adjustments, this segment also concentrated business centers in some areas.

Yet the division saw growth despite the difficult environment in the cutting-edge, strategic field of 3D printing, specifically, in connection with the production of metallurgical powder as well as the production of parts and components using additive processes. By now, the High Performance Metals Division possesses a global network of 3D printing facilities.

TOOL STEEL

Within the tool steel product segment, medical technology performed very well throughout the

business year 2020/21 on account of the COVID-19 pandemic.

Following the sharp downturn at the start of the reporting period, the product segment's other markets saw a rebound in its second half that gathered momentum toward its end.

The automotive industry, in particular, which had suspended production at the beginning of the business year, recovered once its plants were started up again over the Northern summer. Because new projects and models were delayed, however, demand for tool steel rose but moderately at first, and it did not intensify until the end of the business year 2020/21.

The consumer goods industry was less volatile on the whole, not least owing to China's relatively robust performance throughout the reporting period. All other economic regions saw a strong rebound in the business year's second half.

SPECIAL MATERIALS

The division's special materials product segment was confronted with massive cutbacks in the aerospace industry throughout the business year 2020/21. Demand on the part of the major aircraft manufacturers remained muted although air traffic rose in the continental markets of both China and the United States as the year wore on. Aside from the substantially lower construction rate, this was also due to the reduction in inventories of completed aircraft.

The oil and natural gas industry saw a slight rebound in the second half of the business year 2020/21, after the highly challenging market environment at its beginning. As a result, oil fields

that had already been developed were expanded, enabling the division to profit especially from offshore projects. The slight increase in crude oil prices in the reporting period's third quarter also triggered a slight rebound in exploration activity. Yet demand for the division's products rose but moderately owing to large inventories.

REGIONAL DEVELOPMENT

Europe

In the European Union, particularly the plant shutdowns across the automotive industry at the start of the business year 2020/21 triggered a significant downturn in demand for tool steel. As the year wore on, however, auto sales in Europe improved, driven not least by incentive programs such as the lowering of the valued-added tax (VAT) in Germany. While this market segment signaled a slight rebound with respect to the products of the High Performance Metals Division from the middle of the reporting period, the upward trends did not really make themselves felt until its end.

Heavy haul commercial vehicles saw a pronounced recovery in the course of the business year 2020/21 as a result of catch-up effects and humming activity in the construction industry. The uptrend also affected the mechanical engineering segment. Demand for high-speed steel such as that required for drills also rose on account of the lockdowns in Europe and the resulting increase in do-it-yourselfers' activities at home.

While the aerospace industry accounted for the largest decline over all in the European market, it did stabilize in the reporting period's second half.

North America

In North America, the division was affected the most by the economic fallout from the COVID-19 pandemic because aerospace as well as oil and natural gas account for a disproportionately large share of its product portfolio.

The freefall in crude oil prices hit the oil and natural gas industry especially hard at the start of the

pandemic. As a result, exploration activity was limited to the most efficient and cost-effective extraction sites—with dire consequences for equipment demand. As oil prices recovered from their lows over the course of the business year 2020/21, exploration activity expanded again, albeit at a slow pace. Despite the rebound in the business year's second half, however, this meant that demand for the division's special materials remained low on the whole.

Just as in Europe, the U.S. automotive industry also had to contend with production shutdowns at the start of the reporting period. While demand recovered in this industry after the Northern summer just as it did in the expansive toolmaking industry, it remained stuck at a moderate level over all.

As before, the Section 232 protectionist tariffs of 25% on all steel products continue to make things a lot more difficult for the High Performance Metals Division.

South America/Brazil

Compared with other economic regions, Brazil's governmental authorities imposed far fewer restrictions in connection with the fight against the pandemic. Demand did melt down here, too, at the start of the business year 2020/21, but the market recovered rapidly. In addition to relatively stable domestic demand for tool steel, demand from the oil and natural gas industry for special materials also rebounded as the year wore on. Moreover, currency relations had a stimulating effect on the Brazilian economy and, consequently, on demand for the division's products.

Asia/China

Market developments in Asia were uneven. While China rapidly returned to economic strength at the start of the reporting period, other Asian markets suffered palpably from the pandemic.

In China, demand for both tool steel and high-speed steel was initially driven by the markets for consumer goods (especially entertainment electronics) and medical technology. As time wore on, even the automotive industry's demand for the

division's products increased. On the whole, therefore, China turned out to be the most robust market during the business year 2020/21.

FINANCIAL KEY PERFORMANCE INDICATORS

In the business year 2020/21, the High Performance Metals Division had to contend with a year-over-year decline in revenue of 20.4% to EUR 2,299.8 million (2019/20: EUR 2,891.0 million). But the revenue losses differed according to both region and industry. Regionally speaking, revenue in China developed along a much better trajectory than in Europe and North America, where the volume of business shrank substantially owing to the COVID-19 pandemic. On the whole, the sales volume fell by 13% over the course of the reporting period, especially because deliveries of special materials for the oil and natural gas industry and/or the aerospace industry came under a lot of pressure. Deliveries of tool steel for the automotive and consumer goods industries, however, decreased just a bit year over year. Slightly lower prices and/or unfavorable factors in the product mix also affected the division's revenue performance in the reporting period.

Over and above the slightly unfavorable product mix, the weakening earnings were driven mainly by the decrease in volumes. Consistent cost control measures helped to tamp down the decline in EBITDA. The High Performance Metals Division availed itself of state-sponsored short time work options especially at those facilities that were affected by temporary declines in demand. But structural cuts were necessary at those entities that are strongly oriented toward the aerospace industry as well as the oil and natural gas industry. The division's EBITDA for the business year 2020/21 dropped year over year by 22.3% to

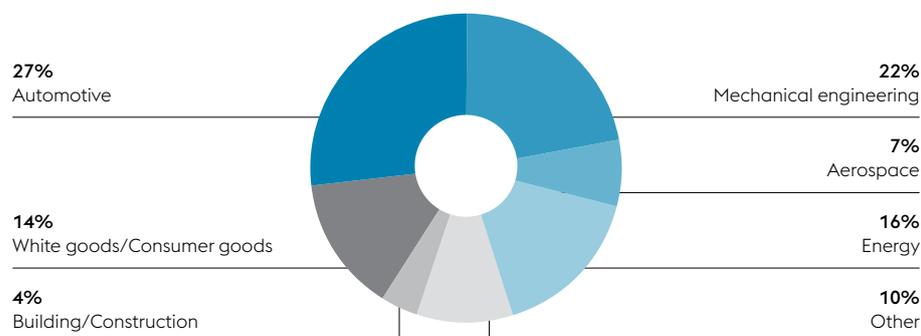
EUR 214.4 million with a margin of 9.3% (2019/20: EUR 276.0 million, margin of 9.5%). EBIT dropped during the same period by more than one third to EUR 48.8 million with a margin of 2.1% (2019/20: EUR 76.6 million, margin of 2.6%). The non-recurring effects in the business year 2019/20 must be taken into account in this connection: In that business year, restructuring expenses at Buderus Edelmetall in Wetzlar, Germany, as well as provisions impacted EBITDA to the tune of EUR 54 million. In addition, EUR 26 million in impairment losses at this German special steel plant had a negative impact on EBIT for the business year 2019/20 also.

The quarter-on-quarter (QoQ) comparison of the third and fourth quarters of the business year 2020/21 reflects the upward trends in the division's major customer segments. The sales volume rose substantially as a result. Furthermore, the slight increase in prices resulting from higher alloy costs also caused revenue to rise in the fourth quarter by 16.5% to EUR 666.1 million (third quarter: EUR 572.0 million). The increase in deliveries as well as improved capacity utilization at the production units in tandem with an unrelenting focus on costs led to a significant improvement in earnings for the reporting period's fourth quarter. EBITDA jumped by 50.6% to EUR 82.7 million (margin of 12.4%), up from EUR 54.9 million (margin of 9.6%) in the third quarter. EBIT jumped from EUR 14.7 million (margin of 2.6%) to EUR 40.3 million (margin of 6.1%).

As of March 31, 2021, the High Performance Metals Division had 12,586 employees (FTE). This corresponds to a decrease of 6.1% compared with the number (13,404) as of the previous business year's reporting date, which stems from the structural adjustments in personnel at those facilities that are facing longer-term market weaknesses.

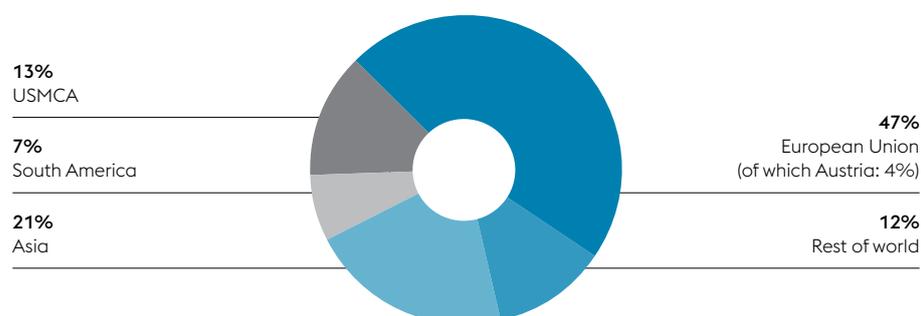
CUSTOMERS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2020/21



MARKETS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2020/21



QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros

	1 st quarter 2020/21	2 nd quarter 2020/21	3 rd quarter 2020/21	4 th quarter 2020/21	BY		Change in %
					2020/21	2019/20	
Revenue	527.3	534.4	572.0	666.1	2,299.8	2,891.0	-20.4
EBITDA	40.4	36.4	54.9	82.7	214.4	276.0	-22.3
EBITDA margin	7.7%	6.8%	9.6%	12.4%	9.3%	9.5%	
EBIT	-1.5	-4.7	14.7	40.3	48.8	76.6	-36.3
EBIT margin	-0.3%	-0.9%	2.6%	6.1%	2.1%	2.6%	
Employees (full-time equivalent)	12,902	12,381	12,369	12,586	12,586	13,404	-6.1

METAL ENGINEERING DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The two business segments of the Metal Engineering Division had already delivered divergent performance in the business year 2019/20. While Railway Systems followed a stable, satisfactory trajectory in the business year 2020/21, Industrial Systems had to contend with ever-increasing difficulties. The COVID-19 pandemic intensified and magnified the negative trend buffeting Industrial Systems at the start of the reporting period. Not until the subsequent quarters did orders rebound slightly. There was a substantial drop in capacity utilization especially in the wire technology and tubulars product segments. Both segments responded by carrying out comprehensive cost optimization programs and by implementing necessary personnel measures, which included registering employees for state-sponsored short time work options. Given declining demand for pre-materials in the Industrial Systems business unit, the planned maintenance work on one of the division's two blast furnaces at the Donawitz steel plant in Austria was moved up to June 2020. By contrast, the Railway Systems business segment largely managed (as in previous years) to deliver satisfactory performance over the entire reporting period despite the pandemic.

Railway Systems, a systemically relevant business segment, did well at the start of the business year 2020/21 even despite far-reaching COVID-19-induced lockdowns. Demand for rail technology developed along a stable trajectory although

some projects were postponed. The rails product segment stood out over the entire reporting period because order levels in Europe were good. Particularly the European core markets in Western Europe turned out to be a stabilizing factor. Solely order call-ups from Eastern European customers fell below the levels seen in the business year 2019/20. Some projects in markets outside of Europe were delayed, in turn intensifying competition for the remaining railway system maintenance and expansion projects. Aside from the usual seasonal fluctuations due to railway operators' reduced activities over the Northern winter, capacity utilization in rail production at the Donawitz plant remained solid throughout the reporting period.

The turnout systems product segment has a broad footprint worldwide thanks to its facilities in customer proximity. As a result, this segment benefited even at the peak of the COVID-19 lockdowns from robust demand both in Europe and overseas. With the exception of a few Eastern European countries, the most important European markets saw few if any project delays. Outside of Europe, demand from the Australian and Brazilian heavy-haul transport markets was dynamic. Chinese facilities, in turn, were able to benefit from state-sponsored infrastructure projects aimed at stimulating the economy. In the fourth quarter of the business year 2019/20, production of turnout systems in China had been limited for a few weeks owing to the measures that were put in place to contain COVID-19. The large (Class I) rail freight operators in the United States scaled back their investments in the rail network due to the

dampening of economic sentiment. Operators of mass transit systems in the U.S., by contrast, faced a more positive environment.

The signaling technology product segment, which had seen strong growth in recent years, underwent a consolidation phase in the business year 2020/21. Project activity in two overseas markets (Brazil and Australia), especially with respect to digitalized turnout diagnostic systems and rolling stock alarm systems, was limited on account of the travel restrictions imposed in connection with COVID-19. The fourth quarter of the business year 2020/21 saw demand flatten for seasonal reasons even in Europe.

In contrast to the largely stable development of the Railway Systems business segment, the **Industrial Systems** business segment was confronted with highly challenging conditions during the reporting period. For example, the wire technology product segment—a supplier to the European automotive supplier industry—was deeply affected by the automakers' weeks-long production shutdowns in the first business quarter. Governmental short time work options helped to bridge the temporary breakdown in demand owing to COVID-19 on the personnel side. The Northern fall of 2020 saw a considerable upturn in the market once inventories within the value chain had been reduced. Deliveries of wire rod and drawn wire were robust in the business year's fourth quarter despite the existing supply chain difficulties affecting semiconductors and the resulting volatility of passenger car production levels in Europe.

The economic environment of the tubulars product segment posed a particular challenge. Conditions in the tubulars market for the oil and natural gas sector had already deteriorated even before the COVID-19 pandemic broke out. Moreover, steel imports to the important U.S. market are still adversely affected by protectionist Section 232 tariffs of 25%. The fact that oil prices plummeted in the course of the pandemic brought almost all exploration activity to a standstill worldwide. The U.S. rig count (which encompasses active drilling fields) hit a historic low at the start of the reporting period. Capacity utilization at the Group's facilities in Kindberg, Austria, was correspondingly low in the first three quarters of the business year 2020/21. A slight rebound in volume made itself felt for the first time in the fourth business quarter, but prices remained low despite

rising pre-material costs. The third business quarter saw a trend reversal in industrial tubes that are processed for further use by the automotive supplier industry. In this altogether unfavorable environment, the Kindberg production facility availed itself of state-sponsored short time work options and carried out necessary structural cuts on the cost side as well. Flexible shift models were implemented to account for the ongoing volatility regarding both orders and capacity utilization.

The economic fallout from the COVID-19 crisis in the reporting period also had a negative impact on the welding product segment. In the final analysis, however, the trend in this segment was positive, albeit slightly below the previous year's level. Activities rebounded significantly at the end of the business year 2020/21 due, among other things, to developments in China, where deliveries of welding consumables for the crane industry continued to rise. In the United States and the Middle East, the business volume was substantially lower than in the business year 2019/20 owing to the weakness of the oil and natural gas sector. In Europe, the declining momentum that stemmed from the dampened sentiment in the automotive industry affected Germany in particular. The economic environment in South America was somewhat satisfactory despite high COVID-19 infection rates.

FINANCIAL KEY PERFORMANCE INDICATORS

Thanks to the relatively stable performance of the Railway Systems business segment, the Metal Engineering Division succeeded in limiting the impact of COVID-19 on its key performance indicators (KPIs). The Industrial Systems business segment accounts for almost the entirety of the decrease in the division's revenue by 9.3% to EUR 2,667.3 million in the business year 2020/21, down from EUR 2,941.7 million in the business year 2019/20. Particularly the tubulars product segment had to contend with strong declines. The wire technology product segment for its part was confronted with the weakening of its delivery volume due to the meltdown of the European automotive supplier industry in the reporting period's first half but managed to boost deliveries year over year in the second half. Rapid implementation of efficiency and cost measures as well

as governmental support programs related to COVID-19 made it possible to curb Industrial Systems' decline in earnings. The division's EBITDA dropped by 23.7% to EUR 229.7 million (margin of 8.6%) in the business year 2020/21, down from EUR 301.1 million (margin of 10.2%) in the business year 2019/20. EBIT dropped during the same period by more than one half to EUR 16.3 million (margin of 0.6%), down from EUR 32.9 million (margin of 1.1%) in previous business year. The reported results for both the previous and the current reporting period contain non-recurring effects. A total of EUR 5 million in negative non-recurring effects impacted EBITDA in the business year 2019/20. In addition, the tubulars and welding segments both recognized impairment losses that additionally affected EBIT to the tune of EUR 83 million. A total of EUR 34 million in impairment losses (most of which are attributable to the tubulars product segment) were taken for the business year 2020/21.

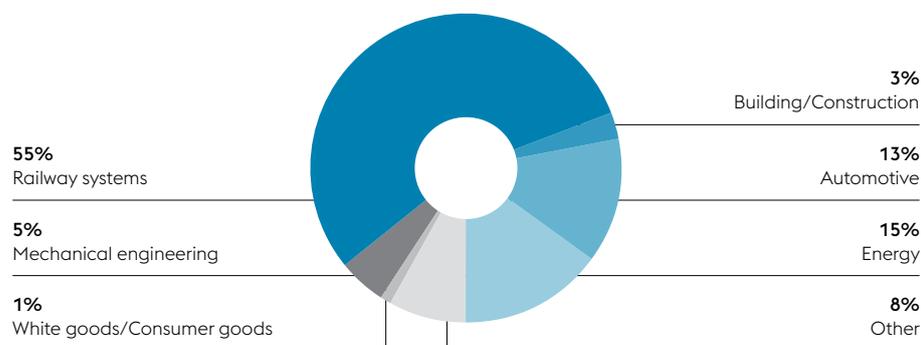
The quarter-on-quarter (QoQ) comparison of the reporting period's third and fourth quarters shows that the Metal Engineering Division managed to improve its KPIs. Revenue rose by 13.5%,

from EUR 623.7 million in the third quarter to EUR 707.7 million in the fourth. While the tubulars product segment succeeded in bringing about a massive QoQ increase in its deliveries, the wire technology and welding product segments posted significant increases in their sales volume. Price increases in both the wire and the seamless tubes markets contributed to the QoQ revenue increase, and Railway Systems continued along its stable trajectory toward the end of the business year 2020/21 also. The rising business volume goes hand in hand with an increase in earnings. EBITDA more than doubled in the fourth quarter to EUR 72.2 million, up from EUR 47.2 million in the third, thus also raising the EBITDA margin from 7.6% to 10.2%. EBIT improved by multiples between the third and the fourth quarter of the reporting period, from EUR 1.8 million to EUR 24.1 million.

The number of employees (FTE) in the Metal Forming Division was 13,145 as of the end of the business year 2020/21, a decline of 1.2% from 13,310 as of the close of the business year 2019/20. This reduction in personnel reflects the weakening demand in both the tubulars and the wire technology product segments.

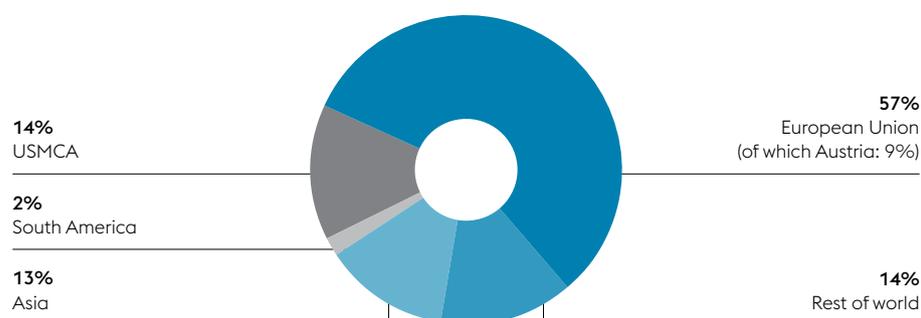
CUSTOMERS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2020/21



MARKETS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2020/21



QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros

	1 st quarter 2020/21	2 nd quarter 2020/21	3 rd quarter 2020/21	4 th quarter 2020/21	BY		Change in %
					2020/21	2019/20	
Revenue	669.2	666.7	623.7	707.7	2,667.3	2,941.7	-9.3
EBITDA	54.6	55.7	47.2	72.2	229.7	301.1	-23.7
EBITDA margin	8.2%	8.3%	7.6%	10.2%	8.6%	10.2%	
EBIT	10.3	-19.9	1.8	24.1	16.3	32.9	-50.5
EBIT margin	1.5%	-3.0%	0.3%	3.4%	0.6%	1.1%	
Employees (full-time equivalent)	13,061	12,878	12,773	13,145	13,145	13,310	-1.2

METAL FORMING DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The business climate shaping the Metal Forming Division's performance in the business year 2020/21 was defined by challenging conditions in the beginning followed by continual improvements. This trend was driven primarily by the economic fallout from the COVID-19 pandemic, which affected the division's individual business segments in different ways. For example, the activities of the Automotive Components business segment were brought almost to a standstill in the first business quarter due to automakers' widespread production shutdowns. By contrast, the Warehouse & Rack Solutions business segment benefited handsomely from the growing trend toward online commerce as the pandemic wore on.

Automotive Components started the business year 2020/21 in an environment fraught with difficulties across the board. The meltdown in sales brought on by COVID-19 caused original equipment manufacturers (OEMs) in both Europe and North America to completely shut down their automotive plants for several weeks. As a result, voestalpine's automotive component plants in Europe and North America (excepting those that focus on the spare parts business) also shut down for about one and a half months. Affected employees were registered for short time work and/or similar options. When the auto manufacturers in Europe gradually restarted their factories

at the end of April 2020, capacity utilization at the European Automotive Components facilities gradually recovered as well. The OEMs in the United States and Mexico followed suit shortly after that, the only difference being that their ramp-up curves were much steeper than those of their European counterparts. The breakdown in demand had already affected the Chinese facilities of the Automotive Components business segment in the fourth quarter of the business year 2019/20 because COVID-19 had broken out in China a few weeks earlier. Order levels in China rebounded as early as in the first quarter of the business year 2020/21. The expanding recovery of automotive sales worldwide had a positive effect on the production output of the OEMs in subsequent quarters. While capacity utilization at voestalpine's Automotive Component plants continually improved up to the end of calendar year 2020, order call-ups on the part of the OEMs once again became volatile in the business year's fourth quarter. Bottlenecks in semiconductor supplies, which affected the automakers to different degrees, led to fluctuations in production. Over and above the challenges arising from COVID-19, recent years also saw structural changes, particularly in the export-oriented premium segment. Increasingly, these manufacturers set up production plants in their growth markets, in turn triggering a consolidation in Germany's auto manufacturing industry. Add to that the growth in the OEMs' insourcing strategies. Automotive Components responded to these developments by resizing some of its plants.

Tubes & Sections saw a strong upward trend in the business year 2020/21. Conditions here at the start of the reporting period were not quite as challenging as those confronting the Automotive Components segment. While the business climate in both the commercial vehicle and automotive industry remained difficult at the beginning, solid orders for tubes and sections resulting from the boom in online commerce eased conditions somewhat. As the business year wore on, other material customer segments of Tubes & Sections rebounded, too. For example, the construction industry saw its business environment steadily improve after some projects had been postponed in the first business quarter owing to COVID-19. The positive developments in this sector also accelerated the upward trend in the commercial vehicle industry. The rebound curve for deliveries of security-related tube components used in the automotive industry was a bit flatter compared with that for Automotive Components. This is mainly due to the fact that these products are shipped to the global automotive supplier industry and that this sector's recovery was delayed somewhat due to existing inventory levels. The increase in orders from the solar industry over the course of the business year 2020/21 also provided a positive impetus to Tubes & Sections. As far as regional developments are concerned, voestalpine's facilities on the European continent benefited from the quarter-on-quarter (QoQ) improvement in order levels. Developments in Great Britain, where the effects of the Brexit had a negative impact on the economic environment, were much more constrained. In the United States, the online commerce boom offset plummeting deliveries to the aerospace industry. While the health crisis in Brazil (South America's largest market) resulting from COVID-19 intensified, the country's economic environment presented a much more positive picture. In China, the business climate in the reporting period developed in ways largely unaffected by COVID-19 because the country had taken rigorous measures to contain the pandemic.

Even though the fallout from the pandemic clearly made itself felt here, too, the trajectory of **Precision Strip** at the start of the business year 2020/21 was satisfactory, relatively speaking. Among other things, this was due to some customers accelerating their orders because they feared

that the lockdowns might trigger problems in the supply chain. In many cases, however, component orders in major sectors such as the automotive supplier industry, the sawmill industry, or the paper and printing industry were lower than they normally would have been. A noticeable rebound in orders did not set in until the Northern fall of calendar year 2020. The improved environment in the U.S. sawmill industry stood out, especially because demand for band saw steel had plunged in this region at the start of the reporting period. There was an unmistakable easing of conditions in this area after the Northern summer. By the fourth business quarter, orders actually exceeded pre-crisis levels. In both Europe and China, the Precision Strip business segment benefited from the intensifying rebound in the sales markets over the course of the business year 2020/21.

The momentum toward online commerce accelerated yet further owing to the COVID-19 pandemic. **Warehouse & Rack Solutions** benefited immensely from the associated demand for automated storage systems. Order levels in this business segment hit record highs at the time the European lockdowns peaked in the Northern spring of 2020. But there were slight delays in the processing of ongoing projects during the first quarter of the business year 2020/21 because logistics had been restricted to contain the pandemic. The momentum rapidly gathered speed yet again as the business year wore on and as pandemic-related restrictions were gradually lifted. While Europe is its main market, Warehouse & Rack Solutions has increasingly expanded into the North American market also. High order levels as of the end of March 2021 already ensure excellent capacity utilization at the respective facilities for the entire business year 2021/22.

FINANCIAL KEY PERFORMANCE INDICATORS

The revenue of the Metal Forming Division fell by 10.0% year over year, from EUR 2,838.3 million in the business year 2019/20 to EUR 2,553.9 million in the business year 2020/21. This was due mainly to the meltdown in demand during the reporting period's first quarter owing to the spread of COVID-19. As the economic sentiment improved over the subsequent quarters, so did revenue. By

the fourth business quarter, it had once again surpassed the previous business year's level.

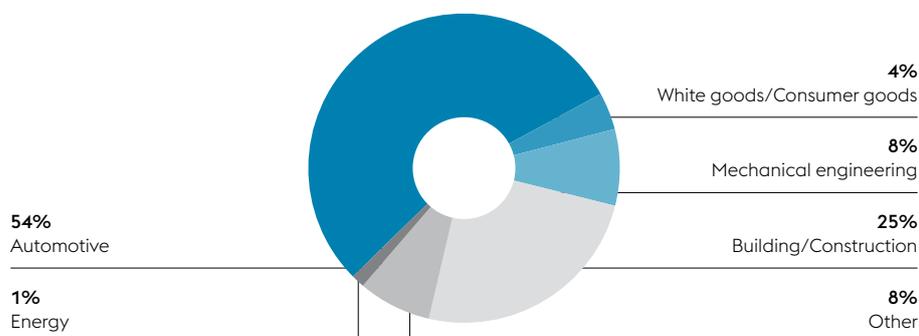
Despite the extremely difficult conditions at the start of the business year 2020/21, the Metal Forming Division succeeded nonetheless in boosting its performance year over year. In the business year 2019/20, by contrast, EUR 24 million in non-recurring effects arising largely from the Automotive Components business segment impacted EBITDA; additionally, EUR 52 million in impairment losses adversely affected EBIT. On the whole, the division's EBITDA for the reporting period improved year over year by 34.7% to EUR 273.8 million (margin of 10.7%), up from EUR 203.3 million (margin of 7.2%) in the previous business year. While the division's two strongest business segments by revenue (Automotive Components and Tubes & Sections) succeeded in boosting their operating performance despite the challenging environment in the reporting period's first quarter, its other two business segments (Precision Strip and Warehouse & Rack Solutions) followed a stable earnings trajectory. EBIT for the business year 2020/21 skyrocketed to EUR 124.0 million with a margin of 4.9%, up from EUR 8.8 million (margin of 0.3%) the previous business year.

The quarter-on-quarter (QoQ) comparison of the third and fourth quarters underscores the Metal Forming Division's continual upward trajectory during the reporting period. Revenue jumped by 19.4% to EUR 795.2 million in the fourth quarter, up from EUR 666.2 million in the third. Here, too, Automotive Components and Tubes & Sections were the two business segments that posted the strongest growth. Aside from the increase in volumes, revenue also rose because increases in pre-materials costs were passed on to customers. Earnings present a picture similar to that of revenue: Automotive Components and Tubes & Sections also posted the strongest growth in EBITDA. At the level of the division, EBITDA soared by 77.9% to EUR 124.0 million in the fourth quarter, up from EUR 69.7 million in the third. The EBITDA margin expanded accordingly from 10.5% to 15.6%. At EUR 79.7 million (margin of 10.0%), EBIT for the fourth quarter more than doubled from EUR 34.4 million (margin of 5.2%) in the third.

At 11,525, the number of employees (FTE) in the Metal Engineering Division as of March 31, 2021, was 0.9% lower than the previous business year's level of 11,633. This reduction is primarily due to the redimensioning of individual production plants in the Automotive Components business segment.

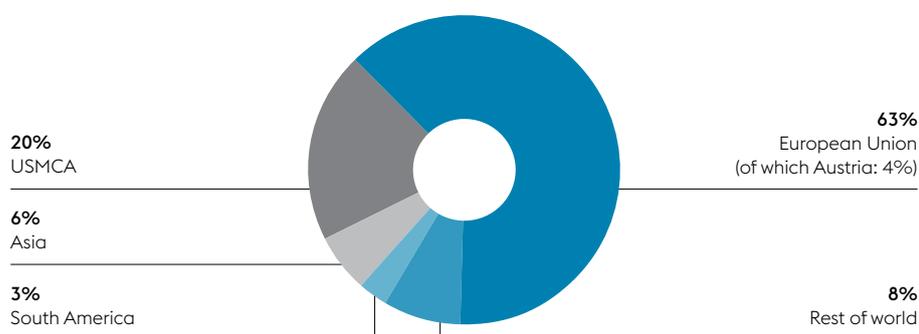
CUSTOMERS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2020/21



MARKETS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2020/21



QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros

	1 st quarter 2020/21	2 nd quarter 2020/21	3 rd quarter 2020/21	4 th quarter 2020/21	BY		Change in %
					2020/21	2019/20	
Revenue	456.0	636.5	666.2	795.2	2,553.9	2,838.3	-10.0
EBITDA	14.6	65.5	69.7	124.0	273.8	203.3	34.7
EBITDA margin	3.2%	10.3%	10.5%	15.6%	10.7%	7.2%	
EBIT	-20.7	30.6	34.4	79.7	124.0	8.8	
EBIT margin	-4.5%	4.8%	5.2%	10.0%	4.9%	0.3%	
Employees (full-time equivalent)	10,854	11,443	11,458	11,525	11,525	11,633	-0.9

INVESTMENTS

The voestalpine Group successfully carried out a number of cutting-edge investments in recent years. These approaches to growth in technologically advanced customer segments went hand in hand with a greater emphasis on regional diversification, both of which enabled the Group to create a bigger footprint globally. The business year 2019/20 marked the onset of a consolidation phase aimed at optimizing these next-generation facilities in daily operations. In the business year 2020/21, the voestalpine Group further reduced its investment activities on account of the spread of the COVID-19 pandemic. Projects deemed to be less urgent were pushed to the back of the line. During the business year 2020/21, the Group trained its focus on generating cash flows and reducing its financial liabilities. This does not affect voestalpine's fundamental goal of positioning itself in the uppermost quality segment and of pursuing its strategic trailblazing role in the future, too. At EUR 612.1 million, the volume of investments in the business year 2020/21—which was dominated by the COVID-19 pandemic—was not only 21.2% less than the volume of EUR 776.7 million invested in the previous year but also fell significantly short of depreciation.

At EUR 154.9 million, investment activity in the **Steel Division** during the business year 2020/21 was practically the same as in the business year 2019/20 (EUR 151.6 million). When the project activities undertaken over the past two years are considered in relation to depreciation, however, investments made during this period actually are lower on the whole. This stems not least from the fact that the Steel Division undertook state-of-the-art upgrades of its plants and facilities in recent years and is now focused on process optimization. It succeeded nonetheless in completing important projects at its Linz plant in Austria during the business year 2020/21 also. For example, a new straightening machine that serves to manufacture clad plates was started up during the first half of the business year 2020/21. The Steel Service Center invested in a slitting line for high-tensile hot-rolled strip. In the steel plant itself, the

crane track girders were replaced toward the end of calendar year 2020. Detailed plans for the "BETA 3" pickling line, a major trailblazing project, were drawn up during the reporting period, in effect launching the project. BETA 3 will be integrated into existing Cold Rolling Mill 3 and thus will be key to the division's cutting-edge product mix once it has been completed.

The **High Performance Metals Division**, which is building the new special steel plant in Kapfenberg, Austria, currently accounts for the voestalpine Group's single-largest investment. At EUR 219.3 million, this division's investments in the business year 2020/21 still fell somewhat short of the preceding year's level (EUR 259.1 million). While the construction work in Kapfenberg is slightly behind schedule due to the difficult environment resulting from the COVID-19 pandemic, important aspects of the project were completed during the business year 2020/21 nonetheless. The steel girders for the factory building were already erected toward the end of the business year 2019/20, the foundations of the plant's facilities were laid in the subsequent business year. The assembly of units for mechanical components; for connecting the mill to water, gas, and other utilities; as well as the electrics was completed next. The smelting and casting facilities will be completed in the business year 2021/22, and the start-up of this state-of-the-art special steel plant is now slated for the Northern summer of 2022. During the reporting period, investments were made in a Kapfenberg facility for manufacturing titanium powder used in 3D printing. Titanium is also important as a material for voestalpine BÖHLER Bleche, a company whose plant is located in Mürtzschlag, Austria. This plant benefited from an investment in the technological development of the production capacities required for manufacturing titanium sheets pursuant to a general agreement related to the aerospace industry. A high-tech fast forge press for highly stress-resistant components of aircraft turbines was started up in the Northern fall of 2020 at voestalpine BÖHLER Aerospace GmbH

in Kapfenberg. Production capacities for electroslag remelting (ESR) were expanded at Villares in Sumaré, Brazil, during the business year 2020/21. This investment serves to continue upgrading the company's product range in both high-quality tool steel and nickel-based alloys.

In the business year 2020/21, the investments of the **Metal Engineering Division** were EUR 129.6 million and thus 28.4% less than in the business year 2019/20 (EUR 181.0 million). This division's investment projects focused on boosting its metallurgical production facilities that supply high-quality pre-materials to the finishing operations. The biggest project—i.e., Continuous Casting Plant 4 (CC4)—was successfully started up in the Northern summer of 2020. The new CC4 thus constitutes the core of steel production at the Donawitz facility. The latter's unique combination of state-of-the-art plant and process technology will facilitate yet further quality improvements in the production of steel grades. Scheduled interim blast furnace repairs (relining) were also carried out in Donawitz and completed in the Northern fall of 2020. Given the difficult market environment in the Industrial Systems business segment, the newly relined blast furnace was not started up again until the beginning of calendar year 2021.

Investments of the **Metal Forming Division** in the business year 2020/21 declined year over year by 41.3%, from EUR 170.0 million to EUR 99.8 million. Although Automotive Components focused chiefly on process optimization at its existing facilities, important new projects were implemented as needed. For example, the division built a digitalization center in Schmölln, Germany, that will be used as a service center for the entire Automotive Components business segment. The division's plant in East London, South Africa, was expanded and equipped with additional robots and welding facilities. The start of construction of what is already the fourth phs-ultraform® line in Shenyang, China, constitutes the Metal Forming Division's second substantial investment at an international location during the reporting period. The Tubes & Sections business segment invested in additional welding and assembly facilities in Krems, Austria, to respond to the boom in online commerce. The now fourth hydrogen plant was started up at voestalpine Precision Strip in Kematen, Austria, at the end of calendar year 2020. This taps into sustainable process advantages in the hardening of strip steel.

HUMAN RESOURCES

As of March 31, 2021 (the close of the business year 2020/21), the voestalpine Group had 46,048 employees excluding apprentices and leased personnel, i.e., 1,620 fewer employees or 3.4% less than as of March 31, 2020. When 1,309 apprentices and 3,116 leased employees are included, the total rises to full-time equivalents (FTEs) of 48,654 person years, a year-over-year reduction by 2.1% (-1,028 FTE). A total of 55.3% of the employees (26,920 FTE) work at Group facilities outside of Austria, and 21,734 employees work in Austrian voestalpine companies. Of the total of 1,309 apprentices, as of the March 31, 2021, reporting date, 64.6% were being trained in Austrian companies and 35.4% at the company's facilities abroad. On the whole, the number of apprentices fell year over year by 28 people or 2.1%.

EMPLOYEE SHAREHOLDING SCHEME

voestalpine has had an employee shareholding scheme since 2001, which has been continually expanded since then. Besides all of the company's employees in Austria, its 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 associated with stock issued to employees are combined in the voestalpine *Mitarbeiterbeteiligung Privatstiftung* (employee foundation for the Group's employee shareholding scheme), making this entity a stable, key shareholder of voestalpine AG. As of March 31, 2021, a total of about 24,100 employees have a stake in voestalpine AG. They hold about 25.2 million shares which, due to the general bundling of voting rights, represent 14.1% of the company's share capital (previous year: 12.9%). In addition, former and active employees of voestalpine hold approximately 1.1 million "private shares" via the foundation, which equates to 0.6% of the voting shares. The foundation exercises the voting rights of these shares, too, as long as the given employ-

ees do not exercise their right to freely dispose of the shares. On the whole, therefore, as of March 31, 2021, the voting rights of 14.8% of the share capital of voestalpine AG are pooled in the foundation.

THE STAHLSTIFTUNG

The *Stahlstiftung* (Steel Foundation) was founded in Linz, Austria, in November 1987. Its aim was to provide employees of the VOEST-ALPINE Group (as it was called at the time), who had to leave the company due to a crisis, as well as employees of companies outside of the Group with opportunities for reorienting themselves professionally. Up to four years of training and continued professional development (CPD) are funded for this purpose. In the business year 2020/21, about 76.3% of the participants looking for work were able to develop a new professional perspective with the help of the Stahlstiftung. The fact that this number represents a year-over-year reduction by 10.6 percentage points in the number of people looking for support is one aspect of the fallout from the COVID-19 pandemic. As of the March 31, 2021, reporting date, a total of 546 individuals were receiving assistance from the Stahlstiftung, 73.1% of whom were former employees of the voestalpine Group. The total number of active Stahlstiftung participants in the business year 2020/21 was 888, i.e., 62.6% more than in the previous year (546 individuals). In addition to the participants covered by the Stahlstiftung in its capacity as a classic employee fund, the activities of 68 individuals related to an educational leave were supported during the reporting period as well.

APPRENTICES & YOUNG SKILLED WORKERS

The 8th voestalpine Apprentice Day was held in October 2020. This annual event offers apprentices the opportunity to look beyond their own

workplace and sheds light on the importance voestalpine places on skilled worker training. Owing to COVID-19, the 2020 Group Apprentice Day was organized as a streamlined Online Apprentice Day. While the company's Management Board and select representatives from voestalpine's facilities in Linz, Austria, visited Stahlwelt in person, approximately 400 apprentices and their trainers in Austria, Germany, and Switzerland watched the livestream of the event from 40 training facilities. Six of these training facilities were connected interactively to the Live Event to provide insights into the current circumstances of apprentices and their trainers alike. Both the Management Board of the voestalpine Group and the Group Works Council felt that it was important, particularly during this challenging time, to stay in touch with the apprentices and future skilled workers and to thank them for their work and commitment.

voestalpine remains committed to training young people: Approximately 410 trainee slots will be available at the start of the apprenticeship program in the Northern fall of 2021. The company invests about EUR 90,000 per apprentice in the comprehensive three- or four-year training program. In order to efficiently approach potential apprentices, in recent years voestalpine has continually expanded its social media activities on Facebook, Instagram, and YouTube.

The way potential apprentices are approached has changed, given that the COVID-19 pandemic has made it impossible to hold trade shows, open houses, or even applicant interviews as usual. Hence voestalpine is using different activities to this end, among them a digital open house, digital corporate presentations in schools, and/or participation in digital trade shows. As part of its ongoing assessment of the COVID-19 environment in a given region, the company evaluates together with the applicants whether face-to-face meetings can take place, circumstances permitting.

The Group's excellent numbers with respect to completed apprenticeships create a solid base

of skilled workers for the future: 94.3% of all apprentices in Austria, Germany, and Switzerland who took the final apprenticeship exam in the business year 2020/21 passed it; of the Austrian graduates, 61.3% even did so with good or excellent grades.

Given current circumstances, these impressive outcomes deserve a special mention for the following reason: Most trade school activities had to be conducted online via distance learning. The apprentices had to finalize their work products independently and had to adjust repeatedly to the ever-changing situation. The results thus confirm the apprentices' ambition and talent. But they also reflect the dedication and personal commitment of the apprentices' instructors, teachers, and coaches in the voestalpine Group.

DEVELOPMENT OF EXECUTIVES

Owing to the worldwide pandemic, the business year 2020/21 was defined by governmental restrictions (e.g., travel bans) and/or internal approaches to safety and security. The given limitations made it impossible during the reporting period to use the tried and tested "value:program" for Group-wide, international executive development based on face-to-face training. Individual modules were switched to digital delivery so that courses in progress could be completed. In the future, the training and CPD options tailored to target groups at all executive levels will once again be organized in a way that combines in-person and online courses, including external programs for postgraduates and business school students. There are no plans to switch the entire program to an online format, however, because it is a very special and successful training program. What makes it so valuable over and above the comprehensive skills training imparted by international top experts is the intensive collaboration on the part of individual members of voestalpine's leadership team. They engage in their capacity as speakers, project managers, or even sparring partners, so to speak, in wide-

ranging exchanges of experience. This mixture of external and internal know-how along with the Group's commitment to ensuring that employees possess advanced qualifications make the voestalpine leadership program a central component of the Group's claim to being "one step ahead." Every year and under normal circumstances, just under 200 international employees participate in the multi-stage program.

OTHER EMPLOYEE DEVELOPMENT PROGRAMS

In order to foster and boost relevant employee capabilities and skills in a manner specific to both functions and regions, the voestalpine Group offers a number of additional programs, such as the "Purchasing Power Academy"; the "HR Academy"; the "Early Career Program" in North America; and the "Young Professional Training Program" (YPTP) in China. In the wake of the pandemic, voestalpine has expanded these programs, too, by new, digital formats. The positive experiences gained through this type of blended learning (i.e., combinations of in-person and online training) will enable us to take the next steps in the direction of digital delivery of executive training programs. Following the successful completion of the last iteration of our international talent development program, the so-called "High Mobility Pool" (HMP), circumstances in the business year 2020/21 made renewed international recruiting impossible. Instead, the program has been redesigned so that it will be ready for future succession planning and the promotion of talent. Individual divisions and business units offered their extensive employee training and CPD programs only to a very limited degree as well.

EMPLOYEE SURVEY

Following the Group-wide employee survey that was conducted in the Northern fall of 2019, the Group companies were asked to analyze the find-

ings together with their employees and to take action on that basis as necessary. Subsequently, the two most important actions had to be reported to the Group. The initial deadline for this report was postponed from March to September 2020 on account of the pandemic. Over all, a total of 428 measures were reported. Fully 88% of these involve ongoing measures related to "information & communication"; "commitment"; "collaboration & cooperation among co-workers"; and "continued professional development."

The economic situation and the uncertainty as to how the pandemic will play out in the future also made it necessary to review the planned reduction of the interval between surveys from three to two years. Given both the necessary lead time and resources, we decided in light of the ongoing challenges arising from COVID-19 to postpone the employee survey that had been planned for the Northern fall of 2021 by one year to 2022. Individual Group companies will be free to conduct their own interim surveys up to that time.

COOPERATION WITH EDUCATIONAL INSTITUTIONS

Many voestalpine companies offer students the option of enrolling in internships. Among other things, this is focused on scientific work in cooperation with voestalpine companies. Currently, numerous diploma and masters theses as well as dissertations are being written in cooperation with the Group. voestalpine uses innovative formats tailored to different target groups to introduce itself to future personnel. For example, voestalpine has supported the "myAbility Talent® program," which helps differently-abled or chronically ill college and university students and young graduates to contact renowned companies. In early March 2021, voestalpine served as the host of and participant in the "Matching Day" recruiting event that is conducted in Linz. The University of Mining and Metallurgy in Leoben, Austria, also participates in numerous collaborative training programs. These range from sponsoring com-

mitments aimed at kindling young people's interest in technical degrees, to the so-called "#voestalpine talks" (a collaborative event with all student representatives), all the way to support for the annual "teconomy" student trade show.

MEASURES RELATED TO THE COVID-19 PANDEMIC

At the start of the calendar year 2020, the COVID-19 pandemic forced voestalpine and its personnel worldwide into crisis mode within a very short time. What followed was an unprecedented (in modern times) social, medical, and economic state of emergency.

As a result, almost all of voestalpine's Group companies in Austria availed themselves within the pandemic's first six months of the short time work option enacted by the Austrian federal government. This makes it possible to temporarily limit normal working hours. Similar options were tapped internationally, depending on the statutory framework at the given location.

Recommendations to put in place teleworking were also considered. Wherever operations allow, numerous employees work remotely from home. Individual solutions for employees with dependent children were also put in place in this connection. But critical infrastructure workers continued to work on site. voestalpine put in place comprehensive hygiene measures and made face masks and disinfection materials available to them at no charge. Shift changes were reorga-

nized to ensure that requirements regarding minimum distances between people could be fulfilled. Both meal offerings and cafeteria operations were adapted to applicable requirements also. Numerous Group companies offer COVID-19 testing options (self-tests as well as antigen and PCR tests) at facilities that provide occupational medical services.

Due to differences in local environments as well as different statutory and governmental requirements, it is not possible to harmonize all measures across all of the Group's facilities. However, a Coronavirus Task Force that was established at Group headquarters back in February 2020 developed a number of overarching COVID-19 measures in close coordination with both the Chairman of the Management Board and all divisional task forces. These measures are continually evaluated and adapted to the given situation. They cover a broad range of requirements such as self protection; minimum physical distancing; wearing of face masks; preventive hygiene measures (e.g., handwashing and disinfecting); conduct in case of suspected infection; avoidance as best as possible of business travel; dealings with customers and suppliers as well as broad-based communication measures across the entire Group.

It is thanks to the commitment and flexibility of all personnel that voestalpine succeeded in quickly adapting to the extraordinary challenges we all faced in the business year 2020/21.

RAW MATERIALS

In the business year 2020/21, divergent trends drove the prices of the primary raw materials used in steel production due, in particular, to developments in China—by far the world's largest steel producer by volume. Two facts above all others were relevant to the prices of the input materials used. For one, the number of new COVID-19 infections in China had already returned to a very low level as early as in the spring of 2020. Subsequently, the country ramped up economic activity at a time when almost all other areas of the world were in the grips of comprehensive lockdowns and, in part, industrial capacity reductions. For another, the Chinese state enacted infrastructure projects that stimulated steel production and thus increased the need for raw materials. As the Chinese steel industry relies largely on furnace technology, this drove the demand primarily for iron ore and coking coal; steel scrap is used only as a supplement in this steel production method.

Within the voestalpine Group, iron ore and coking coal and/or coke thus are also the key input materials for both the Steel Division and the Metal Engineering Division. The metallurgical processes used to manufacture steel there are tied to blast furnace technology, while recycled steel scrap and alloys are processed in the steel shop as a supplement to pig iron. The High Performance Metals Division, for its part, mainly uses high-quality recycled steel scrap as well as various alloying elements in connection with electric arc technology.

IRON ORE

Australia and Brazil operate the world's largest ore mines, but China is the largest buyer of this raw material. Strong demand from China as well as restrictions on worldwide maritime freight drove up iron ore prices over the course of the business year ended. From a high level to begin with, China's steel production expanded by yet another 5% in the calendar year 2020 compared with the previous calendar year. At the start of the business year 2020/21, the spot market price (cost and

freight (CFR) China, iron ore content of 62%) was still just over USD 80 per ton and thus below the average of about USD 95 per ton during the business year 2019/20. At the start of June 2020, the price of iron ore already hit about USD 100 per ton; from the middle of August through to the end of November, it fluctuated between USD 115 and USD 130 per ton. Starting in early December 2020, the iron ore price became significantly more volatile yet again, ending the calendar year at about EUR 165 per ton. This upward trend continued unabated into the new calendar year, reaching about USD 175 per ton in early March 2021—the high for the reporting period. The price had never reached this level in previous years, not even close. But now it was approaching the all-time high of about USD 185 per ton that was reached in February 2011. The steep price increase over the winter months was not just the consequence of China's growth as a steel producer. It also resulted from limited capacity in both Australia's and Brazil's iron ore mines owing to unfavorable weather conditions. Furthermore, steel companies in China traditionally fill up their inventories of key commodities ahead of Chinese New Year, which drives demand yet further. At the close of the business year 2020/21, one ton of iron ore was selling for about USD 165.

COKING COAL & COKE

Developments in the price of coking coal during the reporting period presented a completely different picture. Coking coal is the base material for metallurgical coke that is used in blast furnaces; it also serves as a source of energy and as a reducing agent because it withdraws oxygen from the iron ore.

There are many reasons for why the price of coking coal was the diametrical opposite of that of iron ore. For one, China's degree of self-sufficiency regarding metallurgical coal is greater than that regarding iron ore. Above all, however, the country's very public dispute with Australia at the political level has led to restrictions on imports of

Australian coal to China—in marked contrast to iron ore. Consequently, this caused the price of domestic coking coal in China to increase but initially caused the price in international markets to decrease. While the price of high-grade coking coal in the business year 2019/20 had been about USD 165 per ton on average (FOB Australia), at the start of the business year 2020/21 it was about USD 150 per ton and thus slightly lower. Toward the end of the calendar year 2020, the international price of coking coal fell to just above USD 100 per ton. This trend was not reversed until the calendar year 2021 because, beginning in the Northern fall of 2020, steel production had started to recover in other parts of the world also. After losing China as a market, Australia as the world's largest producer of coking coal increasingly set its sights on other regions. In the short term, the price rose to about USD 155 per ton, but it weakened again subsequently, falling to about USD 115 per ton by the end of the business year 2020/21.

STEEL SCRAP

The expansion of China's dominant position significantly increased the proportion of steel production based on blast furnaces relative to electric arc technology, thus changing the price ratios of key input materials in the reporting period. While the price of iron ore already rose considerably in the first few months of the business year 2020/21, comparatively speaking the price of high-quality steel scrap rose just moderately. For example, the price of steel scrap (type E3, Germany) was about EUR 210 per ton at the start of the business year and climbed to about EUR 250 per ton by the end of November 2020, which is roughly equivalent to the average price in the business year 2019/20. A sharp price increase did not occur until the subsequent months when the price skyrocketed to EUR 355 per ton in the spot market in January 2021. The price per ton of scrap continued to rise toward the end of the reporting period, ending at EUR 370 per ton.

ALLOYS

Nickel, the most important alloy for the High Performance Metals Division in cost terms, developed along a highly volatile trajectory in recent years. Indonesia, which possesses rich sources of nickel and has banned exports of this metal so that it can process it domestically, accounts for much of this development. Besides being necessary for producing special steel, nickel is in ever greater demand also because it is necessary for producing the batteries needed in e-mobility solutions. The price of nickel at the start of the business year 2020/21 was still about USD 11,200 per ton—its lowest point—but it recovered over time. China, the world's most important buyer of nickel, restarted its industrial production early on following its COVID-19-induced lockdown, thus further stimulating demand. In August 2020 already, nickel was trading for USD 15,000 per ton at the London Metal Exchange (LME). In February 2021, its price shot up to about USD 19,700 per ton and then fell again to just under USD 16,000 per ton by the end of the reporting period.

Zinc followed a trajectory similar to that of nickel during the business year 2020/21. Here, too, the lowest price (approximately USD 1,850 per ton) was reached at the start of the reporting period. Production interruptions at a few mines in Asia and South America offset the weaker demand year over year, allowing the price of zinc to recover. Owing to the continual increase in global steel production, however, the price rose to about USD 2,800 per ton by the end of March 2021. The development of the price of chromium, an element used in the production of tool steel, presents a more differentiated picture. Following a longer downward trend, the price did not rebound until the end of the calendar year 2020. While the price of molybdenum also trended downward in the first few months of the reporting period, the trend reversal started as early as in the Northern summer of 2020.

RESEARCH AND DEVELOPMENT

At its core, voestalpine's corporate strategy relies on leadership in innovation, technology, and quality. Hence research and development (R&D) as an integral part of the company's business model is rooted in that precept.

The continuous development of both new products and new production processes is vital to any technology-driven company so that it can differentiate itself from the competition and remain successful in the market. Innovations are the key to voestalpine's future success.

EXPENDITURES

Research expenditures have climbed continually in recent years. The expenditures were a bit lower in the business year 2020/21 due to the outbreak of the COVID-19 pandemic and measures such as short time work associated with it. But a budget of EUR 185 million for the business year 2021/22 reconnects the level of R&D activity to the multi-year rising trend and thus reflects the importance of R&D within the Group.

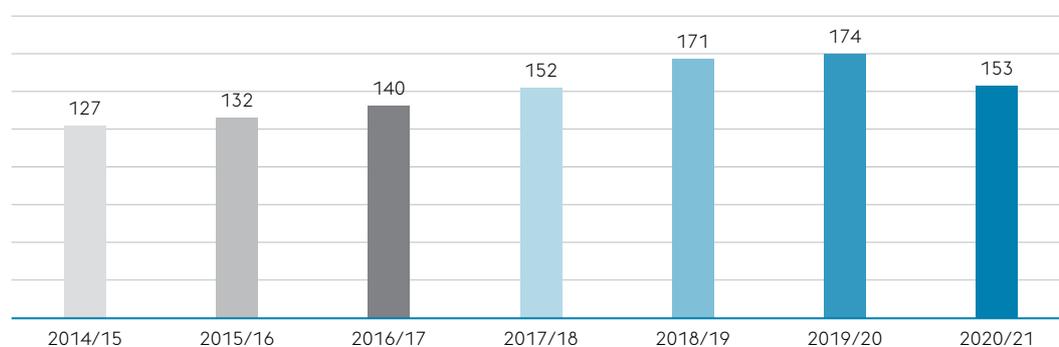
RESEARCH AND DEVELOPMENT PROJECTS TO REDUCE CO₂

Since 1990, we have continually optimized the current steelmaking process (which relies on blast furnaces) with respect to both resource efficiency and emissions. This has made it possible to lower CO₂ emissions by some 20%. As a result, the steel production facilities of the voestalpine Group are among the most CO₂ efficient in the world. At this stage, however, the possibilities for lowering CO₂ in steelmaking have largely been exhausted. It is clear from today's vantage point that new production technologies will be necessary if we are to fulfill the EU's requirements regarding further significant reductions.

With this in mind, voestalpine has developed a strategy that makes it possible to directly avoid CO₂ emissions in steel production by the year 2030 based on a hybrid concept ("greentec steel"). This approach involves switching from the blast furnace route to the electric arc technology in stages and, in the longer term (i.e., by 2050), put-

RESEARCH EXPENDITURE FOR THE voestalpine GROUP

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



ting in place CO₂-neutral production based on green hydrogen.

But greentec steel also encompasses electric arc technology that is used for smelting. The underlying systems approach poses major challenges to metallurgy. Approaches to alloys and raw materials must be adapted so that it is still possible—despite the undesirable by-products resulting from the use of scrap—to continue producing the kind of high-grade steel customers expect from voestalpine. We have already launched R&D projects to explore these issues.

The EU-sponsored “H2FUTURE” project was initiated in collaboration with our partners: VERBUND (Austria’s largest utility); Siemens; the Austrian Power Grid (APG); K1-MET (a metallurgical competence center); and TNO (a Dutch organization for applied scientific research). The world’s largest proton exchange membrane (PEM) electrolyzer facility in the steel industry was set up at voestalpine’s main production facility in Linz, Austria, with the aim of generating green hydrogen on an industrial scale. The six-megawatt facility has successfully completed all planned pilot programs since then.

There are other cutting-edge voestalpine projects besides H2FUTURE that rely on hydrogen as the technology that is key to achieving CO₂-neutral steel production. A pilot plant was set up at the Group’s plant in Donawitz, Austria, as part of the groundbreaking “SuSteel” project (SuSteel meaning “sustainable steelmaking”) in collaboration with K1-MET and the University of Mining and Metallurgy in Leoben, Austria. The plant serves to generate crude steel directly from iron ore using hydrogen plasma in a single step, thus avoiding the pig iron stage.

The “Hyfor” research project (also based in Donawitz) is being carried out in cooperation with

Primetals Technologies, the University of Mining and Metallurgy, and K1-MET. It is focused on the hydrogen-based direct reduction of iron ore to produce ultra-pure sponge iron as an input material for steelmaking.

voestalpine is evaluating technologies for the pyrolysis of natural gas in collaboration with RAG Austria (the largest energy storage company in the country) and the University of Mining and Metallurgy. This generates both hydrogen and solid carbon, in turn enabling CO₂-neutral production of the hydrogen; as an added bonus, the carbon generated in the process would be deemed a valuable industrial raw material.

DIGITALIZATION, SMART DATA, AND VIRTUAL REALITY

The Metal Engineering Division’s broad portfolio ranges from wear-and-tear-resistant railroad track steel, to ultra-pure ball bearing steel, all the way to super-clean spring steel. All of this requires high-quality pre-materials. The broad know-how in metallurgy of the Research & Development unit provides the basis for products possessing extraordinary properties.

Digitalization in the sense of complete automation makes possible exact process parameter settings that have a bearing on both the purity and the homogeneity of the steel pre-material thus produced. Very pure steel possessing optimal surface properties can be manufactured on this basis. The process includes using numerical models in the bloom continuous caster that was recently started up.

The new voestalpine Welding Calculator is being used to expand the Group’s aggregate materials and processing know-how by numerical calculations that deliver precise welding parameters. In turn, this simplifies the planning and optimizing of complex welding processes.

TRAILBLAZING MATERIALS, DIGITAL PRODUCTS, AND ADDITIVE MANUFACTURING

Automotive industry customers are continually licensing new, high, and highest tensile steels. The resulting lightweight construction of autobodies leads to lower emissions from combustion engines or greater reach in connection with electric drive technology.

Ultra-high tensile steels are processed using continually refined, high-quality tool steel. The latter enhances the useful lives of the tools and reduces production waste.

Digital products combine steel as a raw material with additional functionalities and thus open up a broad range of uses. The concept of so-called “tailormade functional steel” (tfs) was successfully developed through to its final form. This involves integrating electrical conductive paths and the desired electronic sensor technology into a special varnish. The component is malleable and can be subjected to further processing. It can be used for many different purposes, for example, to heat surfaces, display the load weight of shelves, or measure a tank’s fill level. tfs can be used directly as a control element, but also as an integrated component with monitoring functions; it also enables prospective maintenance.

Both capacity utilization and the strain on railways are high and will continue to grow. This makes digital monitoring of railway infrastructure ever more important. Monitoring and diagnostic systems of rolling stock (trains), fixed assets, and environmental conditions make it possible to identify changes in timely fashion and to schedule prospective maintenance. This enhances both

the security and the availability of railway networks. voestalpine has already developed the PHOENIX MDS monitoring system. It serves to analyze the data collected by various sensors in order to further minimize train stoppage times, delays, and downtimes. This project was launched in collaboration with ÖBB Infrastruktur AG, the infrastructure arm of the Austrian Railways (ÖBB). Once the project is completed in 2023 as planned, the Austrian rail network will have the most mature train monitoring system in all of Europe.

Additive manufacturing technology (3D printing), which is as innovative as it is resource-efficient, is optimally suited for producing complex geometries without any loss of materials. It is used, for example, in highly complex tempering and lightweight construction solutions for both the automotive and the consumer goods industries but also for applications in medical technology. Currently, a total of fifteen 3D printing facilities are being used at voestalpine’s seven additive manufacturing centers worldwide to produce technologically sophisticated custom products. The Group manufactures the highest-quality metal powder that is used as a pre-material for 3D printing at its own facilities in Kapfenberg, Austria (voestalpine BÖHLER Edelstahl GmbH & Co KG) and Hagfors, Sweden (Uddeholms AB). voestalpine also provides component construction and component simulation upon customer request and/or in collaboration with customers.

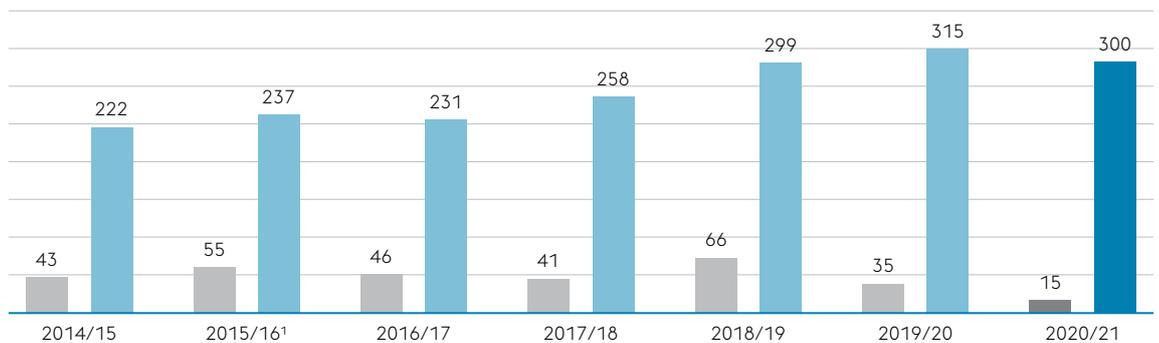
The so-called “new business incubator” (nbi) was established for the purpose of generating ideas and business models. It serves to rapidly and successfully translate innovative ideas into practice beyond the parameters of voestalpine’s core business.

ENVIRONMENT

ENVIRONMENTAL EXPENDITURES

In millions of euros

■ Environmental investments ■ Environmental operating expenses



¹ In the business year 2015/16, in addition to the emission-intensive Austrian Group sites, a number of other, primarily international, production companies were included.

ENVIRONMENTAL EXPENDITURES

The Group-wide trend in the extraordinary business year 2020/21 also affected environmental investments: They fell, from EUR 35.0 million in the previous business year to EUR 15.3 million. Yet voestalpine implemented many relevant environmental mitigation projects in the business year ended at its facilities worldwide nonetheless. Moreover, the Group also consistently pushed the investments in research and development projects described in the “Climate Action” chapter. Ongoing operating expenses (OPEX) with an environmental component remained high. Following the record of EUR 314.5 million in the business year 2019/20, they were still EUR 300.1 million in the business year 2020/21 due, above all, to the significant increase in the price of EU allowances (EUA).

CO₂ ALLOWANCES

Approximately 60% of the Group's environmental expenditures go to clean air activities. In the business year 2020/21, a total of EUR 76.7 million were spent on EU emissions trading (previous

business year: EUR 90.0 million). The decrease stems primarily from the decline in the need for additional CO₂ allowances owing to reduced production levels and the associated reduction in CO₂ emissions. The latter fell in the Group's Austrian production units—to which the largest portion by far of the CO₂ emissions relevant to emission trading are allocable—from 12 million tons in calendar year 2019 to 11 million tons in calendar year 2020. Given the simultaneous and dramatic increase in the market price for CO₂ allowances over the course of the reporting period, the decline in the need for additional CO₂ allowances is not reflected directly proportional to the reduction in earnings.

Just as in previous business years on average, the need for additional CO₂ allowances during the business year 2020/21 equated to just under one third of total CO₂ emissions and follows from the total need less the allocation of free allowances.

CORPORATE ENVIRONMENTAL FOCUS AND MEASURES

Consequently, the implemented projects focused on CO₂ emissions, energy efficiency including ex-

haust heat usage, and expansion of the Group's own renewable energy generation capacity.

The **Steel Division** focused chiefly on measures that continually improve resource efficiency, thus sustainably lowering the use of fossil fuels, the need for electrical energy as well as the need for water to cool facilities. Recurring emissions measurements that surpass statutory requirements and serve to improve emissions quantification in the coking plant were planned and implemented as well.

The work at the legacy pollution clean-up project on the area of the former coking plant continued apace in the business year ended. Contaminated soil in the eastern region of the affected area was removed. The funnel & gate system has made it possible for more than six years to prevent almost all pollutants from leaching into the groundwater. For several years now, voestalpine has been operating both a soil vapor extraction system and a phased water remediation system to continue removing pollutants from within the built environment.

Additional remedies were utilized to ensure the upkeep and maintenance of existent environmental facilities and equipment. This includes excavators and similar tools used for the maintenance of the waste disposal site as well as new charging stations for expanding in-house e-mobility.

The **High Performance Metals Division** focuses on energy efficiency. Over and above the comprehensive implementation of certified energy management systems pursuant to ISO 50001 in all production companies, in the business year 2020/21 this division optimized its combustion technology; installed new, efficient lighting systems; and carried out various improvements of existent system controls as well as numerous process innovations in production. Cumulatively, these measures generate long-term savings of 85 GWh or about EUR 2.4 million.

The division also prioritizes issues associated with the circular economy. Strategic projects are in the process of being implemented to boost re-

source efficiency and secure supplies of key raw materials. This includes the recovery of alloying elements from production by-products, the creation of closed-loop material cycles (CLMC) with customers, the development of alternative (secondary) sources of raw materials, and the substitution of primary raw materials through secondary raw materials.

The investments of the **Metal Engineering Division** primarily funded ambitious measures to lower energy consumption and enhance the plants' own generation of energy. For example, the conversion of power generation unit 01 in Donawitz, Austria, to modified sliding pressure operation was completed toward the end of the business year 2020/21; this reduces the need to procure third-party electricity by some 6,000 MWh per year. More than 9,000 MWh of additional energy sourced via the plants' own generation capacities are obtained annually via cumulative individual measures in the power plant. The optimized converter gas facility, which was launched at the beginning of the business year 2021/22, now makes it possible to increase the division's own production of electricity in its power plant by some 5,700 MWh a year.

Steps to achieve significant energy savings and/or CO₂ reductions were also implemented in connection with the sintering plant and other facilities within the steel plant as well as in other business segments such as the manufacture of rails or wire. Yet other activities focused on optimizing cooling water and waste heat cycles.

The **Metal Forming Division** increasingly relies on induction instead of gas burners to heat and/or heat-treat strip steel and steel parts. Using electrical energy from the division's own hydropower plants and photovoltaics (PV) units sustainably cuts CO₂. In calendar year 2020, the division's Böhlerwerk facility in Lower Austria achieved a new all-time high with respect to the volume of own electricity generated: Fully 87% of the electrical energy required at the facility were produced by the company's three own hydropower plants

on the Ybbs River. Energy efficiency measures also helped to cut various types of energy used by some 500 MWh during the previous business year. Of this amount, electricity accounted for fully 260 MWh and natural gas for 20,500 m³—a total of more than 40 tons of CO₂.

The contribution of steel to renewable energies, wherever they are used, is growing. The development of products for PV units exemplified this fact at several of the division's facilities. voestalpine has also prepared an Environmental Product Declaration (EPD) for its innovative phs® technology that is used to manufacture press-hardening auto-body components for sophisticated lightweight automotive construction.

ENERGY AND CLIMATE POLICY

The EU Commission's "Green Deal," which was initiated at the end of calendar year 2019, substantially raises the emissions reduction targets applicable through to the year 2030. In April 2021, the European Commission, Council, and Parliament agreed to increase the targets from previously 40% to 55% (in each case relative to the year 1990). Work is currently being done to establish (in EU directives and regulations regarding individual legal matters) what this actually means in terms of higher requirements to be imposed on sectors such as the steel industry that are subject to emissions trading. At this time, the target pursuant to EU-ETS is minus 43% relative to the year 2005.

The Austrian federal government, for its part, aims to achieve climate neutrality no later than by the year 2040 and thus a decade earlier than stipulated in the Paris Agreement and by the EU. The work to put in place the required statutory framework at the national level, too, is ongoing.

voestalpine's DECARBONIZATION APPROACH

voestalpine has a comprehensive plan to decarbonize its steel production. For the time being, this plan provides for electrification through re-

newable energy and, in the long term, the transition to hydrogen metallurgy.

The first milestone will make it possible to permanently lower process-related CO₂ emissions by about 30% up to the year 2030. This corresponds to a reduction in annual emissions by approximately three to four million tons. voestalpine's "greentec steel" project establishes the incremental shift from blast furnace technology based on coal to electric arc technology based on green electricity. Besides scrap, the most important input materials required for this purpose are liquid pig iron and CO₂-reduced hot briquetted iron (HBI). This presents the following innovation challenge, specifically, how to arrive at the same top quality that is achieved through the existent blast furnace/LD steelmaking route using the new approach.

The companies cannot bear the investment costs and higher operating costs arising from higher prices for green electricity all by themselves. Adequate levels of budgeted funds for underwriting national and European co-funding mechanisms are required over and above the availability and competitiveness of green energy to meet the ambitious climate targets.

voestalpine's hybrid greentec steel approach provides the basis for bringing about the hydrogen-based transformation by the year 2050. Subject to economic viability, the plan is to use electricity from renewable sources and green hydrogen to replace coal completely as the reducing agent for iron ore and thus produce CO₂-neutral steel by the year 2050.

To enable hydrogen-based steel production technologically in the long term, voestalpine is working intensively with partners in industry and science on research and demonstration projects. In addition to the EU's flagship "H2FUTURE" project for generating green hydrogen that is being implemented in Linz, Austria, through the end of calendar year 2021, two fundamental projects concerning hydrogen metallurgy are in progress at voestalpine's Donawitz, Austria, plant: the "Sustainable Steel" (SuSteel) project and the

“Hydrogen-Based Fine Ore Reduction” (Hyfor) project.

CIRCULAR ECONOMY AND PRODUCT SUSTAINABILITY

Transforming the economic system into a circular economy requires analyzing the entire value chain, i.e., all phases of a given life cycle. voestalpine has long implemented and refined the principles of a circular economy at the level of both processes and products in many areas. Over and above the material contribution of steel as a material in and of itself this includes:

- » Developing closed-loop substance and materials cycles for boosting resource and materials efficiency in production processes;
- » Expanding recycling chains for products and secondary raw materials in various supply chains;
- » Creating so-called industrial symbioses such as the use of steel production by-products as secondary raw materials for manufacturing products in other industries; and
- » Continually promoting developments aimed at the efficient use of alternative and/or secondary sources of raw materials.

Currently, life cycle assessments (LCAs) used to determine the environmental impact of products (i.e., product sustainability) are one focal point. Environmental Product Declarations (EPDs) play an important role in determining products’ environmental effects based on their life cycle assessments. The EPDs are based on two international standards (EN 15804 and ISO 14025) that are

audited and verified by independent third parties. For example, the voestalpine Group has published EPDs for hot-dip galvanized strip steel, electrical steel strip, colofer®, heavy plate, and rails as part of the declarations program of the German “Institut Bauen und Umwelt” (IBU), an association of building product manufacturers. Additional EPDs are being developed.

Regular dialogues with customers on issues of decarbonization and product sustainability are integral to a variety of voestalpine’s supply and value chains. These customers represent a range of sectors such as the automotive industry, the electrical industry, and the oil & natural gas industry; some of them participate as additional scientific or civil society stakeholders.

voestalpine publishes information on its greenhouse gas emissions (GGE) and its water consumption under the Carbon Disclosure Project (CDP) and participates in cross-sectoral initiatives such as “Responsible Steel.”

ENVIRONMENTAL MANAGEMENT SYSTEMS

By now, 70% of the roughly 130 Group companies worldwide that are covered by the internal environmental data management system—including all larger, environmentally sensitive operating sites—use an environmental management system (EMS) pursuant to ISO 14001 or the EU’s Eco-Management and Audit Scheme (EMAS). An additional 8% possess other certifications such as energy management pursuant to ISO 50001.

REPORT ON THE COMPANY'S RISK EXPOSURE

Proactive risk management—as it has been understood by and regularly practiced in the voestalpine Group for many years—serves to ensure the Group's existence as a going concern in the long term and to boost its value; it is thus key to the success of the voestalpine Group on the whole. The existing risk management system is rooted in a general policy that applies throughout the Group and is continually updated and refined.

Among other things, the **Audit Committee** of voestalpine AG is tasked with continually addressing questions related 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, including the risks associated with them, 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 **systematic risk management process** helps management to both identify risks early on and initiate appropriate precautionary measures with the aim of averting or preventing dangers. In the sense of responsible corporate management that is oriented toward sustainability and shareholder value alike, risk management is an integral part of the decision-making and business processes at all hierarchy levels of all of the company's divisions. Risk management covers both the strategic and the operational levels and thus is a major factor in the Group's sustainable success.

Strategic risk management serves to evaluate and safeguard the Group's strategic planning. 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. Operational risk management is based on a revolving procedure ("identify and analyze, assess, manage, document, and monitor") that is run several times a

year uniformly across the entire Group. Operational risk management also includes ensuring conformity with the given strategy. Identified risks are appraised using a nine-field assessment matrix that evaluates possible losses and the probability of their occurring. In the main, this involves documenting operational, environmental, market, procurement, technological, financial, compliance, and IT risks at both the strategic and the operational level. Actions taken to control risk entail different strategies such as risk avoidance and mitigation, the securing of assets, combinations of these approaches as well as the capacity to bear risk; local management is responsible for making decisions as to what steps to pursue and implement. 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. **Overall responsibility** for risk management, however, rests with the Management Board of voestalpine AG.

Risk management is supported by a special web-based IT system. An external auditor reviews and evaluates the design and suitability of the process once a year (Rule 83 of the Austrian Corporate Governance Code (ACGC)).

DESCRIPTION OF MATERIAL FIELDS OF RISK

PANDEMIC, COVID-19 CRISIS

The global COVID-19 crisis and the resulting medical, economic, and social state of emergency as well as its ramifications continued to dominate the business year 2020/21. As part of Group-wide crisis management, crisis teams have been in place on three decision-making levels (Group, divisions, companies) since the onset of the pandemic; they are tasked with ensuring rapid and coordinated action at all of the Group's facilities during this continued difficult time.

Hygienic and protective measures designed to ensure employees' safety and to support them

and their families as best as possible; working from home (teleworking) if possible, with the requisite infrastructure being put in place on short notice; and consideration for employees' potential caregiving duties are some of the rapidly instituted measures that helped us during the business year 2020/21 to maintain our operations as best as possible and ensure the organization's stability. Dealing with the crisis also required supplementary steps such as safeguarding liquidity; short time work; reduction of time credits; early annual plant/office closings; adjustment and limitation of production activities in line with existing supply chain constraints all the way to regular exchanges of information with key customers and suppliers.

Thanks to this approach, the voestalpine Group adapted well to the completely new environment. Emergency and crisis plans that were implemented along with additional measures continue to be evaluated at regular intervals and are adjusted and/or expanded as necessary in the light of new information.

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

» AVAILABILITY OF RAW MATERIALS AND ENERGY SUPPLIES

To ensure the supply of raw materials and energy in the required quantities and quality over the long term, the voestalpine Group has for some years already pursued a diversified procurement strategy appropriate to the heightened political and economic risks of this globalized market. The core elements of this strategy—maintaining long-term supply relationships, expanding the supplier portfolio, and developing the Group's self-sufficiency—have become ever more important, given the ongoing volatility of the raw materials markets (*for details, see the "Raw Materials" chapter of this Annual Report*). Generally speaking, the pandemic can still disrupt global supply chains. This may trigger limitations that are imposed

by suppliers or customers or that arise from disruptions in transportation routes. Focusing on less vulnerable supply chains while at the same time expanding logistical options substantially boosted the reliability of raw materials deliveries during the business year ended.

As far as energy supplies are concerned, the Group is continually reviewing and pushing alternative energy resources.

» GUIDELINE FOR HEDGING RAW MATERIALS PRICE RISK

An internal guideline defines objectives, principles, and responsibilities as well as methodologies, procedures, and decision-making processes in connection with the management of raw materials risks. Based thereon and taking into account the individual specificities of the respective Group company's business model, prices are hedged by means of delivery contracts containing fixed price agreements or by means of derivative financial instruments. Iron ore, coke, coking coal, zinc, nickel, CO₂, and all sources of energy are subject to raw materials risk management.

» CO₂

Risks associated with CO₂ and decarbonization are covered separately in the "Environment" chapter of this Annual Report.

» FAILURE OF PRODUCTION FACILITIES

Continual targeted and comprehensive investments that optimize sensitive units technologically serve to minimize the risk of critical facilities breaking down. Supplementary measures encompass consistent preventive maintenance, risk-oriented storage of spare parts as well as appropriate employee training.

» FAILURE OF IT SYSTEMS

At most of the Group's facilities, business and production processes that are largely based on complex information technology (IT) systems are serviced by voestalpine group-IT GmbH, a wholly-owned subsidiary of voestalpine AG

specialized in IT. Given the importance of IT security and in order to continue minimizing possible IT breakdown and security risks, we previously developed minimum security standards that also encompass guidance on business continuity management. These minimum standards are regularly adapted to new circumstances, and compliance with them is evaluated annually by way of audits. Additional periodic penetration tests are carried out to further reduce the risk of unauthorized access to IT systems and applications. Broad online campaigns aimed at further sensitizing our employees to security issues were carried out yet again in the business year just ended. Increasingly, these online campaigns are also focusing on the topic of cyber security. In the past business year, potential risks associated with the fact that people are working from home (teleworking) were addressed as well. Evidence of cyber fraud attacks (such as social engineering, CEO fraud, and man-in-the-middle attacks related to payments and deliveries) is compiled by a working group, preventive measures are developed, and existent measures are reviewed and adjusted as necessary. In addition, extensive online campaigns are carried out and special e-learning programs initiated to both prevent potential cyber fraud attacks and further sensitize our employees to these risks.

» **KNOWLEDGE MANAGEMENT/
PROJECT MANAGEMENT**

Complex projects initiated in the past are consistently and continually refined in order to sustainably safeguard the Group's knowledge—in particular, to prevent the loss of its know-how. Besides permanently documenting all available knowledge, new findings from key projects as well as lessons learned as the result of unplanned events are incorporated as appropriate. Detailed process documentation, especially in IT-supported areas, also contributes to securing the available knowledge. A diverse range of project management tools and suitable project monitoring are used to counteract any project

risks (e.g., the project business and investments). 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 especially to counteract antitrust and corruption violations.

» **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.

» **RISK FROM NATURAL DISASTERS**

Risks from natural disasters and the like are counteracted through appropriate preventive measures such as fire alarms, sprinkler systems, flood protection, regular safety drills and inspections as well as risk surveys conducted with insurance companies. The Group's existing insurance policies for natural disasters and other risks are regularly reviewed as to their current appropriateness in cooperation with voestalpine Insurance Services GmbH (the Group's internal insurer).

» **SUSTAINABILITY RISKS**

Risks pertaining to sustainability and associated topics (including the ramifications thereof)—e.g.,

climate change mitigation and environmental protection, social and personnel issues, respect for human rights, and the fight against corruption—are taken into account at all levels. Issues of sustainability are also addressed in a separate report, specifically, the Group's Corporate Responsibility (CR) Report.

» 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 credit lines based on the consolidated operating results. This is intended 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. Given the additional risks arising from the COVID-19 crisis, in the business year 2020/21 particular attention was 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 through a large number of credit insurance policies 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 pandemic did not cause loan insurers to significantly tighten credit limits in customer segments, nor did it lead to greater receivable charge-offs. Counterparty credit risk in financial contracts is managed through daily monitoring of the counterparties' 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 connection, hedges are implemented centrally by Group Treasury based on derivative hedging instruments. voestalpine AG hedges the budgeted (net) foreign currency payments for the next 12 months. Longer-term hedging is carried out only in connection with contracted project business. The hedging ratio is between 25% and 100% of the budgeted cash flows for the next 12 months.

» 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, 2021, reporting date, any increase in the interest rate by one percentage point would increase the net interest expense in the subsequent business year by EUR 3.0 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

COVID-19 PANDEMIC

The COVID-19 pandemic may cause individual jurisdictions to take a variety of statutory steps that would affect production parameters and the ability of voestalpine AG's subsidiaries to act in a commercial capacity.

ENERGY TAX REBATE IN AUSTRIA

As regards the Austrian energy tax rebate, the decision of the European Court of Justice (ECJ) dated November 14, 2019 (ECJ 11/14/2019, docket no. C-585/17, Dilly's Wellnesshotel II) established that the limitation to manufacturing companies imposed by the BBG 2011 was put in place in ways consonant with European Union law. In its subsequent ruling dated December 18, 2019 (docket no. Ro 2016/15/0041), the Austrian Higher Administrative Court followed the ECJ's holding. The voestalpine Group did not suffer any adverse effects from the Higher Administrative Court's ruling, which concludes the case.

ECONOMIC RISKS

To minimize the Group's risk exposure, additional measures primarily of a corporate nature were taken in the business year ended based on in-

sights gained from past economic and financial crises and their effects on the voestalpine Group and, especially, based on insights gained from the current COVID-19 crisis; these measures will be consistently implemented in the years to come as well. In particular, these measures are targeted at

- » Minimizing the negative effects that even a recessionary economic trend would have on the company by means of relevant planning precautions ("scenario planning");
- » Maintaining high product quality along with concurrent continual efficiency gains and ongoing cost optimization;
- » Having sufficient financial liquidity available even in the event of constricted financial markets; and
- » Securing 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.

Given the difficulties in the economic environment that continue unabated, any fallout from global trade disputes such as (punitive) tariffs is monitored on a continual basis. Further developments in the pandemic and the actions that individual countries take to fight it and stimulate their economies will continue to have a massive impact on economic developments in different parts of the world.

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 do not threaten the company's existence as a going concern. As regards the COVID-19 crisis and its associated global ramifications, the voestalpine Group will continue to do everything in its power to deal with the situation—which is very difficult for each

and every individual and for the company on the whole—to the best of its ability.

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 (*Aktien-gesetz – 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 guidelines 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, particularly, signing authority for payments that apply only collectively and are limited to only a few persons (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 that are built into the reporting and consolidation system, for one, and numerous manual reviews, for another, 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, after 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 internal control system, 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

Holdings of treasury shares for the purpose of issuing shares to employees and executives of the company and of affiliated companies under the

existent employee shareholding scheme as of March 31, 2021, are as follows:

	Treasury shares in thousands of shares	Percentage of share capital in %	Percentage of share capital in thousands of euros
As of 03/31/2020	28.6	0.0	52.0
Additions in 2020/21	0.0	0.0	0.0
Disposals in 2020/21	0.1	0.0	0.1
As of 03/31/2021	28.5	0.0	51.9

The company has held its treasury shares for years.

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

As of March 31, 2021, the share capital of voestalpine AG is EUR 324,391,840.99 (March 31, 2020: EUR 324,391,840.99) and is divided into 178,549,163 (March 31, 2020: 178,549,163) ordinary no-par value shares. There are no restrictions on voting rights (1 share = 1 vote). voestalpine AG is unaware of any agreements among or between its shareholders and third parties 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, each hold more than 10% (and less than 15%) of the company's share capital. Oberbank AG, Linz, 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 who participate in the employee shareholding scheme. However, the way 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 representing employees and six members representing 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 of the Management Board's powers 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 item 17 (Equity) of the Notes to the Consolidated Financial Statements 2020/21.

The EUR 400 million fixed-interest bond 2014–2021; the EUR 500 million fixed-interest bond 2017–2024; the EUR 500 million fixed-interest bond 2019–26; the EUR 50 million privately floated, fixed-interest bond 2019–2031; a total of EUR 401 million and USD 320 million, respectively, in promissory note loans; the EUR 1,000 million syndicated loan obtained in 2019 (undrawn revolving credit facility); and bilateral loans for a total of EUR 444.5 million and USD 403.6 million, respectively, contain change of control provisions. 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. 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*).

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

Following the economic meltdown at the start of the business year 2020/21, the second half of the reporting period was defined by the upswing of the global markets. Currently, demand from almost all of voestalpine's important customer segments is high; in fact, some areas seem to be overheating due to catch-up effects. Even the oil & natural gas industry, which was hit particularly hard by the crisis, is starting to rebound incrementally. The most that can be expected for the aerospace industry, however, is a slight improvement in the course of the business year 2021/22.

Given positive demand, from today's vantage point we may expect the economy on the whole to continue along its upward trajectory at least up to the end of calendar year 2021. This assessment also follows the forecasts of economic researchers. In addition, the trillions in EU and U.S. economic stimulus packages that aim to kickstart the economy are expected to provide

important impetus for growth after the end of the COVID-19 pandemic.

But the crisis has not yet been overcome. Despite the availability of effective vaccines against the COVID-19 virus and growing immunization coverage, it is difficult to predict how the pandemic and its economic consequences will evolve going forward. The voestalpine Group will once again and increasingly focus on value-added growth over and above its consistent measures to boost efficiency and optimize cash flow.

Assuming that the current economic momentum will continue and that there will be no new, unexpected distortions of the market, the Management Board of voestalpine AG expects EBITDA for the business year 2021/22 between EUR 1,600 million and EUR 1,900 million.

Linz, May 31, 2021

The Management Board

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

Hubert Zajicek

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

CONSOLIDATED FINANCIAL STATEMENTS 2020/21

CONSOLIDATED FINANCIAL STATEMENTS

- 84** Report of the Supervisory Board
- 86** Consolidated Statement of Financial Position
- 88** Consolidated Statement of Cash Flows
- 89** Consolidated Statement of Comprehensive Income
- 90** Consolidated Statement of Changes in Equity
- 92** Notes to the Consolidated Financial Statements
- 204** Auditor's Report
- 211** Management Board Statement in accordance with Section 124 (1) Austrian Stock Exchange Act 2018 (*Börsegesetz 2018 – BörseG 2018*)
- 212** Investments

OTHER

- 225** Glossary
- 226** Contact, Imprint

REPORT OF THE SUPERVISORY BOARD ON THE BUSINESS YEAR 2020/21

During the business year 2020/21, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Association by holding five plenary sessions, three meetings of the Audit Committee, and five meetings of the General Committee. In both the plenary sessions and the Audit Committee meetings, the Management Board provided comprehensive oral and written information regarding the development of the company's business as well as its financial management and position.

The business year 2020/21 was defined by the economic distortions resulting from the COVID-19 pandemic. Therefore, the Supervisory Board dealt intensively with the ramifications of this pandemic for voestalpine as well as with the measures the Management Board planned and took in this connection as part of the Management Board's ongoing reports on the Group's current economic and financial situation. At its meetings, the Supervisory Board also dealt in detail with scenarios regarding CO₂-reduced steelmaking, the Group's 2025+ Strategy, its sustainability strategy, its qualitative personnel planning including succession planning as well as topics related to innovation and information technology. In particular, both the General Committee and the Supervisory Board dealt with the revision of the rules of procedure for the Supervisory Board and the changes in the Compensation Policy applicable to the members of the Supervisory Board.

The Audit Committee especially dealt with the preparation and review of the company's con-

solidated and annual financial statements, the auditor's independence as well as topics related to the internal control system, the risk management system, and Internal Audit.

For details regarding the composition and procedures of the Supervisory Board and its committees, see the Consolidated Corporate Governance Report 2020/21.

Both the Annual Financial Statements and the Consolidated Financial Statements as of March 31, 2021, were audited by the auditor elected at the Annual General Meeting on July 1, 2020, specifically, Deloitte Audit Wirtschaftsprüfungs-GmbH, Vienna, Austria. The auditor attended all three meetings of the Audit Committee and was available for questions and discussions.

The audit did not give rise to any objections and showed that the Annual Financial Statements as well as the Consolidated Financial Statements (the latter having been prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by Section 245a Austrian Commercial Code (*Unternehmensgesetzbuch – UGB*)) conform to statutory requirements. The auditor issued an unqualified audit opinion for both the Annual Financial Statements and the Consolidated Financial Statements and confirmed that the Management Report is consistent with the Annual Financial Statements and confirmed that the Consolidated Management Report is consistent with the Consolidated Financial Statements.

Following the Audit Committee's prior review of the financials, on June 8, 2021, the Supervisory Board reviewed and approved the Annual Financial Statements as of March 31, 2021. The Annual Financial Statements are thus adopted pursuant to Section 96 (4) Austrian Stock Corporation Act (*Aktiengesetz – AktG*). Furthermore, following the Audit Committee's prior review, the Supervisory Board reviewed and approved the Management Report as well as the Consolidated Financial Statements including the Consolidated Management Report and the Consolidated Corporate Governance Report for the business year 2020/21. At its meeting on September 23, 2020, the Supervisory Board reviewed and approved the consolidated non-financial report—i.e., the Corporate Responsibility Report—for the business year 2019/20. The Supervisory Board did not raise any objections during these reviews.

The Consolidated Corporate Governance Report 2020/21 was audited by Deloitte Audit Wirtschaftsprüfungs-GmbH as part of the annual external review of voestalpine AG's compliance with the Austrian Corporate Governance Code. This audit did not bring to light any facts and circumstances that would cause us to assume that the company's Consolidated Corporate Governance Report does not comply with material aspects of the

Code. Compliance with the Code's C rules pertaining to the audit (Rules 77 through 83) was reviewed and confirmed by the law firm, WOLF THEISS Rechtsanwälte GmbH & Co KG, Vienna.

The Corporate Responsibility Report 2019/20 was audited by Deloitte Audit Wirtschaftsprüfungs-GmbH. These audit procedures did not bring to light any facts and circumstances that would cause us to assume that this Report by voestalpine AG does not comply with material aspects of applicable legal requirements or the Global Reporting Initiative (GRI) standards.

It is established hereby that the company closed the business year 2020/21 with a net profit of EUR 90.0 million. We propose paying a dividend of EUR 0.50 per share entitled to a dividend to the shareholders and to carry forward the remaining amount.

The Supervisory Board

Dr. Joachim Lemppenau
(Chairman)

Linz, June 8, 2021

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2021

ASSETS

	Notes	04/01/2019	03/31/2020	03/31/2021
A. Non-current assets				
Property, plant and equipment	9	6,580.2	6,558.8	6,120.0
Goodwill	10	1,548.3	1,494.9	1,469.2
Other intangible assets	10	395.1	338.6	307.2
Investments in entities consolidated according to the equity method	12	124.3	127.6	135.7
Other financial assets and other equity investments	12	50.6	65.9	66.2
Deferred tax assets	13	197.3	283.9	345.9
		8,895.8	8,869.7	8,444.2
B. Current assets				
Inventories	14	4,053.0	3,598.2	3,438.8
Trade and other receivables	15	2,021.3	1,650.1	1,722.2
Other financial assets	24	182.3	55.4	145.3
Cash and cash equivalents	16	485.9	794.7	1,159.7
Assets – held for sale	9	13.3	0.0	0.0
		6,755.8	6,098.4	6,466.0
Total assets		15,651.6	14,968.1	14,910.2

In millions of euros

EQUITY AND LIABILITIES

	Notes	04/01/2019	03/31/2020	03/31/2021
A. Equity				
Share capital		324.3	324.3	324.3
Capital reserves		667.0	660.3	661.2
Hybrid capital		497.9	0.0	0.0
Treasury shares		-1.5	-1.5	-1.5
Other reserves		-69.1	-165.8	-115.0
Retained earnings		5,125.4	4,660.9	4,655.6
Equity attributable to equity holders of the parent		6,544.0	5,478.2	5,524.6
Non-controlling interests		165.8	136.7	125.3
	17	6,709.8	5,614.9	5,649.9
B. Non-current liabilities				
Pensions and other employee obligations	18	1,276.9	1,277.9	1,257.2
Provisions	19	167.3	92.4	119.3
Deferred tax liabilities	13	110.5	92.5	93.8
Financial liabilities	20	2,661.8	3,889.7	2,846.2
		4,216.5	5,352.5	4,316.5
C. Current liabilities				
Provisions	19	642.9	646.9	700.6
Tax liabilities		101.6	38.8	51.6
Financial liabilities	20	1,142.3	754.1	1,220.7
Trade and other payables ¹	21	2,130.2	1,953.5	2,188.8
Trade payables from bills of exchange and trade payables from reverse factoring agreements ¹	22	708.3	607.4	782.1
		4,725.3	4,000.7	4,943.8
Total equity and liabilities		15,651.6	14,968.1	14,910.2

¹ Given the clarification pursuant to the December 2020 IFRIC Update regarding supply chain finance, trade payables as well as trade payables from reverse factoring agreements that are securitized via bills of exchange are shown in a separate line item. The previous year's figures for the affected items were adjusted retrospectively.

In millions of euros

CONSOLIDATED STATEMENT OF CASH FLOWS 2020/21

	Notes	2019/20	2020/21
Operating activities			
Profit after tax		-216.5	31.7
Non-cash expenses and income, deposits and disbursements not recognized in income statement	25	1,086.6	968.5
Change in inventories		408.6	133.5
Change in receivables and liabilities		80.1	407.1
Change in provisions		-54.8	92.7
Changes in working capital		433.9	633.3
Cash flows from operating activities¹		1,304.0	1,633.5
Investing activities			
Additions to other intangible assets, property, plant and equipment		-747.9	-599.3
Income from disposals of assets		43.7	19.7
Cash flows from the acquisition of control of subsidiaries	25	-11.2	-2.0
Cash flows from the loss of control of subsidiaries	25	-0.2	-0.1
Additions to/divestments of other financial assets		108.8	-84.1
Cash flows from investing activities		-606.8	-665.8
Financing activities			
Dividends paid		-222.0	-35.7
Dividends paid, non-controlling interests		-21.0	-14.5
Capital increase, non-controlling interests		0.0	0.8
Acquisition of non-controlling interests		-4.8	0.0
Repayment hybrid capital		-500.0	0.0
Increase in non-current financial liabilities	25	1,157.8	154.7
Repayment of non-current financial liabilities	25	-786.4	-603.7
Repayment of lease liabilities	25	-53.5	-45.5
Change in current financial liabilities and other financial liabilities	25	55.6	-51.7
Cash flows from financing activities		-374.3	-595.6
Net decrease/increase in cash and cash equivalents			
		322.9	372.1
Cash and cash equivalents, beginning of year		485.9	794.7
Net exchange differences		-14.1	-7.1
Cash and cash equivalents, end of year	16	794.7	1,159.7

¹ Cash flows from operating activities include
interest received of
interest paid of
taxes paid of
and dividend income of

6.1
129.3
137.9
11.9

3.7
88.2
31.4
8.7

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2020/21

CONSOLIDATED INCOME STATEMENT

	Notes	2019/20	2020/21
Revenue	1.2	12,717.2	11,266.6
Cost of sales		-10,559.2	-9,412.2
Gross profit		2,158.0	1,854.4
Other operating income	3	443.4	493.7
Distribution costs		-1,174.5	-1,025.1
Administrative expenses		-674.0	-649.1
Other operating expenses	4	-852.8	-572.3
Share of profit of entities consolidated according to the equity method	5	10.9	13.6
EBIT		-89.0	115.2
Finance income	6	36.8	21.2
Finance costs	7	-178.1	-125.6
Profit before tax		-230.3	10.8
Tax expense	8	13.8	20.9
Profit after tax		-216.5	31.7
Attributable to:			
Equity holders of the parent		-222.0	42.1
Non-controlling interests		-7.7	-10.4
Share for hybrid capital owners		13.2	0.0
Diluted and basic earnings per share (euros)	31	-1.24	0.24

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	2019/20	2020/21
Profit after tax	-216.5	31.7
Items of other comprehensive income that will be reclassified subsequently to profit or loss		
Cash flow hedges	-37.8	38.9
Currency translation	-61.3	12.5
Share of result of entities consolidated according to the equity method	-1.1	0.4
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	-100.2	51.8
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses	-22.0	-9.5
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	-22.0	-9.5
Other comprehensive income for the period, net of income tax	-122.2	42.3
Total comprehensive income for the period	-338.7	74.0
Attributable to:		
Equity holders of the parent	-341.1	82.8
Non-controlling interests	-10.8	-8.8
Share for hybrid capital owners	13.2	0.0
Total comprehensive income for the period	-338.7	74.0

In millions of euros

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020/21

	Share capital	Capital reserves	Hybrid capital	Treasury share reserve
Balance as of April 1, 2019	324.3	667.0	497.9	-1.5
Profit after tax	-	-	-	-
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	-	-	-	-
Currency translation	-	-	-	-
Share of result of entities consolidated according to the equity method	-	-	-	-
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	-	-	-	-
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses	-	-	-	-
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Dividends	-	-	-	-
Repayment hybrid capital	-	-	-500.0	-
Dividends to hybrid capital owners	-	-	-	-
Share-based payment	-	-1.1	-	-
Other changes	-	-5.6	2.1	-
	-	-6.7	-497.9	-
Balance as of March 31, 2020 = Balance as of April 1, 2020	324.3	660.3	0.0	-1.5
Profit after tax	-	-	-	-
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	-	-	-	-
Currency translation	-	-	-	-
Share of result of entities consolidated according to the equity method	-	-	-	-
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	-	-	-	-
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses	-	-	-	-
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Dividends	-	-	-	-
Share-based payment	-	0.9	-	-
Acquisition of control of subsidiaries	-	-	-	-
Other changes	-	-	-	-
	-	0.9	-	-
Balance as of March 31, 2021	324.3	661.2	0.0	-1.5

Other reserves		Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
Translation reserve	Cash flow hedge reserve				
-74.7	5.6	5,125.4	6,544.0	165.8	6,709.8
-	-	-208.8	-208.8	-7.7	-216.5
-	-37.8	-	-37.8	-	-37.8
-57.8	-	-	-57.8	-3.5	-61.3
-1.1	-	-	-1.1	-	-1.1
-58.9	-37.8	-	-96.7	-3.5	-100.2
-	-	-22.4	-22.4	0.4	-22.0
-	-	-22.4	-22.4	0.4	-22.0
-58.9	-37.8	-22.4	-119.1	-3.1	-122.2
-58.9	-37.8	-231.2	-327.9	-10.8	-338.7
-	-	-196.4	-196.4	-20.3	-216.7
-	-	-	-500.0	-	-500.0
-	-	-25.6	-25.6	-	-25.6
-	-	-	-1.1	-	-1.1
-	-	-11.3	-14.8	2.0	-12.8
-	-	-233.3	-737.9	-18.3	-756.2
-133.6	-32.2	4,660.9	5,478.2	136.7	5,614.9
-	-	42.1	42.1	-10.4	31.7
-	38.9	-	38.9	-	38.9
11.5	-	-	11.5	1.0	12.5
0.4	-	-	0.4	-	0.4
11.9	38.9	-	50.8	1.0	51.8
-	-	-10.1	-10.1	0.6	-9.5
-	-	-10.1	-10.1	0.6	-9.5
11.9	38.9	-10.1	40.7	1.6	42.3
11.9	38.9	32.0	82.8	-8.8	74.0
-	-	-35.7	-35.7	-15.9	-51.6
-	-	-	0.9	-	0.9
-	-	-	-	5.4	5.4
-	-	-1.6	-1.6	7.9	6.3
-	-	-37.3	-36.4	-2.6	-39.0
-121.7	6.7	4,655.6	5,524.6	125.3	5,649.9

In millions of euros

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2020/21

A. GENERAL INFORMATION AND CORPORATE PURPOSE

The voestalpine Group is a global steel and technology Group. With its top-quality products, the Group is one of the leading partners to the automotive and consumer goods industries in Europe and to the oil and gas industry worldwide.

voestalpine AG is the Group's ultimate parent company and prepares the Consolidated Financial Statements. It is registered in the Commercial Register of Linz and has its registered office in voestalpine-Strasse 1, 4020 Linz, Austria. The shares of voestalpine AG are listed on the Vienna stock exchange.

The Consolidated Financial Statements for the year ended March 31, 2021 (including comparative figures for the year ended March 31, 2020) have been prepared pursuant to Section 245a (1) of the Austrian Commercial Code (*Unternehmensgesetzbuch – UGB*) in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRS-IC), which require application in 2020.

The Consolidated Financial Statements are presented in millions of euros (= functional currency of the parent company).

The consolidated income statement has been prepared using the cost-of-sales method.

The use of automated calculation systems may result in rounding differences that affect amounts and percentages.

On May 31, 2021, the Management Board of voestalpine AG approved the Consolidated Financial Statements and authorized the submission thereof to the Supervisory Board.

B. SUMMARY OF ACCOUNTING POLICIES

EFFECTS OF THE COVID-19 PANDEMIC

Effects on the Group's performance and liquidity

The COVID-19 pandemic had a strong impact—worldwide and at the macroeconomic level—on the business year 2020/21. Due to the restrictions on air travel, the globally declining demand for energy, and the production stoppages at automotive manufacturers especially during the first lockdown, the aerospace, oil and natural gas as well as automotive industries were hit hard by the fallout of the COVID-19 pandemic. The automotive segment has already stabilized, whereas aerospace as well as oil and natural gas are still feeling the brunt of the COVID-19 pandemic. In comparison to the previous year, revenue declined due to the production stoppages and capacity reductions, particularly in the aforementioned segments. Aside from the consistent implementation of programs to optimize both costs and working capital, investing activities were sharply curtailed during the business year 2020/21, and investments that were not absolutely necessary were postponed. These postponements of investments do not have a negative effect on the voestalpine Group's current business. The measures described above led to a highly positive liquidity position as of March 31, 2021 (see the consolidated statement of cash flows).

The Group used various support measures during the business year 2020/21 as a consequence of the worldwide COVID-19 crisis. Short time work was in operation at individual Austrian Group companies as of the close of the reporting period. A few foreign Group facilities applied programs similar to the Austrian short time work model to some of their employees. Resulting refunds were recognized as income in the consolidated income statement as of March 31, 2021 (see Note 3. Other operating income). The number of employees subject to short time work significantly decreased between the time the first lockdown ended and the close of the business year. In addition, domestic and foreign subsidiaries utilized deferrals of social security contributions, non-wage costs, and taxes during the business year, most of which were already paid as the year wore on.

Personnel reduction programs were put in place at some domestic and foreign Group facilities. For details, see Note 19. Provisions.

Effects on uncertainties in accounting estimates and assumptions

In terms of both accounting and valuation, COVID-19 may impact many areas of the Consolidated Financial Statements of voestalpine AG and/or increase uncertainties in accounting estimates and make assumptions more difficult.

- » For example, the economic situation might trigger reviews of the need to recognize impairment losses and conduct impairment tests, especially in connection with units to which goodwill is allocated, cash-generating units to which no goodwill is allocated, and non-current assets. See also Note 11. Impairment losses and reversal of impairment losses.
- » The COVID-19 crisis may trigger greater bad debt losses. As of March 31, 2021, however, no material risks were identified in this connection. In this respect, see also Note 24. Financial instruments.
- » COVID-19 may affect revenue recognition. However, no facts have been identified for the business year just ended that could lead to adjustments in revenue recognition or to writedowns of existing contract assets. The aerospace segment's customers did not encounter any payment difficulties as of March 31, 2021, despite the challenging environment. While aircraft manufacturers did postpone some of the orders they had previously placed, this did not affect revenue previously recognized as per IFRS 15.
- » No idle capacity costs resulting from shortfalls in capacity utilization, production shutdowns, and supply chain interruptions will be recognized in connection with the measurement of inventories. See also Note B. Summary of Accounting Policies, section entitled "Inventories."
- » IFRS 16: voestalpine has reviewed whether the COVID-19 pandemic materially affects the assessment of lease terms. This is not the case. The simplification option under IFRS 16 regarding rent concessions did not have a material effect.
- » As regards the setting-up of provisions, no material obligations or facts requiring the recognition of provisions have been identified on account of COVID-19.
- » Due to the COVID-19 pandemic, a more detailed review of the capitalization of deferred tax assets from temporary differences or loss carryforwards was conducted as to the probability of income to be taxed in the future.

There are no going concern uncertainties for the voestalpine Group. The Group's equity as of March 31, 2021, is EUR 5,649.9 million. The Group is also reporting very good liquidity (see the consolidated statement of cash flows) as well as cash and cash equivalents of EUR 1,159.7 million.

EFFECTS OF NEW AND REVISED IFRS

The accounting policies applied to the Consolidated Financial Statements are consistent with those of the previous year with the exceptions listed below.

The following new and revised Standards and Interpretations were adopted for the first time in the business year 2020/21:

Standard	Content	Effective date ¹
Framework, amendments	Amendments to References to the Conceptual Framework	January 1, 2020
IFRS 3, amendments	Definition of a Business	January 1, 2020
IAS 1 and IAS 8, amendments	Definition of Material	January 1, 2020
IFRS 9, IAS 39, and IFRS 7, amendments	Interest Rate Benchmark Reform	January 1, 2020
IFRS 16, amendments	COVID-19-Related Rent Concessions	June 1, 2020

¹ In accordance with EU endorsements, these Standards are applicable to reporting periods beginning on or after the effective date.

The application of the aforementioned revisions did not have any material effects on the Consolidated Financial Statements.

Trade payables from bills of exchange and trade payables from reverse factoring agreements: Reclassification pursuant to IAS 1.41

Given the clarification pursuant to the December 2020 IFRIC Update regarding supply chain finance, trade payables as well as trade payables from reverse factoring agreements that are securitized via bills of exchange are shown in a separate line item in the statement of financial position. To date, such liabilities were included in the line item, "Trade and other payables," and were disclosed and described in Note 21. Liabilities from bills of exchange accepted and drawn and/or Trade Payables with reverse factoring agreements. The previous year's figures for the affected items were adjusted retrospectively. The changes in presentation do not affect earnings per share or any other items in the Consolidated Financial Statements.

The following new and revised Standards and Interpretations had already been published as of the reporting date, but their application was not yet mandatory for the business year 2020/21 or they have not yet been adopted by the European Union:

Standard	Content	Effective date according to IASB¹
IFRS 4, amendments	Insurance Contracts – Deferral of IFRS 9	January 1, 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16, amendments	Interest Rate Benchmark Reform – Phase 2	January 1, 2021
IFRS 16, amendments	COVID-19-Related Rent Concessions	April 1, 2021 ²
IFRS 3, amendments	Reference to the Conceptual Framework	January 1, 2022 ²
IAS 16, amendments	Property, Plant and Equipment – Proceeds before Intended Use	January 1, 2022 ²
IAS 37, amendments	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022 ²
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2018-2020 Cycle	January 1, 2022 ²
IAS 1, amendments	Classification of Liabilities as Current or Non-current	January 1, 2023 ²
IFRS 17	Insurance Contracts	January 1, 2023 ²
IAS 1, amendments	Disclosure of Accounting policies	January 1, 2023 ²
IAS 8, amendments	Definition of Accounting Estimates	January 1, 2023 ²
IAS 12, amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023 ²
IFRS 10 and IAS 28, amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed by the IASB

¹ These Standards are applicable to reporting periods beginning on or after the effective date.

² Has not yet been endorsed by the EU.

These Standards—to the extent they have been adopted by the European Union—will not be adopted early by the Group. From today’s perspective, the new and revised Standards and Interpretations are not expected to have any material effects on the voestalpine Group’s net assets, financial position, and results of operations.

BASIS OF CONSOLIDATION

The annual financial statements of all fully consolidated entities are prepared based on uniform accounting policies. For entities included using the equity method (associates and joint ventures), local accounting policies and different reporting dates (see “Investments” appendix to the Notes) were maintained for time reasons and cost/benefit considerations if the relevant amounts were immaterial.

Upon initial consolidation, assets, liabilities, and contingent liabilities are measured at their fair value as of the acquisition date. Any excess of the cost over the net of the assets acquired and liabilities assumed is recognized as goodwill. If the net of the assets acquired and liabilities assumed exceeds the cost, the difference is recognized in profit or loss in the acquisition period. The hidden reserves and/or hidden losses attributed to the non-controlling interests are also accounted for.

All intra-Group profits, receivables, and payables as well as income and expenses are eliminated.

FOREIGN CURRENCY TRANSLATION

Pursuant to IAS 21, annual financial statements prepared in foreign currencies that are included in the Consolidated Financial Statements are translated into euros using the functional currency method. The relevant national currency is the functional currency in all cases because—in financial, economic, and organizational terms—these entities all run their businesses independently. Assets and liabilities are translated using the exchange rate on the reporting date. Income and expenses are translated using the average exchange rate for the business year.

Equity is translated using the historical exchange rate. Currency translation differences are recognized directly in equity in the currency translation reserve.

In the individual financial statements of consolidated entities, foreign currency transactions are translated into the functional currency of the given entity using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from translation as of the transaction date and reporting date are recognized in the consolidated income statement.

Currency exchange rates (ECB fixing) of key currencies have changed as follows:

	USD	GBP	BRL	SEK	PLN
Closing exchange rate					
03/31/2020	1.0956	0.8864	5.7001	11.0613	4.5506
03/31/2021	1.1725	0.8521	6.7409	10.2383	4.6508
Average annual rate					
2019/20	1.1113	0.8752	4.5727	10.6510	4.3033
2020/21	1.1675	0.8927	6.3121	10.3490	4.4981

UNCERTAINTIES IN ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Consolidated Financial Statements in accordance with IFRS requires management to make accounting estimates and assumptions that may significantly affect the recognition and measurement of assets and liabilities, the recognition of other obligations as of the reporting date, and the recognition of income and expenses during the business year.

The following assumptions entail significant risks of triggering material adjustments of assets and liabilities in future periods:

» **Recoverability of assets**

The assessment of the recoverability of intangible assets, goodwill as well as property, plant and equipment is based on assumptions concerning the future. The determination of the recoverable amounts in the course of the impairment tests is based on several assumptions. In the reporting period, the continued clarification of an assumption served to enhance the precision with which the tax effects are determined. The net cash flows correspond to the figures in the most current business plan at the time the Consolidated Financial Statements are prepared. See B. Summary of Accounting Policies (the section entitled “Impairment testing of goodwill, other intangible assets, and property, plant and equipment”); as well as Note 9. Property, plant and equipment; Note 10. Goodwill and other intangible assets; and Note 11. Impairment losses and reversal of impairment losses.

» **Recoverability of financial instruments**

Alternative actuarial models are used to measure the recoverability of financial instruments for which there is no active market. The parameters used to determine the fair values are based partially on assumptions concerning the future. See B. Summary of Accounting Policies (the section entitled “Financial instruments”) as well as Note 24. Financial instruments.

» **Determining lease terms and discount rates**

An assessment of the term of each and every lease and the discount rate to be applied is made to determine lease liabilities. The estimated term of a lease is based on the lease’s non-cancelable term. Lease periods comprising options to terminate or renew are included in the assessment if the non-exercise of termination options or the exercise of renewal options is deemed to be reasonably certain. This requires management to make a judgment. All facts and circumstances that represent an economic incentive to exercise or not to exercise a given option must be considered. Following initial recognition, the lease term shall be reassessed if there is a significant event or a significant change in circumstances that the company can control and that has an effect on its decision whether to exercise or not to exercise the given option.

The incremental borrowing rate in its capacity as a maturity-dependent, risk-free interest rate is used as the discount rate for measuring the lease liabilities, taking into account the respective currency and the company’s credit rating. This requires making an assessment when no observable interest rates are available (e.g., subsidiaries that do not engage in financial transactions) or when the interest rates must be adjusted to reflect the terms and conditions of the given lease (e.g., consideration of the repayment structure).

» **Pensions and other employee obligations**

The measurement of existent severance payment and pension obligations is based on assumptions regarding interest rates, the retirement age, life expectancy, and future salary/wage increases. See B. Summary of Accounting Policies (section entitled “Pensions and other employee obligations”) as well as Note 18. Pensions and other employee obligations.

» **Assets and liabilities associated with acquisitions**

Acquisitions require making estimates in connection with the determination of the fair value of identified assets, liabilities, and contingent consideration. All available information on the circumstances as of the acquisition date is applied. The fair values of buildings and land are typically determined by external experts or intra-Group experts. Intangible assets are measured using appropriate valuation methods depending on the type of asset and the availability of information. These measurements are closely connected to assumptions about the future development of the estimated cash flows as well as the applied discount rates.

Information on acquisitions made during the reporting period is reported under D. Acquisitions and other additions to the scope of consolidation.

» **Other provisions**

Other provisions for present obligations arising from past events, which lead to an outflow of resources embodying economic benefits, are stated at the amount that reflects the most probable value based on reliable estimates. Provisions are discounted if the effect is material. Details concerning provisions follow from B. Summary of Accounting Policies (section entitled "Other provisions") as well as Note 19. Provisions.

» **Income taxes**

Income tax expense represents the total of current tax expenses and deferred taxes. The current tax expense is determined based on the taxable income using the currently applicable tax rates. The deferred taxes are determined based on the respective local income tax rates. Future fixed tax rates are also considered in the deferral. The recognition and measurement of actual and deferred taxes is subject to numerous uncertainties.

Given its international activities, the voestalpine Group is subject to different tax regulations in the respective tax jurisdictions. The tax items presented in the Consolidated Financial Statements are determined based on the relevant tax regulations and, because of their complexity, may be subject to different interpretations by taxpayers, for one, and local finance authorities, for another. Because varying interpretations of tax laws may lead to additional tax payments for past years as a result of comprehensive tax audits, they are included in the analysis based on management's assessment.

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible differences and/or tax losses carried forward but not yet applied may be utilized. This assessment requires making assumptions regarding future taxable income and thus is subject to uncertainties. It is made on the basis of the planning for a five-year period. Changes in future taxable income may result in lower or higher deferred tax assets.

Further information follows from B. Summary of Accounting Policies (section entitled "Income taxes") as well as Note 8. Income taxes and Note 13. Deferred taxes.

» Legal risks

As an internationally active company, the voestalpine Group is exposed to legal risks. The outcome of present or future legal disputes is generally not predictable and may have a material effect on the Group's net assets, financial position, and results of operations. In order to reliably assess potential obligations, management continually reviews the underlying information and assumptions; both internal and external legal counsel is used for further evaluation. Provisions are recognized to cover probable present obligations, including a reliable estimate of legal costs. The option to record a contingent liability is considered if the future outflow of resources is not probable or if the company has no control over the confirmation of actual events.

Both the estimates and the underlying assumptions are reviewed on an ongoing basis. The actual figures may differ from these assumptions and estimates if the stated parameters differ from reporting date expectations. Revisions are recognized through profit or loss in the period in which the estimates are revised, and the assumptions are adjusted accordingly.

REVENUE RECOGNITION

In the voestalpine Group, revenue is realized when a customer obtains control over goods or services. See the disclosures in Note 2. Operating Segments regarding the type of goods and services offered by the individual business segments.

As a rule, revenue is recognized at the time the goods or services are delivered, taking into account the stipulated terms and conditions. This is generally the time at which risks and opportunities are transferred in accordance with the stipulated Incoterms. The payment terms typically are between 30 and 60 days.

The transaction price corresponds to the contractually stipulated consideration, taking into account any variable components. Variable consideration is recognized only if it is highly probable that there will be no material revenue reversals in the future.

Revenue from series products that satisfy the revenue recognition criteria of IFRS 15.35 (c) is recognized over time. This mainly concerns products of the automotive and aerospace segments for which there are no alternative uses, because they are developed and produced specifically for a customer based on the latter's specific requirements and thus may generally not be used for any other purpose or where any alternative use would result in significant losses. Furthermore, a legally or contractually enforceable claim to payment of consideration, including a reasonable margin, applies to any components under construction as well as to finished goods, provided the company is not responsible for any termination of the contract.

Where revenue is recognized over time, such recognition must be prorated based on the ratio of the costs incurred to the estimated total costs. This method is the most reliable way to reflect progress in performance. Expected losses under a contract are recognized immediately. The cash flows are obtained in accordance with the contractual arrangements. The payment terms typically are between 30 and 90 days.

The claims of the voestalpine Group to consideration for completed performance not yet billed as of the reporting date are recognized as contract assets in trade and other receivables. The contract liabilities presented in trade and other payables concern primarily consideration received from customers in advance for performance not yet delivered.

Investment grants are treated as deferred items and recognized as income over the useful life of the asset. Cost subsidies are recognized on an accrual basis, in line with the associated expenses. Government grants of EUR 138.0 million (2019/20: EUR 27.3 million) for capital expenditures, research and development, and promotion of job opportunities were recognized as income in the reporting period. See Note 3. for any income from short time work grants and other government grants for personnel expenses contained therein. See also Chapter B. Summary of Accounting Policies, specifically, the section on the effects of the COVID-19 pandemic.

RECOGNITION OF EXPENSES

Operating expenses are recognized when goods or services are used or when the expense is incurred. In the business year 2020/21, expenses for research and development were EUR 153.3 million (2019/20: EUR 174.4 million).

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

The cost of self-constructed property, plant and equipment includes direct costs and appropriate portions of materials and indirect labor costs required for production as well as borrowing costs in case of qualifying assets. The capitalization date is the date from which expenditures for the asset and borrowing costs are incurred and activities necessary to prepare the asset for its intended use or sale are undertaken.

Depreciation is recognized on a straight-line basis over the expected useful life. Land is not subject to depreciation. The expected depreciation for each asset category is as follows:

Buildings	2.0% – 20.0%
Plant and equipment	3.3% – 25.0%
Fixtures and fittings	5.0% – 20.0%

LEASES

The Group determines at lease inception whether a given lease satisfies the definition of a lease as per IFRS 16. As of the commencement date, the Group recognizes an asset for the right of use granted as well as a lease liability. The right of use is depreciated over the lease term on a straight-line basis. However, the right of use is depreciated over the asset's economic life if a transfer of title is stipulated or if it is reasonably certain that a purchase option will be exercised. The right of use must also be tested for impairment.

For the most part, the following depreciation/amortization periods are applied to right-of-use assets:

Right-of-use assets related to land, land rights, and buildings	13 – 600 months
Right-of-use assets related to plant and equipment	13 – 72 months
Right-of-use assets related to fixtures and fittings	13 – 96 months

The lease liability is measured using the incremental borrowing rate, provided the interest rate underlying the lease cannot be readily determined.

In subsequent measurements, the lease liability is measured using the effective interest method and adjusted. The associated interest expense is included in finance costs. The lease liability is remeasured if, for example, future lease payments will change due to changes in an index or interest rate or if there is a change in the assessment regarding the exercise of a purchase, renewal, or termination option. The carrying amount of the right-of-use asset is generally adjusted directly in equity subsequent to such remeasurement.

In the statement of financial position, the Group recognizes right-of-use assets, which do not satisfy the definition of investment property, in property, plant and equipment, and lease liabilities in financial liabilities.

The Group has elected the option not to determine a right-of-use asset or lease liability for leases with terms up to 12 months (short-term leases) and for leases where the underlying asset is of low value. In the voestalpine Group, leased assets whose cost does not exceed EUR 5,000 are considered low-value assets.

No separation is made with respect to contracts containing both lease and non-lease components; this does not apply to land and buildings, however.

IFRS 16 is not applied to intangible asset leases.

The Group does not act as a lessor.

GOODWILL

All acquisitions are accounted for using the purchase method. Goodwill arises from the acquisition of subsidiaries and equity investments in associates and joint ventures.

Goodwill is allocated to cash generating units (CGUs) or groups of cash generating units and, pursuant to IFRS 3, is not amortized but tested for impairment at least annually as well as additionally if circumstances indicate possible impairment. The carrying amount of investments in associates and joint ventures also includes the carrying amount of goodwill.

Negative goodwill arising from an acquisition is immediately recognized as income.

On disposal of a subsidiary, the goodwill associated with the subsidiary is included in the determination of the profit or loss on disposal based on the relative value pursuant to IAS 36.86.

OTHER INTANGIBLE ASSETS

Expenses for research activities that are undertaken with the prospect of gaining new scientific or technical insights are immediately recognized as an expense. Pursuant to IAS 38.57, development expenditure is capitalized from the date on which the relevant criteria are satisfied. This means that the expenses incurred are not capitalized subsequently if all of the above conditions are met only at a later date. Expenditures for internally generated goodwill and brands are immediately recognized as an expense.

Other intangible assets are stated at cost less accumulated amortization and impairment losses. In the case of a business combination, the fair value as of the acquisition date is the acquisition cost. Amortization is recognized on a straight-line basis over the expected useful life of the asset. The maximum useful life based on previous transactions is as follows:

Backlog of orders	1 year
Customer relations	15 years
Technology	10 years
Software	10 years

IMPAIRMENT TESTING OF CASH GENERATING UNITS WITH AND WITHOUT GOODWILL AND OF OTHER ASSETS

CGUs or groups of CGUs to which goodwill has been allocated and other intangible assets with an indefinite useful life are tested for impairment at least annually as well as additionally if circumstances indicate possible impairment. All other assets and CGUs are tested for impairment if there are any indications of impairment. Impairment testing is generally based on the value in use approach.

For the purpose of impairment testing, assets are grouped at the lowest levels at which cash flows are independently generated (CGUs). Goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from synergies of the related acquisition, and this must be on the lowest level at which the goodwill in question is monitored for internal management purposes.

An impairment loss is recognized at the amount by which the carrying amount of the asset or cash generating unit (CGU) exceeds the recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Impairment losses recognized for CGUs or groups of CGUs to which goodwill has been allocated are applied first against the carrying amount of the goodwill. Any remaining impairment loss reduces the carrying amounts of the assets of the CGU or groups of CGUs on a pro rata basis. If the goodwill impairment test is carried out for a group of CGUs and if this results in an impairment, the individual CGUs included in this group are also tested for impairment and any resulting impairment of assets is recognized at this level first. Subsequently, this is followed by another impairment test for the CGUs at the Group level.

If there is any indication that an impairment loss recognized for an asset, a CGU, or a group of CGUs (excluding goodwill) in earlier periods no longer exists or may have declined, the recoverable amount must be estimated and then recognized (reversal of impairment). In this respect, see Note 11. Impairment losses and reversal of impairment losses.

FINANCIAL INSTRUMENTS

IFRS 9 contains three measurement categories which—with the exception of a few measurement choices—must always be considered mandatory:

- » Measured at amortized cost (Amortized Cost, AC);
- » Measured at fair value through other comprehensive income (Fair Value through Other Comprehensive Income, FVOCI); and
- » Measured at fair value through profit or loss (Fair Value through Profit or Loss, FVTPL).

At this time, measurement at FVOCI is not applied in the voestalpine Group.

Other financial assets

The other financial assets include non-current receivables and loans that are measured at amortized cost. Equity instruments held (especially equity investments) are measured at FVTPL, because the option to elect measurement at FVOCI was not utilized.

All other current and non-current financial assets (particularly securities) must be measured at FVTPL, because they are either allocated to a business model oriented toward active purchases and sales or do not satisfy the cash flow requirement (cash flows at specified dates comprising solely payments of interest and principal).

Trade and other receivables

Trade and other receivables are always recognized at amortized cost. Identifiable risks are mainly covered by buying credit insurance. Interest-free or low-interest receivables with a remaining term of more than one year are recognized at their discounted present value. Sold receivables are de-recognized in accordance with the provisions of IFRS 9 (see Note 29. Disclosures of transactions not recognized in the statement of financial position).

Trade receivables held for sale under an existent factoring agreement are measured at FVTPL, because they are allocated to the “sale” business model.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, and checks and are carried at amortized cost.

Loss allowance

The voestalpine Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and on contract assets (portfolio loss allowance, stage 1 and stage 2). The Group applies the simplified approach to trade receivables and contract assets, pursuant to which any impairment determined with respect to such financial assets must, under certain conditions, equal the lifetime expected credit losses.

Historical data derived from actual historical credit losses in the past five years are used as the basis for the estimated expected credit losses. Differences between the economic conditions at the time the historical data were collected, the current conditions, and the Group's view of the economic conditions over the expected maturities of the receivables must be considered. There is no significant concentration of default risks, given the existent credit insurances and a diversified customer portfolio that is dominated by very good to good credit ratings. Loss allowances on an individual basis are recognized for receivables with impaired credit ratings (stage 3). Note 24. Financial instruments contains additional information on impairment.

Derivative financial instruments

The voestalpine Group uses derivative financial instruments exclusively for the purpose of hedging the interest rate, foreign currency, and raw materials price risks. Derivative financial instruments are carried at fair value through profit or loss (FVTPL). Hedge accounting as defined in IFRS 9 is used for some of the Group's derivative financial instruments. Consequently, gains or losses resulting from changes in the value of derivative financial instruments are recognized either in profit or loss or in other comprehensive income (for the effective portion of a cash flow hedge). Positive fair values from derivative financial instruments are shown in trade and other receivables. Negative fair values from derivative financial instruments are shown in trade and other payables.

The derivative transactions are marked to market daily by determining the value that would be realized if the hedging position were closed out (liquidation method). Observable currency exchange rates and raw materials prices as well as interest rates are the inputs for determining the fair values. The fair values are calculated based on the inputs using generally accepted actuarial formulas.

Unrealized profits or losses from hedged transactions are treated as follows:

- » If the hedged asset or liability has already been recognized in the statement of financial position, or if an obligation not recognized in the statement of financial position is hedged, the unrealized profits and losses from the hedged transaction are recognized through profit or loss. At the same time, the hedged item is also measured at fair value, regardless of the initial valuation method used. Any resulting unrealized profits and losses are offset against the unrealized results of the hedged transaction in the income statement so that, in sum, only the ineffective portion of the hedged transaction is recognized in profit or loss for the period (fair value hedges).
- » If a future transaction is hedged, the effective portion of the unrealized profits and losses accumulated up to the reporting date is recognized in other comprehensive income. Ineffective portions are recognized through profit or loss. If the transaction results in the recognition of a non-financial asset or a liability in the statement of financial position, the amount recognized in other comprehensive income is considered in the determination of the carrying amount of this item. Otherwise, the amount reported in other comprehensive income is recognized through profit or loss in keeping with the effectiveness of the future transaction or existent obligation (cash flow hedges).

Trade and other liabilities

Liabilities (except liabilities from derivative financial instruments) are recognized at amortized cost.

OTHER EQUITY INVESTMENTS

Subsidiaries, joint ventures, and associates that are not included in these Consolidated Financial Statements by way of full consolidation or the equity method are recognized in other financial assets and other equity investments. These other assets are measured at amortized cost.

INCOME TAXES

Income tax expense represents the total of current tax expenses and deferred taxes. The current tax expense is determined based on the taxable income using the currently applicable tax rates.

Pursuant to IAS 12, all temporary differences between the income tax base and the Consolidated Financial Statements are included in deferred taxes. Deferred tax assets on unused tax loss carryforwards are recognized to the extent that sufficient taxable (deferred) temporary differences between carrying amounts are available or to the extent that, based on the planning, sufficient taxable profit will be available against which the tax loss carryforwards can be offset.

In accordance with IAS 12.39 and IAS 12.44, deferred taxes arising on differences resulting from investments in subsidiaries, associates, and joint ventures are generally not recognized. Deferred tax liabilities are recognized for planned dividend payments subject to withholding tax.

Deferred taxes are determined based on the respective local income tax rates. Future fixed tax rates are also considered in the deferral. Deferred tax assets and deferred tax liabilities are offset when they relate to the same tax authority and when there is a claim to offsetting.

INVENTORIES

Inventories are measured at the lower of cost and the net realizable value. The net realizable value is the estimated selling price less estimated costs of completion and sale. In exceptional cases, the replacement cost of raw materials and supplies may serve as the basis of measurement in accordance with IAS 2.32.

The cost of inventories of the same type is determined using the weighted average price method or a similar method. The cost includes directly attributable costs and all pro-rated material and production overheads based on normal capacity utilization. Borrowing costs, general administrative expenses, and distribution costs are not capitalized.

EMISSION CERTIFICATES

Free certificates are measured at zero cost over the entire holding period, as the rights have been allocated free of charge. Purchased emission certificates are recognized in current assets at their actual cost and measured at fair value as of the reporting date (limited by the actual cost).

In case of any under-allocation, amounts for CO₂ emission certificates are included in other provisions. The measurement is based on the rate prevailing on the reporting date (or the carrying amount) of the relevant certificates.

PENSIONS AND OTHER EMPLOYEE OBLIGATIONS

Pensions and other employee obligations include provisions for severance payments, pensions, and long-service bonuses and are recognized in accordance with IAS 19 using the projected unit credit method.

Actuarial gains and losses from severance and pension provisions are recognized directly in other comprehensive income in the year in which they are incurred. Actuarial gains and losses from provisions for long-service bonuses are recognized immediately in profit or loss.

Severance obligations

Employees of Austrian entities whose employment started before January 1, 2003, are entitled to severance payment if their employment contract is terminated by the employer or if they retire. The amount to be paid depends on the number of years of service and the employee's salary or wage at the time employment ends. A contribution-based system is provided for employees whose employment started after December 31, 2002. The contributions to external employee pension funds are recognized as expenses.

Defined contribution plans

Defined contribution plans do not entail further obligations on the company's part once the premiums have been paid to the managing pension fund or insurance company.

Defined benefit plans

Under defined benefit plans, the company promises a given employee that they will be paid a pension in a specified amount. The pension payments begin upon retirement (or disability or death) and end upon the death of the former employee (or that of their survivors). Widow's and widower's pensions (equivalent to between 50% and 75% of the old age pension) are paid to the surviving spouse until their death or remarriage. Orphan's pensions (equivalent to between 10% and 20% of the old age pension) are paid to dependent children until the completion of their education, but at most up to the age of 27.

Longevity thus is the central risk to the Group under the defined benefit pension plans. All measurements are based on the most recent mortality tables. Given a relative decrease or increase of 10% in mortality, the defined benefit obligation (DBO) of pensions changes by +4.1% or -3.6% as of the reporting date. Other risks such as the risk of rising medical costs do not materially affect the scope of the obligation.

Almost all of the Group's pension obligations concern claims that have already vested.

Austria

The amount of the pension is based either on a certain percentage of the final salary depending on the years of service or on a fixed, valorized amount per year of service. The majority of the obligations under defined benefit plans is transferred to a pension fund, but the liability for any shortfalls rests with the company.

Germany

There are different pension schemes in Germany, whose benefit rules may be described as follows:

- » A certain percentage of the final salary depending on the years of service;
- » A rising percentage of a fixed target pension depending on the years of service;
- » A stipulated, fixed pension amount;
- » A fixed, valorized amount per year of service that is linked to the average salary in the company;
- » A fixed, valorized amount per year of service.

A small part of the pensions are financed by insurance companies, but liability for the obligations themselves rests with the given companies.

In all countries with significant defined benefit plan obligations, the employee benefits are determined based on the following parameters:

	2019/20	2020/21
Interest rate (%)	1.50	0.80
Salary/wage increases (%) ¹	3.00	3.00
Pension benefit increases (%) ¹	2.25	2.00
Retirement age men/women		
Austria	max. 62 years	max. 62 years
Germany	63 – 67 years	63 – 67 years
Mortality tables		
Austria	AVÖ 2018-P	AVÖ 2018-P
Germany	Heubeck-Richttafeln 2018 G	Heubeck-Richttafeln 2018 G

¹ Only salary-dependent and/or value-guaranteed commitments are recognized.

Net interest expenses resulting from employee benefits are included under finance costs in the consolidated income statement.

Long-service bonus obligations

In most of the Group's Austrian companies, employees are entitled to payment of a long-service bonus, which is based either on a collective agreement or a provision in a works agreement. This is a one-time payment that is made when the respective service anniversary has been reached; depending on the length of service, the bonus generally equates to between one and three monthly salaries.

OTHER PROVISIONS

Other provisions related to present obligations arising from past events, which lead to an outflow of resources embodying economic benefits, are stated at the amount that reflects the most probable value based on a reliable estimate. Provisions are discounted where the effect is material.

The assumptions underlying the provisions are reviewed on an ongoing basis. The actual figures may deviate from the assumptions if the underlying parameters as of the reporting date have not developed as expected. As soon as better information is available, changes are recognized through profit or loss and the assumptions are adjusted accordingly.

Note that we are invoking the safeguard clause under IAS 37.92, pursuant to which information on provisions is not disclosed if doing so could seriously and adversely impact the company's interests.

CONTINGENT LIABILITIES

Contingent liabilities are present obligations arising from past events (where it is not probable that an outflow of resources will be required to settle the obligation) or possible obligations arising from past events (whose existence or non-existence depends on less certain future events that the company cannot control in full). A contingent liability must also be recognized if, in extremely rare cases, an existent liability cannot be recognized in the statement of financial position as a provision because the liability cannot be reliably estimated.

As regards possible obligations, note that pursuant to IAS 37.92 information on contingent liabilities is not disclosed if doing so could seriously and adversely impact the company's interests.

EMPLOYEE SHAREHOLDING SCHEME

The employee shareholding scheme of the Group's Austrian companies is based on the appropriation of a portion of employees' salary and wage increases under collective bargaining agreements over several business years. The business year 2000/01 was the first time employees were granted voestalpine AG shares in return for a reduction by 1% of their salary or wage increase.

In each of the business years 2002/03, 2003/04, 2005/06, 2007/08, 2008/09, 2014/15, and 2018/19, between 0.3 percentage points and 0.5 percentage points of the increases under collective agreements were used to provide voestalpine AG shares to employees in addition to the amounts agreed until the given date. The actual amounts follow from the contributions, which are determined on the basis of the collective agreements as of November 1 in each of the years 2002, 2003, 2005, 2007, 2008, 2014, and 2018, as well as from application of the annual increase in the contributions by 3.5%. In the business years 2012/13, 2013/14, 2016/17, and 2017/18, additional contributions of between 0.27 percentage points and 0.43 percentage points of the pay increases under collective agreements for 2012, 2013, 2016, and 2017, respectively, were used for the shareholding scheme for those Austrian Group companies that participated in the employee shareholding scheme from a later date.

The Works Council and each company enter into an agreement to implement the Austrian employee shareholding scheme. Shares are acquired by voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation that manages the company's employee shareholding scheme), which transfers the shares to employees according to the wages and salaries they have waived. The value of the consideration provided is independent of share price fluctuations. Therefore, IFRS 2 does not apply to the allocation of shares based on collective bargaining agreements that stipulate lower salary or wage increases.

An international participation model that was developed for Group companies outside Austria was initially implemented in the business year 2009/10 in several companies in Great Britain and Germany. Due to the highly positive experience gained in these pilot projects, the model was expanded in these two countries and introduced step by step in the Netherlands, in Poland, in Belgium, in the Czech Republic, in Italy, in Switzerland, in Romania, in Sweden, and in Spain in the subsequent business years. In the business year 2020/21, a total of 93 companies in these 11 countries participated in the international employee shareholding scheme.

As of March 31, 2021, the voestalpine Mitarbeiterbeteiligung Privatstiftung held approximately 14.1% (March 31, 2020: 12.9%) of voestalpine AG's shares for employees. In addition, active and former employees of voestalpine hold approximately 0.7% (March 31, 2020: 1.9%) of the shares of voestalpine AG, the voting rights of which are exercised by the foundation. On the whole, therefore, as of March 31, 2021, the voting rights of 14.8% (March 31, 2020: 14.8%) of the share capital of voestalpine AG are bundled in the foundation.

C. SCOPE OF CONSOLIDATION

The consolidated Group (see the “Investments” appendix to the Notes) is defined in accordance with IFRS requirements. In addition to the annual financial statements of voestalpine AG, the Consolidated Financial Statements also include the financial statements of entities controlled by voestalpine AG (and its subsidiaries). Entities controlled by voestalpine AG that are not included in the Consolidated Financial Statements of voestalpine AG are negligible, both individually and collectively.

Subsidiaries are entities controlled by the Group. Control exists when the voestalpine Group has power over the investee, is exposed to fluctuating returns on its investment, and has the ability to use its power over the investee to affect the amount of the investor’s returns. The annual financial statements of subsidiaries are included in the Consolidated Financial Statements as of the point in time at which the Group acquires control over the subsidiary up to the point in time at which the Group ceases to exercise control over the subsidiary.

Associates are entities over which the voestalpine Group has significant influence because it participates in the entities’ financial and operating policy decisions, but the decision-making processes are not controlled nor jointly managed. Joint ventures are joint arrangements in which partner companies (the voestalpine Group and one or more partners) exercise joint control over the arrangement and possess rights to the entity’s net assets. The annual financial statements of associates and joint ventures are included in the Consolidated Financial Statements using the equity method from the acquisition date until the disposal date. The Group’s associates and joint ventures are listed in the “Investments” appendix to the Notes.

CHANGES IN THE SCOPE OF CONSOLIDATION

The scope of consolidation changed as follows during the past business year:

	Full consolidation	Equity method
As of April 1, 2020	279	10
Additions from acquisitions	2	
Change in the consolidation method and incorporation		
Additions	12	1
Disposals	-3	
Reorganizations	-8	
Divestments or disposals	-2	
As of March 31, 2021	280	11
Of which foreign companies	227	4

The following entities were deconsolidated during the business year 2020/21:

Name of entity	Date of deconsolidation
Full consolidation in the business year 2019/20	
voestalpine Dienstleistungs- und Finanzierungs GmbH	January 1, 2021
Importkohle Gesellschaft m.b.H.	February 28, 2021
voestalpine HR Services GmbH	March 31, 2021
voestalpine Elmsteel Group Limited	March 31, 2021
voestalpine Special Steels China Limited	March 31, 2021
Reorganizations	
Sturdell Industries Inc., CAN	April 1, 2020
Sturdell Industries, Inc., USA	April 1, 2020
Sermetal Barcelona, S.L.	April 1, 2020
voestalpine VAE Italia S.r.l.	April 1, 2020
voestalpine Automotive Components Schwäbisch Gmünd Beteiligung GmbH	April 1, 2020
voestalpine Railway Systems Nortrak I LLC	March 31, 2021
voestalpine Bohler Welding USA I LLC	March 31, 2021
voestalpine Precision Strip II (USA) LLC	March 31, 2021

The following, previously fully consolidated subsidiaries—voestalpine Dienstleistungs- und Finanzierungs GmbH; Importkohle Gesellschaft m.b.H.; voestalpine HR Services GmbH; voestalpine Elmsteel Group Limited; and voestalpine Special Steels China Limited—were deconsolidated as of the discontinuation of their businesses. Their effects on the Consolidated Financial Statements are deemed immaterial.

D. ACQUISITIONS AND OTHER ADDITIONS TO THE SCOPE OF CONSOLIDATION

The following entities were included in the Interim Consolidated Financial Statements for the first time in the first half of the business year 2020/21:

Name of entity	Equity interest in %	Date of initial consolidation
Full consolidation		
voestalpine Signaling China Co. Ltd.	100.000%	April 29, 2020
VALIDA Railway Systems Investment Co. Ltd.	50.000%	May 8, 2020
voestalpine Specialty Metals (Shanghai) Co. Ltd.	100.000%	June 1, 2020
Ruzhou Zhengzhou Railway Sanjia Turnout Co., Ltd.	70.000%	October 1, 2020
voestalpine Financial Services B.V.	100.000%	October 29, 2020
voestalpine Böhler Welding Africa Pty. Ltd.	51.000%	November 16, 2020
voestalpine Metal Engineering US LLC	100.000%	December 11, 2020
voestalpine Nortrak-Damy US LLC	100.000%	December 11, 2020
voestalpine Steel US LLC	100.000%	December 11, 2020
voestalpine Metal Forming US Holding LLC	100.000%	February 1, 2021
voestalpine Metal Engineering US Holding LLC	100.000%	February 1, 2021
voestalpine Precision Strip II (USA) LLC	100.000%	February 12, 2021
voestalpine Railway Systems Nortrak I LLC	100.000%	March 12, 2021
voestalpine Bohler Welding USA I LLC	100.000%	March 15, 2021
At-equity consolidation		
TransAnt GmbH	50.000%	December 1, 2020

The additions of fully consolidated entities to the scope of consolidation include two acquisitions and 12 newly established entities.

In accordance with IFRS 3, acquired companies are included in the Consolidated Financial Statements at the fair value carried forward of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, taking into account depreciation, amortization, and impairment as appropriate. The carrying amount of the non-controlling interests is determined based on the fair values carried forward for the assets and liabilities acquired. As regards the first-time full consolidations pursuant to IFRS 3, note that due to time constraints and/or the fact that not all valuations have been completed, the following items shall be considered provisional: property, plant and equipment; intangible assets; as well as inventories and provisions—and consequently goodwill as well.

The increase in majority interests is treated as a transaction between owners. The difference between the acquisition costs of additional shares and the prorated carrying amount of the non-controlling interests is recognized directly in equity. In the reporting period, EUR 0.0 million (2019/20: EUR 4.8 million) was paid for the acquisition of non-controlling interests, or provisions were formed for the payment thereof. Non-controlling interests in the amount of EUR 0.3 million (2019/20: EUR 1.1 million) were derecognized, and the remaining amount of EUR 0.3 million (2019/20: EUR 5.9 million) was recognized directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recognized in the statement of financial position as liabilities stated at fair value. If, in individual cases, the risks and rewards associated with ownership of a non-controlling interest had already been transferred at the time the majority interest was acquired, the assumption is that 100% of the entity was acquired. If, however, the risks and rewards are not transferred, the non-controlling interests continue to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach). The subsequent fair value measurement is recognized through profit or loss.

The liabilities for outstanding put options as of March 31, 2021, are EUR 8.6 million (March 31, 2020: EUR 9.5 million). The discounted cash flow method is applied for valuation purposes, taking the contractual maximum limits into account. The medium-term business plan and the discount rate, in particular, are some of the input factors in the discounted cash flow method.

On October 1, 2020, voestalpine Railway Systems GmbH, Austria, acquired control of 70% of the equity interests in the Chinese entity, Ruzhou Zhengzhou Railway Sanjia Turnout Co., Ltd., via the previously founded entity, VALIDA Railway Systems Investment Co. Ltd., China. This acquisition was made so that voestalpine can expand its activities in the Chinese market through a second location.

On November 16, 2020, voestalpine Böhler Welding Group GmbH, Germany, acquired an equity interest of 51% in the South African entity, voestalpine Böhler Welding Africa Pty. Ltd., which is a joint venture with Afrox Ltd., South Africa. This joint venture enables voestalpine Böhler Welding to expand its worldwide product range of stick electrodes for joining as well as its maintenance and repair services.

These acquisitions have the following impact on the Consolidated Financial Statements:

	Recognized values
Non-current assets	11.6
Current assets	18.5
Non-current liabilities	-2.6
Current liabilities	-8.3
Net assets	19.2
Addition of non-controlling interests	-5.4
Goodwill	0.9
Acquisition costs	14.7
Capital contribution from non-controlling interests	0.8
Addition of non-controlling interests (parent)	-7.6
Acquisition costs (Group)	7.9
Cash and cash equivalents acquired	-0.9
Capital contribution not yet paid	-5.0
Net cash outflow	2.0

In millions of euros

The above table contains goodwill of EUR 0.9 million, specifically, EUR 0.5 million from the transaction involving Ruzhou Zhengzhou Railway Sanjia Turnout Co., Ltd. and EUR 0.4 million from the share deal involving voestalpine Böhler Welding Africa Pty. Ltd. Both differences arise from the company's earnings potential which, according to IFRS rules, may not be allocated to items that can be capitalized individually. The goodwill of Ruzhou Zhengzhou Railway Sanjia Turnout Co., Ltd. is allocated to the goodwill-carrying Railway Systems business segment, and the goodwill of voestalpine Böhler Welding Africa Pty. Ltd. to the goodwill-carrying Welding product segment. It is not expected that portions of the recognized goodwill are deductible for corporate tax purposes.

Since their initial consolidation, the acquisitions have contributed revenue of EUR 12.6 million to consolidated revenue. Their share in the Group's profit after tax for the same period was EUR 1.2 million. The reported consolidated revenue would have been EUR 19.3 million higher and the reported Group's profit after tax would have been EUR 1.1 million higher if the acquisitions had been consolidated as of April 1, 2020.

As part of the first-time full consolidation of Ruzhou Zhengzhou Railway Sanjia Turnout Co., Ltd., fair values for trade receivables of EUR 4.6 million (gross carrying amount: EUR 4.6 million) and for other receivables of EUR 5.1 million (gross carrying amount: EUR 5.1 million) were taken over. Receivables that are probably uncollectible are considered immaterial.

E. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of the subsidiary	Domicile	03/31/2020	03/31/2021
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria		
Proportion of equity interests		49.8875%	49.8875%
Proportion of equity interests held by non-controlling interests		50.1125%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China		
Proportion of equity interests		50.0000%	50.0000%
Proportion of equity interests held by non-controlling interests		50.0000%	50.0000%

In the reporting period, the total of all non-controlling interests is EUR 125.3 million (March 31, 2020: EUR 136.7 million), of which EUR 37.2 million (March 31, 2020: EUR 63.6 million) is attributable to voestalpine Tubulars GmbH & Co KG and EUR 27.6 million (March 31, 2020: EUR 29.9 million) is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, considered individually, may be considered immaterial to the Group.

Summarized financial information for each subsidiary with non-controlling interests that are material to the Group is shown below. The figures correspond to the amounts prior to the elimination of intra-Group transactions.

SUMMARIZED STATEMENT OF FINANCIAL POSITION

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	03/31/2020	03/31/2021	03/31/2020	03/31/2021
Non-current assets	120.2	111.3	14.8	16.1
Current assets	134.1	102.6	97.6	100.4
Non-current liabilities	29.7	24.6	1.9	1.8
Current liabilities	116.4	130.1	50.7	59.5
Net assets (100%)	108.2	59.2	59.8	55.2

In millions of euros

SUMMARIZED INCOME STATEMENT

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	2019/20	2020/21	2019/20	2020/21
Revenue	380.5	213.9	53.2	91.0
EBIT	-15.9	-48.9	17.4	15.6
Profit after tax	-17.9	-50.1	15.2	13.8
Attributable to:				
Equity holders of the parent	-8.9	-25.0	7.6	6.9
Non-controlling interests	-9.0	-25.1	7.6	6.9
Dividends paid to non-controlling interests	1.7	0.0	9.0	9.5

In millions of euros

SUMMARIZED STATEMENT OF CASH FLOWS

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	2019/20	2020/21	2019/20	2020/21
Cash flows from operating activities	9.6	1.7	21.5	17.0
Cash flows from investing activities	-12.6	-6.8	-2.4	-0.1
Thereof additions to/divestments of other financial assets	0.0	0.0	0.0	0.0
Cash flows from financing activities	2.8	5.2	-19.4	-17.0
Net decrease/increase in cash and cash equivalents	-0.1	0.1	-0.3	-0.1

In millions of euros

F. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

SHARES IN IMMATERIAL JOINT VENTURES

Profits from the joint ventures, which are individually immaterial to voestalpine's Consolidated Financial Statements, are included using the equity method. Interests held are presented in the "Investments" appendix to the Notes. In each case, this information relates to the interests of the voestalpine Group in immaterial joint ventures and is broken down as follows:

	2019/20	2020/21
Group share of		
Profit after tax	0.8	0.2
Other comprehensive income	-0.1	0.0
Comprehensive income	0.7	0.2
Carrying amount, immaterial joint ventures	4.5	5.2

In millions of euros

voestalpine Giesserei Linz GmbH holds an interest of 51.0% in Jiaxing NYC Industrial Co., Ltd. The entity's Articles of Incorporation require at least one vote from the other partner for all material decisions (budget, investments). It is assumed, therefore, that control is not exercised over the entity despite the 51.0% interest.

SHARES IN IMMATERIAL ASSOCIATES

Profits from associates that are individually immaterial to the voestalpine Consolidated Financial Statements are included using the equity method. This information relates to the interests of the voestalpine Group in associates and is broken down as follows:

	2019/20	2020/21
Group share of		
Profit after tax	10.1	13.5
Other comprehensive income	-1.0	-0.2
Comprehensive income	9.1	13.3
Carrying amount, immaterial associates	123.1	130.5

In millions of euros

Associates and the interests in them are presented in the "Investments" appendix to the Notes.

G. EXPLANATIONS AND OTHER DISCLOSURES

1. REVENUE

The revenue stems solely from contracts with customers as defined in IFRS 15 (Revenue from Contracts with Customers) and includes all revenue generated through the voestalpine Group's ordinary business.

In keeping with IFRS 15.121, no disclosures are made with respect to the remaining performance obligations as of March 31, 2021, because all performance obligations have an expected initial term of one year or less.

The table below contains information on the breakdown of the external revenue of the voestalpine Group by region and industry for the business years 2020/21 and 2019/20:

REVENUE BY REGION

	Steel Division		High Performance Metals Division	
	2019/20	2020/21	2019/20	2020/21
European Union (without Austria)	2,755.6	2,387.6	1,213.5	967.2
Austria	464.6	447.9	110.2	79.9
USMCA	484.3	372.0	449.9	292.9
Asia	118.7	263.7	517.6	477.3
South America	28.6	13.9	230.0	173.3
Rest of world	294.2	354.4	334.8	276.7
Total revenue by region	4,146.0	3,839.5	2,856.0	2,267.3

REVENUE BY INDUSTRY

	Steel Division		High Performance Metals Division	
	2019/20	2020/21	2019/20	2020/21
Automotive	1,548.7	1,299.6	705.6	609.9
Energy	602.3	501.5	479.5	368.6
Railway systems	9.3	8.7	14.0	10.3
Building/Construction	390.5	383.2	93.1	81.8
Mechanical engineering	226.5	182.4	593.2	494.9
White goods/Consumer goods	129.0	132.6	322.1	329.7
Aerospace	0.0	0.0	391.5	164.8
Other	1,239.7	1,331.5	257.0	207.3
Total revenue by industry	4,146.0	3,839.5	2,856.0	2,267.3

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	1,372.1	1,270.9	1,658.3	1,491.0	2.6	6.9	7,002.1	6,123.6
	201.0	206.8	104.2	93.4	3.6	1.9	883.6	829.9
	494.3	376.3	593.9	526.9	0.1	0.1	2,022.5	1,568.2
	329.4	359.9	126.7	141.3	0.5	0.5	1,092.9	1,242.7
	56.7	47.3	75.4	77.8	0.0	0.0	390.7	312.3
	450.3	365.6	246.1	193.2	0.0	0.0	1,325.4	1,189.9
	2,903.8	2,626.8	2,804.6	2,523.6	6.8	9.4	12,717.2	11,266.6

In millions of euros

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	392.9	344.6	1,587.2	1,372.7	0.0	0.0	4,234.4	3,626.8
	593.7	382.0	46.5	35.1	0.0	0.0	1,722.0	1,287.2
	1,458.3	1,444.4	1.9	0.6	0.0	0.0	1,483.5	1,464.0
	77.5	73.5	634.3	623.8	0.0	0.0	1,195.4	1,162.3
	143.0	131.1	220.9	201.6	0.0	0.0	1,183.6	1,010.0
	30.1	30.2	110.7	98.2	0.0	0.0	591.9	590.7
	0.0	0.0	25.2	13.1	0.0	0.0	416.7	177.9
	208.3	221.0	177.9	178.5	6.8	9.4	1,889.7	1,947.7
	2,903.8	2,626.8	2,804.6	2,523.6	6.8	9.4	12,717.2	11,266.6

In millions of euros

2. OPERATING SEGMENTS

The voestalpine Group has five reportable segments: Steel Division, High Performance Metals Division, Metal Engineering Division, Metal Forming Division, and Other. The reporting system, which is based primarily on the nature of the products provided, reflects the internal financial reporting system, the management structure, and the company's main sources of risks and rewards.

As a global manufacturer of high-quality steel products, the Steel Division of the voestalpine Group plays a key role in shaping a clean future worth living. In its steelmaking operations, the Steel Division sets benchmarks for the current production route and, at the same time, works on future hydrogen-based options to achieve low carbon steel production. Its activities include the production of sophisticated hot and cold-rolled strip steel as well as electrogalvanized, hot-dip galvanized, and organically coated strip steel. This is augmented by electrical steel strip, heavy plate, and foundry products as well as the downstream Steel & Service Center and Logistics Services. The division operates the world's most modern direct reduction plant in Corpus Christi, Texas, USA, which manufactures highest quality pre-materials (HBI) for both own and third-party steel production. It is the first point of contact for renowned automotive manufacturers and suppliers with respect to strategic product development and supports its customers globally. Moreover, it also is a key partner of the European white goods and mechanical engineering industries. The Steel Division produces heavy plate for applications in the energy sector under the most difficult conditions. Besides serving the traditional oil and natural gas segment, it also provides customized solutions to renewable energy operations.

The High Performance Metals Division is the global market leader in tool steel and high-speed steel. The division holds a leading position in the global special alloys market for the oil and natural gas industry, the aerospace industry, and the energy engineering industry; nickel-base alloys as well as titanium are also utilized. It operates a global network of service centers with a focus on tool manufacturing, offering component processing, heat treatment, and coating services besides warehousing and preprocessing of special steels. In Houston (Texas, USA), Singapore, and Birmingham (Great Britain), the division offers a broad range of services including logistics, distribution, and processing especially for the oil and natural gas industry, thus underscoring its position as a technology leader in this field by virtue of the one-stop-shop solutions it offers to its customers. Additive manufacturing is considered a line of business that will be hugely important in the future. The Group's facilities in Düsseldorf (Germany), Toronto (Canada), Houston (Texas, USA), Singapore, Shanghai (China), Dongguan (China), and Nantou (Taiwan) manufacture components using metal powders. The fact that the powder is produced at the division's own factories in Hagfors (Sweden) and Kapfenberg (Austria) enables it to cover its entire value chain—from the powder all the way to the finished "printed" component.

The Group's expertise as the world market leader in turnout technology and as the leading provider of high-quality rails and digital monitoring systems as well as services related to rail infrastructure are brought together in the Metal Engineering Division. In addition, this division offers a broad range of high-quality wire rod and drawn wire, premium seamless tubes for special applications as well as high-quality welding consumables and welding machinery. The Metal Engineering Division also possesses its own expertise in steel, which ensures ultra high-quality supplies of pre-materials throughout the division.

The Metal Forming Division is voestalpine's expertise center for highly developed special sections; tube and precision strip steel products; pre-finished system components made from pressed, punched, and roll-profiled parts as well as storage system solutions. This combination of expertise in materials and processing, which is unique in the industry, and the division's global presence make it the first choice for customers who value innovation and quality. These customers include nearly all leading manufacturers in the automotive production and supply industries, with a significant focus on the premium segment, as well as numerous companies in the commercial vehicle, construction, storage, energy, and (agricultural) machinery industries.

In addition to the holding company, two financing entities, one raw materials purchasing company, one personal services entity as well as the group-IT companies are included in the business segment "Other." These companies were combined because their focus is on providing coordination services and support to the subsidiaries.

Segment revenue, segment expenses, and segment results include transfers between the operating segments. Such transfers are accounted for at transfer prices that correspond to competitive market prices charged to unaffiliated customers for similar products. These transactions are eliminated in the Consolidated Financial Statements.

The voestalpine Group uses earnings before interest and taxes (EBIT) as well as earnings before interest, taxes, depreciation, and amortization (EBITDA) as the key figures to measure segment performance. These figures are the generally accepted indicators for measuring profitability in the Group.

The figures for the Group's operating segments are as follows:

OPERATING SEGMENTS

	Steel Division		High Performance Metals Division	
	2019/20	2020/21	2019/20	2020/21
Segment revenue	4,570.5	4,216.7	2,891.0	2,299.8
Of which revenue with third parties	4,146.0	3,839.5	2,856.0	2,267.4
Of which revenue with other segments	424.5	377.2	35.0	32.4
EBITDA	494.0	486.6	276.0	214.4
Depreciation and amortization of property, plant and equipment and intangible assets	594.6	477.4	199.5	165.5
Of which impairment	239.8	163.1	27.2	2.0
Reversal of impairment of property, plant and equipment and intangible assets	0.0	0.0	0.0	0.0
Share of profit of entities consolidated according to the equity method	9.4	9.6	0.0	0.0
EBIT	-100.6	9.2	76.6	48.8
EBIT margin	-2.2%	0.2%	2.6%	2.1%
Interest and similar income	1.4	0.9	17.2	7.4
Interest and similar expenses	70.1	45.5	63.0	50.2
Income tax expense	24.7	8.0	-38.2	3.7
Profit after tax	-139.0	-25.3	-8.1	11.2
Segment assets	4,777.2	4,757.6	4,244.7	4,193.3
Of which investments in entities consolidated according to the equity method	101.0	105.5	0.0	0.0
Net financial debt	1,941.1	1,402.0	1,472.2	1,365.8
Investments in property, plant and equipment and intangible assets	151.6	153.6	258.9	219.3
Employees (full-time equivalent)	10,419	10,461	13,404	12,586

	Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	2,941.7	2,667.3	2,838.3	2,553.9	1,640.4	1,231.5	-2,164.7	-1,702.6	12,717.2	11,266.6
	2,903.8	2,626.7	2,804.6	2,523.6	6.8	9.4	0.0	0.0	12,717.2	11,266.6
	37.9	40.6	33.7	30.3	1,633.6	1,222.1	-2,164.7	-1,702.6	0.0	0.0
	301.1	229.7	203.3	273.8	-87.0	-70.0	-5.9	0.0	1,181.5	1,134.5
	268.2	213.4	194.5	149.9	13.7	13.1	0.0	0.0	1,270.5	1,019.3
	82.9	34.0	51.8	7.7	0.0	0.0	0.0	0.0	401.7	206.8
	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	1.4
	0.1	0.4	0.0	0.0	0.0	0.0	1.4	3.6	10.9	13.6
	32.9	16.3	8.8	124.0	-100.8	-83.1	-5.9	0.0	-89.0	115.2
	1.1%	0.6%	0.3%	4.9%					-0.7%	1.0%
	3.5	2.7	2.7	1.7	198.3	165.7	-197.7	-165.7	25.4	12.7
	38.5	34.3	37.2	29.4	161.7	136.0	-204.3	-169.9	166.2	125.5
	-14.1	2.8	29.2	4.2	12.0	2.5	0.2	-0.3	13.8	20.9
	-16.4	-12.2	3.6	101.0	-429.9	-51.4	373.3	8.4	-216.5	31.7
	3,428.2	3,345.5	2,557.3	2,645.3	10,698.3	10,632.6	-10,737.6	-10,664.1	14,968.1	14,910.2
	5.2	5.3	0.0	0.0	0.0	0.0	21.4	24.9	127.6	135.7
	1,182.6	1,051.9	1,042.0	855.9	-1,861.8	-1,932.8	-1.1	0.0	3,775.0	2,742.8
	180.1	129.1	170.0	99.8	15.1	8.6	0.0	0.0	775.7	610.4
	13,310	13,145	11,633	11,525	916	937	0	0	49,682	48,654

In millions of euros

The reconciliation of the key performance indicators, EBITDA and EBIT, is shown in the following tables:

EBITDA

	2019/20	2020/21
Net exchange differences and result from valuation of derivatives	-7.4	-3.8
Consolidation	1.5	3.8
EBITDA – Total reconciliation	-5.9	0.0

In millions of euros

EBIT

	2019/20	2020/21
Net exchange differences and result from valuation of derivatives	-7.4	-3.8
Consolidation	1.5	3.8
EBIT – Total reconciliation	-5.9	0.0

In millions of euros

All other key performance indicators contain solely the effects of consolidation.

Geographical information

The following table provides select financial information summarized according to the major geographical areas. External segment revenue is broken down by the customers' geographical location.

Non-current assets and investments are reported based on the entities' geographical location.

	Austria		European Union		Other Countries	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
External revenue	883.6	829.9	7,002.1	6,123.6	4,831.4	4,313.1
Non-current assets	5,376.1	5,235.0	1,622.7	1,580.5	1,520.9	1,216.4
Investments in property, plant and equipment and intangible assets	486.4	390.0	166.5	124.7	122.8	95.7

In millions of euros

The voestalpine Group does not record revenue from transactions with a single external customer that amounts to 10% or more of the entity's revenue.

3. OTHER OPERATING INCOME

	2019/20	2020/21
Gains on disposal and revaluation of intangible assets, property, plant and equipment	19.2	8.3
Income from the reversal of provisions	54.9	40.5
Currency gains	82.0	117.5
Income from the valuation of derivatives	49.7	7.7
Gains from deconsolidation	0.0	0.1
Other operating income	237.6	319.6
	443.4	493.7

In millions of euros

In the business year 2020/21, operating income of EUR 88.6 million (2019/20: EUR 98.6 million) from the sale of products not generated in the course of the Group's ordinary activities (by-products) is included in other operating income. The latter also includes EUR 104.5 million in income from short time work grants and other government grants for personnel expenses.

4. OTHER OPERATING EXPENSES

	2019/20	2020/21
Taxes other than income taxes	15.8	15.8
Losses on disposal of property, plant and equipment	3.1	4.0
Currency losses	136.3	112.4
Expenses from the valuation of derivatives	6.2	23.2
Losses from deconsolidation	0.5	1.2
Other operating expenses	690.9	415.7
	852.8	572.3

In millions of euros

Other operating expenses for the business year 2020/21 contain EUR 206.8 million (2019/20: EUR 401.7 million) in impairment losses on property, plant and equipment, other intangible assets, and goodwill. They also contain EUR 113.7 million (2019/20: EUR 121.1 million) in expenses attributable to the other functional area. In the main, these concern expenses related to the by-products specified in other operating income.

5. INCOME FROM ENTITIES CONSOLIDATED ACCORDING TO THE EQUITY METHOD

	2019/20	2020/21
Income from associates	10.2	13.6
Expenses from associates	-0.1	-0.2
Income from joint ventures	0.8	0.3
Expenses from joint ventures	0.0	-0.1
	10.9	13.6

In millions of euros

Income from associates is primarily attributable to METALSERVICE S.P.A., APK-Pensionskasse Aktiengesellschaft, Industrie-Logistik-Linz GmbH, Scholz Austria GmbH, and Kocel Steel Foundry Co., Ltd. All income from entities consolidated according to the equity method concerns the prorated annual profit.

6. FINANCE INCOME

	2019/20	2020/21
Income from equity investments	5.1	2.2
Income from other securities and loans	1.2	1.3
Other interest and similar income	24.2	11.4
Income from the disposal and revaluation of financial assets and securities classified as current assets	6.3	6.3
	36.8	21.2

In millions of euros

7. FINANCE COSTS

	2019/20	2020/21
Expenses from the disposal and valuation of securities	10.5	0.0
Other expenses	1.4	0.1
Other interest and similar expenses	166.2	125.5
	178.1	125.6

In millions of euros

Other interest and similar expenses include negative interest income of EUR 1.9 million.

8. INCOME TAXES

Income taxes include income taxes paid and owed as well as deferred taxes (+ income tax expense /- income tax benefit).

	2019/20	2020/21
Current tax expense	74.2	54.2
Effective tax expense	82.0	85.9
Adjustments of taxes from previous periods	-6.3	-27.8
Recognition of tax losses from previous periods	-1.5	-3.9
Deferred tax expense	-88.0	-75.1
Origination/reversal of temporary differences	-92.1	-71.6
Adjustments of taxes from previous periods	4.4	31.8
Impact of changes in tax rates	1.9	-1.2
Recognition of tax losses from previous periods	-2.2	-34.1
	-13.8	-20.9

In millions of euros

The effects of the changes in tax rates in the amount of EUR -1.2 million (2019/20: EUR 1.9 million) concern solely foreign taxes. In the previous year, the actual tax expense was reduced by the income tax effect of EUR 6.4 million from hybrid capital payments. The adjustments of taxes from previous periods relate, in particular, to loss carrybacks from previous losses.

The following reconciliation shows the difference between the Austrian corporate tax rate of 25% and the effective Group tax rate:

	2019/20		2020/21	
Profit before tax		-230.3		10.8
Income tax expense (+)/benefit (-) using the Austrian corporate tax rate	25.0%	-57.6	25.0%	2.7
Difference to foreign tax rates	-2.6%	6.1	22.2%	2.4
Non-taxable income	13.1%	-30.3	-156.5%	-16.9
Non-taxable income from equity investments	1.6%	-3.7	-36.1%	-3.9
Effects of depreciation of equity investments and utilization of previously unincorporated loss carryforwards and non-recognition of loss carryforwards	-11.7%	26.9	-324.1%	-35.0
Taxes from previous periods	0.8%	-1.9	37.0%	4.0
Hybrid capital	2.8%	-6.4	0.0%	0.0
Non-tax-effective impairment of goodwill	-7.3%	16.9	58.3%	6.3
Non-deductible expenses and other differences	-15.7%	36.2	180.6%	19.5
Effective Group tax rate (%) / income tax expense (+) / income tax benefit (-)	6.0%	-13.8	-193.6%	-20.9

In millions of euros

9. PROPERTY, PLANT AND EQUIPMENT

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Gross carrying amount	3,903.9	12,415.1	1,356.9	519.7	18,195.6
Accumulated depreciation and impairment	-1,722.4	-8,504.9	-949.2	-2.5	-11,179.0
Carrying amount as of April 1, 2019	2,181.5	3,910.2	407.7	517.2	7,016.6
Gross carrying amount	3,995.9	12,692.9	1,416.4	609.9	18,715.1
Accumulated depreciation and impairment	-1,918.0	-9,223.6	-1,012.1	-2.6	-12,156.3
Carrying amount as of March 31, 2020	2,077.9	3,469.3	404.3	607.3	6,558.8
Gross carrying amount	4,047.7	12,897.0	1,453.2	667.5	19,065.4
Accumulated depreciation and impairment	-2,062.9	-9,806.8	-1,073.1	-2.6	-12,945.4
Carrying amount as of March 31, 2021	1,984.8	3,090.2	380.1	664.9	6,120.0

In millions of euros

The reconciliation of the carrying amounts of the property, plant and equipment for the periods presented in the Consolidated Financial Statements as of March 31, 2021, is as follows:

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Carrying amount as of April 1, 2019	2,181.5	3,910.2	407.7	517.2	7,016.6
Changes in the scope of consolidation	6.0	0.5	0.3	0.9	7.7
Additions	83.4	204.3	84.4	369.5	741.6
Transfers	28.3	208.6	30.8	-272.5	-4.8
Disposals	-14.8	-7.1	-5.3	-1.7	-28.9
Depreciation	-120.4	-590.1	-103.6	0.0	-814.1
Impairment losses	-72.8	-238.7	-5.2	-0.2	-316.9
Reversal of impairment losses	0.0	0.0	0.0	0.0	0.0
Net exchange differences	-13.3	-18.4	-4.8	-5.9	-42.4
Carrying amount as of March 31, 2020	2,077.9	3,469.3	404.3	607.3	6,558.8
Changes in the scope of consolidation	8.6	2.5	0.1	0.1	11.3
Additions	30.8	146.1	64.0	344.3	585.2
Transfers	48.8	206.8	21.6	-280.7	-3.5
Disposals	-9.8	-8.4	-5.3	-1.4	-24.9
Depreciation	-118.9	-545.3	-102.7	-0.1	-767.0
Impairment losses	-36.0	-144.8	-1.0	0.0	-181.8
Reversal of impairment losses	0.0	1.4	0.0	0.0	1.4
Net exchange differences	-16.6	-37.4	-0.9	-4.6	-59.5
Carrying amount as of March 31, 2021	1,984.8	3,090.2	380.1	664.9	6,120.0

In millions of euros

As of March 31, 2021, restrictions on the disposal of property, plant and equipment were EUR 0.5 million (March 31, 2020: EUR 0.6 million). Furthermore, as of March 31, 2021, commitments for the purchase of property, plant and equipment were EUR 293.0 million (March 31, 2020: EUR 389.4 million).

Borrowing costs related to qualifying assets in the amount of EUR 2.9 million (2019/20: EUR 3.5 million) were capitalized in the reporting period. The calculation was based on an average borrowing rate of 1.4% (2019/20: 1.8%).

In the business year 2018/19, the Management Board resolved and the Supervisory Board approved the sale of undeveloped properties in Meerbusch, Germany, with a carrying amount of EUR 13.3 million, not required for operating purposes. These properties were sold in the business year 2019/20 with sales proceeds of EUR 25.8 million.

Right-of-use assets as per IFRS 16

The Group leases mainly land, buildings, and manufacturing facilities as well as vehicle fleets including locomotives. Most of the leases contain renewal options and rights to terminate, some of which are also stipulated in conjunction with non-cancelable lease terms.

In some cases, the Group has the option to purchase the assets at the end of the contractually agreed period.

The lease payments typically are either fixed or based on market interest rates or indices (e.g., the consumer price index (CPI)). A few leases provide for variable lease payments (e.g., usage-based leases).

The carrying amount of each class of right-of-use assets pursuant to IFRS 16, which are shown in property, plant and equipment, is as follows:

	Property, plant and equipment			Total
	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	
Carrying amount as of April 1, 2019	393.9	19.6	47.6	461.1
Changes in the scope of consolidation	0.1	0.0	0.1	0.2
Additions	24.2	3.5	5.1	32.8
Transfers	-16.3	-1.6	1.3	-16.6
Disposals	-13.5	0.0	-1.5	-15.0
Depreciation	-33.3	-4.7	-11.1	-49.1
Impairment	-0.3	0.0	0.0	-0.3
Net exchange differences	-2.6	-0.1	-0.1	-2.8
Carrying amount as of March 31, 2020	352.2	16.7	41.4	410.3
Changes in the scope of consolidation	1.3	0.0	0.0	1.3
Additions	16.6	1.1	11.4	29.1
Transfers	-0.1	-0.4	-0.3	-0.8
Disposals	-8.3	-0.1	-1.1	-9.5
Depreciation	-32.2	-3.8	-10.0	-46.0
Impairment	-2.9	0.0	0.0	-2.9
Net exchange differences	-3.1	-0.1	0.0	-3.2
Carrying amount as of March 31, 2021	323.5	13.4	41.4	378.3

In millions of euros

Lease expenses in the consolidated income statement

	2019/20	2020/21
Interest expenses for lease liabilities (non-cash)	9.5	8.4
Expenses for short-term leases	14.7	8.6
Expenses for small-ticket leases	5.2	6.4
Expenses for variable lease payments	0.9	2.9

In millions of euros

The total cash outflows for leases are EUR 63.5 million (2019/20: EUR 74.2 million). In addition to repayments, this also includes cash outflows from short-term leases, low-value asset leases, and variable lease payments.

The Group expects variable lease payments to remain largely unchanged in the coming years.

As of March 31, 2021, there were no material leases that had not yet been made available and thus had not yet been recognized.

The effect of the measurement of residual value guarantees and purchase options on the carrying amount is deemed negligible.

Effect of renewal and termination options

Renewal and termination options can be exercised without the lessor's approval. The fact that leases contain termination and renewal options gives the operating units of the voestalpine Group, which are responsible for utilizing the assets, a high degree of operational flexibility. The resulting flexibility and thus the range of potential future lease payments that have not yet been recognized in the statement of financial position is high. voestalpine generally assumes that renewal options will be exercised.

As regards the maturity analysis of lease liabilities, see Note 20. Financial liabilities.

RECONCILIATION OF DEPRECIATION, AMORTIZATION, AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS BY FUNCTIONAL CLASSIFICATION

	2019/20	2020/21
Cost of sales	751.3	697.9
Distribution costs	45.3	43.8
Administrative expenses	46.4	47.7
Other operating expenses	427.5	229.9
	1,270.5	1,019.3

In millions of euros

Other operating expenses for the business year 2020/21 contain EUR 206.8 million (2019/20: EUR 401.7 million) in impairment losses on property, plant and equipment, other intangible assets, and goodwill.

10. GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL

	03/31/2019	03/31/2020	03/31/2021
Gross carrying amount	1,560.6	1,563.6	1,563.0
Impairment losses	-12.3	-68.7	-93.8
Carrying amount	1,548.3	1,494.9	1,469.2

In millions of euros

The following table shows the reconciliation of the carrying amounts of goodwill for the periods presented in the Consolidated Financial Statements as of March 31, 2021:

	Goodwill
Carrying amount as of April 1, 2019	1,548.3
Additions	2.6
Impairment losses	-56.5
Net exchange differences	0.4
Carrying amount as of March 31, 2020	1,494.9
Additions	0.9
Impairment losses	-25.0
Net exchange differences	-1.6
Carrying amount as of March 31, 2021	1,469.2

In millions of euros

Details on the impairment of goodwill are explained in Chapter 11. Impairment losses and reversal of impairment losses.

OTHER INTANGIBLE ASSETS

	Brands	Other	Advance payments or payments in progress	Total
Gross carrying amount	227.6	1,362.6	49.2	1,639.4
Accumulated amortization and impairment	-42.3	-1,202.0	0.0	-1,244.3
Carrying amount as of April 1, 2019	185.3	160.6	49.2	395.1
Gross carrying amount	227.6	1,437.3	3.3	1,668.2
Accumulated amortization and impairment	-48.0	-1,281.6	0.0	-1,329.6
Carrying amount as of March 31, 2020	179.6	155.7	3.3	338.6
Gross carrying amount	227.6	1,436.3	5.1	1,669.0
Accumulated amortization and impairment	-53.7	-1,308.1	0.0	-1,361.8
Carrying amount as of March 31, 2021	173.9	128.2	5.1	307.2

In millions of euros

The "Brands" column contains brands with an indefinite useful life in the amount of EUR 170.6 million. It also includes a capital market funding advantage associated with the brand name "Böhler-Uddeholm." The amortization period of the capital market funding advantage is ten years.

Intangible assets with an unlimited useful life

The following CGUs and groups of CGUs contain brands with an indefinite useful life:

	2019/20	2020/21
High Performance Metals Division	155.4	155.4
Welding	12.6	12.6
Total Metal Engineering Division	12.6	12.6
Precision Strip	2.6	2.6
Total Metal Forming Division	2.6	2.6
voestalpine Group	170.6	170.6

In millions of euros

The period during which these trademarks are expected to generate cash flows is not subject to a foreseeable limit. Hence trademarks are not subject to wear and tear and are not amortized. No impairments have arisen.

The following table shows the reconciliation of the carrying amounts of the other intangible assets for the periods presented in the Consolidated Financial Statements as of March 31, 2021:

	Brands	Other	Advance payments or payments in progress	Total
Carrying amount as of April 1, 2019	185.3	160.6	49.2	395.1
Changes in the scope of consolidation	0.0	0.9	0.0	0.9
Additions	0.0	19.2	3.6	22.8
Transfers	0.0	54.3	-49.5	4.8
Disposals	0.0	-1.2	0.0	-1.2
Amortization	-5.7	-49.1	0.0	-54.8
Impairment losses	0.0	-28.3	0.0	-28.3
Net exchange differences	0.0	-0.7	0.0	-0.7
Carrying amount as of March 31, 2020	179.6	155.7	3.3	338.6
Changes in the scope of consolidation	0.0	0.2	0.0	0.2
Additions	0.0	8.5	4.3	12.8
Transfers	0.0	5.8	-2.4	3.4
Disposals	0.0	-1.1	-0.1	-1.2
Amortization	-5.7	-39.7	0.0	-45.4
Impairment losses	0.0	0.0	0.0	0.0
Net exchange differences	0.0	-1.2	0.0	-1.2
Carrying amount as of March 31, 2021	173.9	128.2	5.1	307.2

In millions of euros

The functional classifications—cost of sales, distribution costs, administrative expenses, and other operating expenses—may include amortization of intangible assets.

As of March 31, 2021, commitments for the acquisition of intangible assets were EUR 0.0 million (March 31, 2020: EUR 0.1 million). As of March 31, 2021, other intangible assets include a software project designed to map business processes across companies and business processes that have been harmonized in the Steel Division, with a carrying amount of EUR 59.3 million (March 31, 2020: EUR 74.2 million) and a remaining useful life of four years.

11. IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES

Impairment tests of cash generating units (CGUs) or groups of cash generating units containing goodwill

Goodwill is allocated to the following CGUs or groups of CGUs:

	2019/20	2020/21
Total Steel Division	160.1	160.1
HPM Production	378.8	378.8
Value Added Services	313.9	312.4
Total High Performance Metals Division	692.7	691.2
Steel	25.8	0.0
Wire Technology	7.1	12.2
Railway Systems	157.0	174.9
Tubulars	50.3	28.5
Welding	132.9	133.3
Total Metal Engineering Division	373.1	348.9
Tubes & Sections	70.0	70.0
Automotive Components	84.0	84.0
Precision Strip	103.8	103.8
Warehouse & Rack Solutions	11.2	11.2
Total Metal Forming Division	269.0	269.0
voestalpine Group	1,494.9	1,469.2

In millions of euros

Due to the change in the reporting structure during the business year 2020/21, the goodwill of the Metal Engineering Division's Steel cash-generating unit was divided up among some of the division's other CGUs.

As regards the value in use, goodwill is reviewed for impairment applying the discounted cash flow method. The calculation is performed on the basis of cash flows under a five-year, medium-term business plan approved by the Management at least once a year at the beginning of March as well as during the year if an indication of impairment exists. This medium-term business plan is based on historical data as well as on assumptions regarding the expected future market performance. The Group's planning assumptions are expanded by sectoral planning assumptions. Intra-Group evaluations are supplemented by external market studies. The determination of the perpetual annuity is based on country-specific growth figures derived from external sources. The capital costs

are calculated as the weighted average cost of equity and borrowings using the capital asset pricing model. The parameters used for determining the weighted average cost of capital (WACC) are established on an objective basis.

The following estimates and assumptions were used to measure the recoverable amounts of CGUs or groups of CGUs that account for a significant portion of the voestalpine Group's total goodwill:

The **Steel Division** focuses on the production and processing of steel products for the automotive, white goods, electrical, processing as well as energy and engineering industries. It also manufactures high-quality input material, i.e., hot briquetted iron (HBI) in Texas, USA, for the production of steel. The five-year, medium-term business plan for the Steel Division was prepared, for one, on the basis of external economic forecasts for the eurozone, the USA, China, Russia, and Mexico (based on the IMF's World Economic Outlook)¹ and, for another, taking into account expected steel consumption.² The CRU Index was considered in the revenue planning for the flat products. Additionally, positive, quality-related adjustments were made in individual customer segments. The production plan reflects the sales forecasts. As regards procurement, the planning was based on assumptions concerning raw materials derived from global market forecasts (e.g., Platts price assessments³). Based on these assumptions, the medium-term business plan projects that the gross margin will rise yet again in the wake of the business year 2020/21, which was defined by the COVID-19 crisis. The fifth plan year was used to determine the perpetual annuity based on an expected growth rate of 1.29% (2019/20: 1.33%). The after-tax WACC is 6.27% (2019/20: 6.08%); the pre-tax WACC is 7.96% (2019/20: 7.76%).

The five-year, medium-term business plan for the **High Performance Metals Division** and its two units to which goodwill has been allocated—High Performance Metals (HPM) Production and Value Added Services—was based on the general economic environment of the relevant industry segments (in particular, the automotive,⁴ oil and gas,⁵ and aerospace industries⁶) as well as on the growth forecasts⁷ for the regional sales markets of its core markets, in particular, the eurozone, the USA, China, and Brazil.

HPM Production bundles seven production locations around the world. Its production activities cover a highly complex and highly demanding range of production: tool steel, high-speed steel, valve steel, high-grade engineering steel, powder-metallurgical steel, powder for additive manufacturing, special steels, and nickel-based alloys. Product manufacturing ranges from smelting to transforming (rolling, forging, hot-rolled, and cold-rolled strips) all the way to heat treatment and processing; add to that the fulfilment of the properties and specifications required by customers. The processing companies produce plate, profiles, and forged parts made of titanium alloys, nickel-based alloys as well as high, medium, and low-grade alloyed steels.

¹ World Economic Outlook, International Monetary Fund (IMF)

² The European Steel Association (EUROFER) regarding steel consumption in Europe; World Steel Association for non-European data

³ S&P Global Platts

⁴ McKinsey, Automotive Strategy, 10.11.2020; German Association of the Automotive Industry (Verband der Automobilindustrie, VDA): Monthly Figures; GBI Automotive Powertrain FC, 10/2019

⁵ Rystad 147233, Oil Market Outlook – October 2020; Global Service Report November 2020

⁶ Roland Berger September 2020

⁷ International Monetary Fund (IMF), Standard Chartered Research, Angus Maddison, World Bank (WB), World Economic Forum (WEF)

The internal forecasts and estimates of HPM Production—particularly with regard to the business that targets sophisticated metallurgical applications in the aerospace, oil and gas, energy engineering, and automotive industries—rely on external sources of information and are consistent with them. A moderate trend is forecast for the automotive segment. The oil and gas segment is a strategic growth market for the division. The aerospace segment hit its lowest point, and a plan was drawn up to once again normalize production rates at the previous years' levels in both the medium and the long term. Overall, this will lead to higher revenue and a positive gross margin trend in the planning period, not least due to the new special steel plant in Kapfenberg, Austria.

Changes in the cost of input materials due to alloy prices can be passed on to customers in part. The final plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.47% (2019/20: 1.61%). The after-tax WACC is 7.34% (2019/20: 6.97%); the pre-tax WACC is 9.50% (2019/20: 9.10%).

In the **Value Added Services** business segment, the continued systematic expansion of services in the planning period will lead to greater customer loyalty and deeper value creation. Further emphases were already defined here in the past business year. Pre-processing, heat treatment, and coating—Value Added Services now operates 18 coating centers for customers worldwide—will also be expanded in line with customer requirements. Moreover, an all-out effort is being undertaken in coordination with the powder strategy of the HPM Production unit to turn additive manufacturing into the division's core competence. Ongoing activities will additionally focus on the consistent pursuit of tried and tested cost-savings and optimization programs as well as on new initiatives, especially with respect to the digitalization processes, which will lead to higher revenue and a positive gross margin trend in the planning period.

Changes in the cost of input materials due to alloy prices can be passed on to customers in part. The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.45% (2019/20: 1.65%). The after-tax WACC is 7.70% (2019/20: 7.19%); the pre-tax WACC is 9.93% (2019/20: 9.23%).

The Group's expertise as the leading provider of high-quality rails, high-tech turnouts, and digital monitoring systems as well as all associated services was combined in the **Railway Systems** business segment to further expand the Group's global presence as a provider of complete railway infrastructure systems. The medium-term business plan for Railway Systems for the next five years is based on market forecasts¹ and project planning for railway infrastructure, taking into consideration the business segment's strategic focus and the increasing influence of digitalization in the rail segment.

¹ UNIFE Annual Report

It also accounts for the different levels of economic development in individual regions.¹ As regards the development of material factor costs, general forecasts of the development of personnel expenses and internal assumptions on the development of steel prices were integrated into the budgets. The planning assumes that the gross margin will be kept relatively constant over the planning period and that potential fluctuations in individual markets will balance each other out due to the business segment's global reach. The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.41% (2019/20: 1.53%). The after-tax WACC is 6.72% (2019/20: 6.73%); the pre-tax WACC is 8.44% (2019/20: 8.46%).

The five-year, medium-term business plan for the **Welding** business unit, which engages in the production and sale of welding and joining technology products, takes into account macroeconomic trends² in each region as well as the projected developments in the relevant industry segments. The expected price trends for raw materials, particularly alloys, are derived from current quoted market prices as well as available forecasts. Given pertinent market forecasts as well as the organizational measures and optimization programs that have been initiated, are being implemented, and will be pushed systematically during the planning period, too, both volume growth and a slight increase in the gross margin (which, among other things, also reflects positive effects from the company's development into a full welding solution provider) are anticipated for the planning period. The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.25% (2019/20: 1.37%). The after-tax WACC is 6.69% (2019/20: 6.54%); the pre-tax WACC is 8.60% (2019/20: 8.35%).

The cash flow forecasts for **Automotive Components** are based on the medium-term market growth and production forecasts for the global automotive market based on the forecasts published by LMC Automotive,³ in this case particularly for the most important markets in Europe, the USMCA region, and Asia, as well as for the most important customers—the European premium manufacturers. Internal estimates reflect the business segment's internationalization and growth strategy. External indicators and market dynamics were adjusted in line with the current model portfolio of Automotive Components customers. Furthermore, customer-specific information regarding medium-term outlooks and sales projections served as sources for the sales planning of Automotive Components. This will lead to higher revenue and a positive gross margin trend in the five-year, medium-term business plan. The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.20% (2019/20: 1.41%). The after-tax WACC is 7.88% (2019/20: 7.24%); the pre-tax WACC is 10.49% (2019/20: 9.35%).

Precision Strip specializes in the production of globally available, technologically complex cold-rolled strip steel products with precise dimensional accuracy, excellent surface quality, and unique edge profiles for the highest customer requirements in the process industry. The five-year, medium-term business plan for Precision Strip was prepared taking into account the general regional parameters in the core markets and reflects the general economic environment of the most important industry

¹ World Economic Outlook, International Monetary Fund (IMF)

² World Economic Outlook, International Monetary Fund (IMF)

³ LMCA GAPF Data

segments for the entities. Current market conditions are characterized by stiff competition and strong pressure on margins. The growth indicated in the planning is largely based on securing market leadership in niche markets, expanding market shares, and developing new markets. External forecasts were taken into account in internal estimates and generally adjusted very slightly downward. These external forecasts are country-specific figures for expected economic growth (GDP forecasts)¹ that were supplemented by industry-specific experience in the relevant markets for the respective product segments. Customer-specific information regarding medium-term outlooks and sales projections also served as sources for sales planning at Precision Strip. As a result, revenue is expected to increase and the gross margin should be stable in the planning period. The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.28% (2019/20: 1.33%). The after-tax WACC is 7.77% (2019/20: 7.13%); the pre-tax WACC is 9.93% (2019/20: 9.02%).

**Impairment losses of cash generating units (CGUs)
or groups of cash generating units containing goodwill**

	Impairment
03/31/2021	
Tubulars	25.0
In millions of euros	

	Impairment
03/31/2020	
Welding	39.6
Tubulars	16.8
In millions of euros	

In the business year 2020/21, an impairment loss of EUR 25.0 million on the goodwill of the Metal Engineering Division's **Tubulars** unit to which goodwill had been allocated was recognized in other operating expenses as of September 30, 2020; the unit engages in the production of high quality seamless tubes. Negative developments in the selling environment, particularly the sharp drop in both crude oil prices and production rates that continued to intensify on account of the COVID-19 crisis, led to substantially lower forecasts of revenue and earnings. The expected future cash flows underlying the impairment test as of September 30, 2020—especially those related to the detailed planning period—thus were lower than those underlying the impairment test as of March 31, 2020.

¹ World Economic Outlook, International Monetary Fund (IMF)

The recoverable amount (value in use) for this unit was EUR 249.7 million as of September 30, 2020. The fifth plan year was used to calculate the perpetual annuity based on a growth rate of 1.33% as of September 30, 2020. The after-tax WACC is 6.21%; the pre-tax WACC is 7.58%. In the second half of 2020/21, a recovery in sales has already started again resulting in a significant excess of the carrying amount as of March 31, 2021.

In the business year 2019/20, an impairment loss of EUR 16.8 million on the goodwill of the Metal Engineering Division's **Tubulars** unit was recognized in other operating expenses due to negative developments in the selling environment, which was affected particularly by the sharp drop in oil prices and the concomitant reduction in extraction rates, the considerable financial fallout from the Section 232 punitive tariffs that the US administration imposed on steel imports as well as the economic environment arising from the COVID-19 crisis. The Tubulars unit engages mainly in the production of high quality seamless tubes. The recoverable amount (value in use) for this unit was EUR 341.1 million. The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.36% as of March 31, 2020. The after-tax WACC was 6.19%; the pre-tax WACC was 7.68%.

In the business year 2019/20, an impairment loss of EUR 39.6 million on the goodwill of the Metal Engineering Division's **Welding** unit was recognized in other operating expenses due to last year's economic environment arising from the COVID-19 crisis and the resulting declines in sales as well as due to challenging trends in margins. The recoverable amount (value in use) for this unit was EUR 460.3 million.

The impairment tests confirmed the carrying amount of all other goodwill. A sensitivity analysis of the aforementioned units to which goodwill has been allocated shows that all carrying amounts with the exception of High Performance Metals Production, Welding, Automotive Components, and Precision Strip would still be covered if the interest rate were to rise by one percentage point and thus that there is no need to recognize an impairment loss. Furthermore, the cash flow sensitivity analysis has shown that, if the cash flows are reduced by 10%, all carrying amounts (with the exception of the carrying amount recognized for High Performance Metals Production and Precision Strip) are still covered and that there is no need to recognize an impairment loss. If the discount rate is raised by one percentage point and the cash flows are lowered by 10% as part of a combined sensitivity analysis, with the exception of the goodwill-bearing units High Performance Metals Production, Welding, Automotive Components, and Precision Strip, the carrying amounts of the goodwill-bearing units described above are still covered.

The following table shows the excess of the carrying amount over the recoverable amount as well as the amount by which both major assumptions would have to change for the estimated recoverable amount to be equal to the carrying amount (break-even analysis) as well as the reduction in the carrying amount in connection with an increase in the after-tax discount rate by one percentage point or a decrease in the cash flows by 10% (general sensitivity analysis):

	Break-even analysis			General sensitivity analysis	
	Excess of carrying amount over recoverable amount	Discount rate in percentage points	Cash flow in %	Increase in discount rate by 1% point	Decrease in cash flows by 10%
03/31/2021					
HPM Production	70.2	0.2	-3.4	-256.3	-138.2
Automotive Components	106.4	0.9	-11.6	-5.7	0.0
Precision Strip	33.8	0.7	-9.6	-14.2	-1.5
Welding	73.7	0.9	-14.9	-7.2	0.0

In millions of euros

	Break-even analysis			General sensitivity analysis	
	Excess of carrying amount over recoverable amount	Discount rate in percentage points	Cash flow in %	Increase in discount rate by 1% point	Decrease in cash flows by 10%
03/31/2020					
HPM Production	58.6	0.1	-2.8	-302.1	-154.3
Value Added Services	351.0	1.6	-23.1	0.0	0.0
Automotive Components	201.8	1.3	-18.5	0.0	0.0
Precision Strip	45.1	0.8	-12.0	-11.5	0.0

In millions of euros

Impairment test of cash generating units that have no goodwill and of other assets

	Impairment
03/31/2021	
Texas	163.1
Special Wire	8.6
	In millions of euros

	Impairment
03/31/2020	
Hot Forming	45.8
Texas	209.1
Foundry	30.7
Buderus Edelstahl ohne Schmiede	15.0
	In millions of euros

In the business year 2020/21, a total of EUR 163.1 million in impairment losses on “Land, land rights, and buildings” as well as “Plant and equipment” were recognized in other operating expenses for the **Texas** cash generating unit of the Steel Division, which consists of a single facility and produces hot briquetted iron (HBI). Economic developments owing to the COVID-19 crisis led to an adjustment of the short-term earnings forecasts that is greater than the adjustment taken as of March 31, 2020. The HBI spot market price disintegrated to a much greater degree than anticipated due to the deteriorating scrap/iron ore price ratio. The strong price sensitivity of the HBI spot market prices as well as the expectation that volatilities in the raw materials markets would continue unabated also led to the reversal particularly of the medium-term earnings forecasts and the cash flows for the Texas unit. The recoverable amount (value in use) for this unit was EUR 447.8 million as of September 30, 2020. An after-tax discount rate of 6.79% was applied; the pre-tax WACC is 7.98%.

In the business year 2019/20, a total of EUR 209.1 million in impairment losses on “Land, land rights, and buildings” and “Plant and equipment” were recognized in other operating expenses for the **Texas** cash generating unit of the Steel Division; this unit comprises a single plant and engages in the production of hot briquetted iron (HBI). Of the aforementioned amount, EUR 177.3 million were already recognized as of December 31, 2019. Initially, this impairment loss was rooted in the HBI market’s increasingly certain dependence on general scrap prices starting in the summer of 2019, particularly because spot market customers in the lower and middle quality segment use HBI as a carrier of ore and substitute for rather low-quality scrap. The price of scrap dropped dramatically while iron ore prices remained high. The HBI spot market price disintegrated to a much greater degree

than anticipated due to the deteriorating scrap/iron ore price ratio. The strong price sensitivity of the HBI spot market prices as well as the expectation that volatilities in the raw materials markets would continue unabated prompted the company in December 2019 to revise its earnings forecasts (reduction in the long-term sales volume) for the Texas unit. Furthermore, last year's economic developments shaped by the COVID-19 crisis subsequently led to another, albeit greater adjustment of the short-term earnings forecasts, thus completing the assessments underlying the impairment loss described. The recoverable amount (value in use) for this unit was EUR 666.2 million. An after-tax discount rate of 6.34% was applied; the pre-tax WACC was 7.85%.

In the business year 2020/21, a total of EUR 8.6 million in impairment losses on "Land, land rights, and buildings" and "Plant and equipment" were recognized in other operating expenses as of March 31, 2021, for the **Special Wire** cash generating unit of the Metal Engineering Division, which comprises a single facility and focuses on the production of special wire (fine wire). This impairment loss initially stemmed from the reduction in the quantities purchased by the unit's main customer, partly due to COVID-19; in turn, this triggered both lower capacity utilization and higher price pressures, in turn further lowering sales and thus also future earnings and cash flow forecasts. The recoverable amount (value in use) for this unit is EUR 18.0 million; it was determined on the basis of estimated net sales proceeds. These comprise the current individual sales proceeds of the assets and the carrying amount of working capital.

In the business year 2019/20, a total of EUR 45.8 million in impairment losses on "Land, land rights, and buildings"; "Plant and equipment"; and "Fixtures and fittings" were recognized in other operating expenses for the **Hot Forming** cash generating unit of the Metal Forming Division due to changes in the selling environment, due to changes in personnel that deviate from the previous year's business plan, and due to last year's economic environment arising from the COVID-19 crisis. The Hot Forming unit comprises two plants in Germany and the United States and uses hot forming to develop metal pressed parts for the automotive industry. Of the aforementioned amount, EUR 37.5 million had already been recognized as of December 31, 2019.

The planning in the previous year for Hot Forming's budget year 2020/21 was revised in light of the COVID-19 crisis. The adjustments in both revenue and EBIT were estimated based on various external market studies as well as our customers' forecasts as to order call-ups that they have provided to us. The recoverable amount (value in use) for this unit was EUR 232.7 million. An after-tax discount rate of 7.19% was applied; the pre-tax WACC was 9.26%.

In the business year 2019/20, a total of EUR 30.7 million in impairment losses on "Land, land rights, and buildings" and "Plant and equipment" were recognized in other operating expenses for the **Foundry** cash generating unit of the Steel Division due to negative developments in the selling environment and the resulting reduction in expected earnings as well as due to last year's economic environment arising from the COVID-19 crisis. The Foundry unit comprises three facilities and focuses on the production of cast steel. Of the aforementioned amount, a total of EUR 22.5 million was already recognized as of December 31, 2019. The recoverable amount (value in use) for this unit was EUR 77.2 million. An after-tax discount rate of 5.98% was applied; the pre-tax WACC was 7.30%.

In the business year 2019/20, impairment losses of EUR 15.0 million on “Plant and equipment” and “Fixtures and fittings” were recognized in other operating expenses for the **Buderus Edelstahl ohne Schmiede** cash generating unit of the High Performance Metals Division. This unit comprises a steel plant, rolling mills, and a drop forge; it focuses on the production of drop forge parts, semi-finished goods as well as hot and cold rolled steel. The impairment stemmed from negative developments in the selling environment particularly of the automotive and mechanical engineering segments, the resulting adjustment in the unit’s strategic alignment, and lower earnings forecasts due to last year’s economic developments arising from the COVID-19 crisis. The recoverable amount (value in use) for this unit was EUR 156.2 million. An after-tax discount rate of 6.44% was applied; the pre-tax WACC was 8.38%.

Analyses carried out as of March 31, 2021, did not show any need for adjustments. The discount rate and the cash flows are the most important forward-looking assumptions. There is the risk that any change in these assumptions will necessitate a material adjustment of the carrying amounts within the next business year. An increase in the after-tax discount rate by one percentage point and/or a decrease in the cash flows by 10% would trigger the following reductions in the carrying amounts:

	Excess of carrying amount over recoverable amount	Increase in discount rate by 1% point	Decrease in cash flows by 10%
03/31/2021			
Texas	0.0	-62.8	-36.0
In millions of euros			

	Excess of carrying amount over recoverable amount	Increase in discount rate by 1% point	Decrease in cash flows by 10%
03/31/2020			
Hot Forming	0.0	-33.0	-23.3
Texas	0.0	-85.1	-65.7
Foundry	0.0	-14.9	-7.7
Buderus Edelstahl ohne Schmiede	0.0	-33.9	-15.6
In millions of euros			

In the business year 2019/20, an impairment loss of EUR 26.4 million on intangible assets was recognized in other operating expenses for a cash generating unit of the Metal Engineering Division that engages in the production of seamless tubes. A change in the delivery contract underlying the company's relationship with Green Pipes during the previous business year led to a complete write-off. The write-off of the customer relationships allocated to the Oil Country Tubular Goods (OCTG) segment arises from the negative developments in the oil and natural gas sector as well as from the ramifications of the Section 232 tariffs. The recoverable amount of these assets was EUR 0.0 million. After-tax discount rates of between 4.73% and 4.93% were applied; the pre-tax WACC was between 6.30% and 6.58%.

Furthermore, a decision was taken in the business year 2019/20 to outsource the hot rolling production step ("Buderus Edelstahl ohne Schmiede" cash generating unit). This led to the discontinuation of the hot rolling line and EUR 11.0 million in write-downs on assets.

An additional impairment loss of EUR 10.1 million (2019/20: EUR 7.2 million) was taken on individual facilities due to a lack of adaptive reuse.

**12. INVESTMENTS IN ENTITIES CONSOLIDATED ACCORDING TO THE EQUITY METHOD,
OTHER FINANCIAL ASSETS AND OTHER EQUITY INVESTMENTS**

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans	Advance payments	Total
Gross carrying amount	23.4	120.5	4.5	47.9	0.9	2.7	0.2	200.1
Accumulated depreciation/ revaluation	-12.4	-0.7	0.0	-11.9	0.3	-0.5	0.0	-25.2
Carrying amount as of April 1, 2019	11.0	119.8	4.5	36.0	1.2	2.2	0.2	174.9
Gross carrying amount	23.4	123.8	4.5	47.9	13.5	4.4	0.2	217.7
Accumulated depreciation/ revaluation	-13.9	-0.7	0.0	-7.7	-1.4	-0.6	0.0	-24.3
Carrying amount as of March 31, 2020	9.5	123.1	4.5	40.2	12.1	3.8	0.2	193.4
Gross carrying amount	23.8	131.2	5.2	48.1	13.6	2.4	0.1	224.4
Accumulated depreciation/ revaluation	-14.2	-0.7	0.0	-7.7	0.6	-0.5	0.0	-22.5
Carrying amount as of March 31, 2021	9.6	130.5	5.2	40.4	14.2	1.9	0.1	201.9

In millions of euros

The following table shows the reconciliation of the carrying amounts of investments in entities consolidated according to the equity method, other financial assets, and other investments for the periods presented in the Consolidated Financial Statements as of March 31, 2021:

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans	Advance payments	Total
Carrying amount as of April 1, 2019	11.0	119.8	4.5	36.0	1.2	2.2	0.2	174.9
Changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.2	10.6	0.8	0.0	12.7	2.0	0.0	26.3
Transfers	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.3
Disposals	0.0	-6.3	-0.7	0.0	-0.1	-0.3	0.0	-7.4
Depreciation/ impairment	-1.4	0.0	0.0	0.0	-1.7	0.0	0.0	-3.1
Revaluation	0.0	0.0	0.0	4.2	0.0	0.0	0.0	4.2
Net exchange differences	0.0	-1.0	-0.1	0.0	0.0	-0.1	0.0	-1.2
Carrying amount as of March 31, 2020	9.5	123.1	4.5	40.2	12.1	3.8	0.2	193.4
Changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.1	13.6	1.4	0.2	0.3	0.1	0.0	15.7
Transfers	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	-0.2
Disposals	0.0	-6.6	-0.7	0.0	-0.1	-2.0	-0.1	-9.5
Depreciation/ impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation	0.0	0.0	0.0	0.0	2.1	0.0	0.0	2.1
Net exchange differences	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.4
Carrying amount as of March 31, 2021	9.6	130.5	5.2	40.4	14.2	1.9	0.1	201.9

In millions of euros

Loans granted comprise the following items:

	03/31/2019	03/31/2020	03/31/2021
Loans to affiliates	0.1	0.0	0.0
Other loans	2.0	1.9	1.8
Other receivables from financing	0.1	1.9	0.1
	2.2	3.8	1.9

In millions of euros

13. DEFERRED TAXES

The tax effects of temporary differences, tax losses carried forward, and tax credits that result in the recognition of deferred tax assets and deferred tax liabilities include the following items:

	Deferred tax assets		Deferred tax liabilities	
	03/31/2020	03/31/2021	03/31/2020	03/31/2021
Non-current assets	166.9	211.4	310.0	289.6
Current assets	101.1	95.8	151.7	157.3
Non-current liabilities	295.3	302.7	49.4	50.2
Current liabilities	83.0	77.8	51.8	45.4
Losses carried forward	126.5	136.6	0.0	0.0
	772.8	824.3	562.9	542.5
Intercompany profit elimination (netted)	14.2	16.5	0.0	0.0
Hidden reserves (netted)	0.0	0.0	73.3	68.9
Acquisition-related tax credit	18.1	0.0	0.0	0.0
Other	28.3	28.8	5.8	6.1
Netting of deferred taxes owed to the same tax authority	-549.5	-523.7	-549.5	-523.7
Net deferred taxes	283.9	345.9	92.5	93.8

In millions of euros

Pursuant to IAS 12.34, the tax benefit from the acquisition of BÖHLER-UDDEHOLM Aktiengesellschaft is recognized as an unused tax credit and will be reversed as a deferred tax expense over a period of 14 years in the amount of EUR 18.1 million per year. This is offset by actual tax savings.

Deferred tax assets on losses carried forward in the amount of EUR 136.6 million (March 31, 2020: EUR 126.5 million) were recognized. As of March 31, 2021, unused tax losses of approximately EUR 1,219.3 million (corporate income tax) (March 31, 2020: approximately EUR 1,187.0 million), for which no deferred tax asset has been recognized, are available. Approximately EUR 537.8 million (March 31, 2020: approximately EUR 478.3 million) in tax loss carryforwards (corporate income tax) can only be used for a limited time.

Deferred tax assets of EUR 239.2 million (previous year: EUR 197.1 million)—which are instrumental to the recognition of future taxable income in excess of the effects on earnings from the reversal of taxable temporary differences—were recognized for Group companies that incurred a tax loss in the reporting period or previous business year. The recognized amount is based on the tax-related planning for the respective company or tax group.

No deferred tax liabilities are shown for EUR 2,433.1 million (March 31, 2020: EUR 2,334.5 million) in taxable temporary differences from equity investments in subsidiaries, joint ventures, and associates, because the parent company can control the timing of the reversal of the temporary differences and because no reversal of the temporary differences is expected for the foreseeable future.

The change in the difference between deferred tax assets and deferred tax liabilities is EUR 60.7 million (March 31, 2020: EUR 104.5 million). This basically corresponds to the deferred tax income of EUR 75.1 million (March 31, 2020: deferred tax income of EUR 88.0 million); to the change in deferred tax assets recognized in other comprehensive income in the amount of EUR –10.2 million (March 31, 2020: EUR 20.8 million); to the change in deferred taxes due to differences from foreign currency translation in the amount of EUR –4.0 million (March 31, 2020: EUR –4.1 million); and to the change in deferred taxes from initial consolidation and deconsolidation in the amount of EUR –0.3 million (March 31, 2020: EUR –0.2 million).

Additional disclosures pursuant to IAS 12.81 (ab):

	Change 2019/20	03/31/2020	Change 2020/21	03/31/2021
Deferred taxes on actuarial gains/losses	8.2	185.2	2.7	187.9
Deferred taxes on cash flow hedges	12.6	10.7	-12.9	-2.2
Total of deferred taxes recognized in other comprehensive income	20.8	195.9	-10.2	185.7

In millions of euros

14. INVENTORIES

	03/31/2020	03/31/2021
Raw materials and supplies	1,293.2	1,314.0
Work in progress	914.0	884.8
Finished goods	1,205.2	1,091.0
Merchandise	137.3	105.7
As yet unbillable services	4.4	9.6
Advance payments	44.1	33.7
	3,598.2	3,438.8

In millions of euros

The Consolidated Financial Statements contain write-downs to the lower net realizable value in the amount of EUR 193.2 million (March 31, 2020: EUR 187.6 million). The carrying amount of the inventories that have been written down to the lower net realizable value is EUR 674.4 million (March 31, 2020: EUR 865.0 million). As in the previous year, no inventories are pledged as security for liabilities as of March 31, 2021. An amount of EUR 6,101.4 million (March 31, 2020: EUR 6,846.4 million) has been recognized as cost of materials.

15. TRADE AND OTHER RECEIVABLES

	03/31/2020	Of which remaining term of more than 1 year	03/31/2021	Of which remaining term of more than 1 year
Trade receivables	928.4	6.1	973.2	7.6
Contract assets	240.3	10.6	234.7	15.5
Other receivables and other assets	481.4	43.9	514.3	20.0
Of which receivables from income taxes	39.7	0.0	29.7	0.0
Of which other tax assets	186.0	12.0	207.8	1.3
Of which acquired emission certificates	61.8	0.0	63.9	0.0
	1,650.1	60.6	1,722.2	43.1

In millions of euros

Note 1. Revenue contains further information on the contract assets and liabilities.

16. CASH AND CASH EQUIVALENTS

	03/31/2020	03/31/2021
Cash on hand, cash at banks, checks	794.7	1,159.7

In millions of euros

17. EQUITY

Share capital (incl. disclosures in accordance with Section 241 Austrian Commercial Code (*Unternehmensgesetzbuch – UGB*))

As of March 31, 2021, the share capital is EUR 324,391,840.99 (March 31, 2020: EUR 324,391,840.99) and is divided into 178,549,163 (March 31, 2020: 178,549,163) no-par value bearer shares. All shares are fully paid in.

Under Article 4 (2a) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized until June 30, 2024, to increase the company's share capital with the approval of the Supervisory Board by up to EUR 64,878,368.92 by issuing up to 35,709,833 shares (= 20%) in return for cash contributions—if necessary in several tranches (Authorized Capital 2019/I). The Management Board has not exercised this authorization up until now.

Under Article 4 (2b) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized until June 30, 2024, to increase the company's share capital by up to EUR 32,439,183.55 with the approval of the Supervisory Board by issuing up to 17,854,916 shares (= 10%) in return for contributions in kind and/or in cash for the purpose of issuing shares to employees, executives, and members of the Management Board of the company or an affiliated company—if necessary in several tranches—as well as to exclude the shareholders' subscription right (i) if the capital increase is made in return for contributions in kind, i.e., that shares are issued for the purpose of acquiring companies, operations, or partial operations, or that shares are issued for one or more companies located in Austria or abroad; or (ii) if the capital increase is carried out for the purpose of issuing shares to employees, executives, and members of the management board of the company or an affiliated company in the context of an employee shareholding scheme (Authorized Capital 2019/II). The Management Board has not exercised this authorization up until now.

Under Article 4 (6) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized to increase the share capital of the company by up to EUR 31,330,922.84 by issuing up to 17,244,916 ordinary no-par value bearer shares (= 10%) to be issued to creditors of financial instruments as defined in Section 174 Austrian Stock Corporation Act (*Aktiengesetz – AktG*) (convertible bonds, income bonds, or participation rights); the Management Board was authorized to issue these shares at the Annual General Meeting on July 3, 2019 (Contingent Capital Increase). To date, the Management Board has not exercised the authorization to issue financial instruments as defined in Section 174 Austrian Stock Corporation Act.

At the Annual General Meeting on July 3, 2019, the Management Board was authorized for a period of 30 months to repurchase treasury shares representing up to 10% of the respective share capital. The buyback price may not be more than 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 has not exercised this authority to date.

Capital reserves mainly include the share premium (net of capital funding costs), gains/losses from the sale of treasury shares, and share-based compensation.

Reserves for treasury shares include the deducted acquisition cost and/or the increase in equity from disposals of treasury shares at cost.

Retained earnings include the profit after tax less dividend distributions. When majority interests are increased or decreased, the difference between the acquisition cost of the additional shares and the prorated carrying amount of the non-controlling interests is recognized directly in retained earnings. Actuarial gains and losses from provisions for severance payments and pension obligations are recognized directly and in full in retained earnings in the year in which they are incurred.

The translation reserve serves to cover all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

The hedging reserve comprises gains and losses from the effective portion of the cash flow hedges. The cumulative gains or losses from hedged transactions recognized in the reserves are not recognized in the income statement until the hedged transaction also affects the result.

The number of shares outstanding for the periods presented in the Consolidated Financial Statements as of March 31, 2021, has changed as follows:

	Number of no-par value shares	Number of treasury shares	Number of shares outstanding
Balance as of April 1, 2019	178,549,163	28,597	178,520,566
Balance as of March 31, 2020	178,549,163	28,597	178,520,566
Withdrawal of treasury shares	0	-50	50
Balance as of March 31, 2021	178,549,163	28,547	178,520,616

In the business year 2020/21, 50 shares were withdrawn from the company's treasury shares for a sweepstake.

Hybrid capital

In the fourth quarter of the business year 2012/13, voestalpine AG issued a new subordinate, undated EUR 500.0 million bond (Hybrid Bond 2013) following an invitation extended to the holders of the Hybrid Bond 2007 to exchange the bond for a new hybrid bond at a 1:1 ratio. The outstanding nominal value of the Hybrid Bond 2007 as a result of this exchange was EUR 500.0 million; the bond was subsequently terminated and redeemed in full as of October 31, 2014. The coupon of the Hybrid Bond 2013 was 7.125% until October 31, 2014, and 6% from October 31, 2014, to October 31, 2019. The Hybrid Bond 2013 could be called and redeemed by voestalpine AG, but not the creditors, for the first time on October 31, 2019. On September 9, 2019, the Management Board of voestalpine AG resolved to redeem the hybrid bond issued in 2013 in full pursuant to the Bond Conditions effective as of the bond's first possible call date, specifically, October 31, 2019. The redemption amount was EUR 1,060 (including accrued interest) per bearer bond with a nominal value of EUR 1,000. In the previous year, a total of EUR 30.0 million in interest payments on the Hybrid Bond 2013 was disbursed on October 31, 2019.

As this instrument satisfied the equity criteria of IAS 32, the proceeds from the bond issues were recognized as part of equity. Accordingly, coupon payments were also presented as part of the appropriation of profit.

Share-based compensation

As part of the practice of granting employees voestalpine shares in connection with the annual performance bonus, 2.0 thousand shares with a fair value of EUR 0.0 million (2019/20: EUR 1.2 million) were removed from equity for this purpose, and 30.3 thousand shares with a value of EUR 1.0 million (2019/20: EUR 0.1 million) were added to equity.

18. PENSIONS AND OTHER EMPLOYEE OBLIGATIONS

	03/31/2020	03/31/2021
Provisions for severance payments	577.0	569.4
Provisions for pensions	540.3	531.5
Provisions for long-service bonuses	160.6	156.3
	1,277.9	1,257.2

In millions of euros

PROVISIONS FOR SEVERANCE PAYMENTS

	2019/20	2020/21
Present value of the defined benefit obligations (DBO) as of April 1	603.8	577.0
Service costs for the period	11.9	10.3
Past service costs	0.0	0.0
Interest costs for the period	8.7	8.3
Gains (-)/losses (+) on plan settlements	0.0	-0.1
Changes in the scope of consolidation	1.0	0.0
Severance payments	-44.5	-44.3
Actuarial gains (-)/losses (+) due to changes in financial assumptions	0.2	40.7
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	0.0	0.0
Actuarial gains (-)/losses (+) due to experience-based adjustments	-4.8	-23.5
Plan settlements	0.0	0.0
Other	0.7	1.0
Present value of the defined benefit obligations (DBO) as of March 31	577.0	569.4

In millions of euros

EUR 13.1 million (2019/20: EUR 13.4 million) in expenses were recognized in the income statement for defined contribution severance payments to external employee pension funds.

PROVISIONS FOR PENSIONS

	Present value of the DBO	Plan assets	Provisions for pensions
Balance as of April 1, 2019	803.0	-289.4	513.6
Service costs for the period	9.1	0.0	9.1
Past service costs	-0.5	0.0	-0.5
Net interest for the period	14.0	-5.0	9.0
Return on plan assets (excluding amounts included in net interest)	0.0	24.9	24.9
Gains (-)/losses (+) on plan settlements/curtailments	-0.5	0.0	-0.5
Changes in the scope of consolidation	0.0	0.0	0.0
Pension payments	-34.8	19.9	-14.9
Net exchange differences	-8.4	1.2	-7.2
Employer contributions/repayments	0.0	-2.2	-2.2
Employee contributions	0.0	-0.9	-0.9
Actuarial gains (-)/losses (+) due to changes in financial assumptions	7.2	0.0	7.2
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	0.2	0.0	0.2
Actuarial gains (-)/losses (+) due to experience-based adjustments	2.2	0.0	2.2
Plan settlements	0.0	0.0	0.0
Other	0.4	-0.1	0.3
Balance as of March 31, 2020	791.9	-251.6	540.3

In millions of euros

PROVISIONS FOR PENSIONS

	Present value of the DBO	Plan assets	Provisions for pensions
Balance as of April 1, 2020	791.9	-251.6	540.3
Service costs for the period	8.6	0.0	8.6
Past service costs	-0.1	0.0	-0.1
Net interest for the period	13.2	-4.3	8.9
Return on plan assets (excluding amounts included in net interest)	0.0	-51.7	-51.7
Gains (-)/losses (+) on plan settlements/curtailments	-0.1	0.0	-0.1
Changes in the scope of consolidation	0.0	0.0	0.0
Pension payments	-34.7	20.3	-14.4
Net exchange differences	2.1	-1.7	0.4
Employer contributions/repayments	0.0	-2.0	-2.0
Employee contributions	0.0	-0.9	-0.9
Actuarial gains (-)/losses (+) due to changes in financial assumptions	52.5	0.0	52.5
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	-0.4	0.0	-0.4
Actuarial gains (-)/losses (+) due to experience-based adjustments	-7.1	0.0	-7.1
Plan settlements	-0.2	0.0	-0.2
Other	-2.6	0.3	-2.3
Balance as of March 31, 2021	823.1	-291.6	531.5

In millions of euros

The major plan asset categories for the periods presented in the Consolidated Financial Statements as of March 31, 2021, are as follows:

2019/20

Category	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total assets
Debt instruments	43.6%	0.0%	43.6%
Equity instruments	27.4%	0.0%	27.4%
Property	0.0%	3.1%	3.1%
Cash and cash equivalents	5.9%	0.1%	6.0%
Insurance contracts	0.4%	11.3%	11.7%
Other assets	8.2%	0.0%	8.2%
Total	85.5%	14.5%	100.0%

2020/21

Category	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total assets
Debt instruments	42.2%	0.0%	42.2%
Equity instruments	30.1%	0.0%	30.1%
Property	0.0%	3.1%	3.1%
Cash and cash equivalents	6.3%	0.1%	6.4%
Insurance contracts	0.4%	9.9%	10.3%
Other assets	7.9%	0.0%	7.9%
Total	86.9%	13.1%	100.0%

The plan assets include treasury shares with a fair value of EUR 1.0 million (March 31, 2020: EUR 0.6 million).

The average expected return is determined by the portfolio structure of the plan assets, empirical data, and estimates of future returns. The calculation of the provisions for pensions was based on an expected (average) interest rate of 1.7% on plan assets. The actual interest rate was 22.3% (2019/20: -6.9%).

Pension obligations from Group's Austrian companies are transferred to APK-Pensionskasse Aktiengesellschaft.

The investment policies aim to ensure that the plan assets have the best possible structure and that existing entitlements are covered at all times.

Investment of the plan assets in Austria is governed by Section 25 Austrian Pension Fund Act (*Pensionskassengesetz – PKG*) and the Austrian Investment Fund Act (*Investmentfondsgesetz – InvFG*). Above and beyond these statutory requirements, investment guidelines of APK-Pensionskasse Aktiengesellschaft regulate issues such as the range of asset allocation, the use of umbrella funds, and the selection of fund managers. New investment instruments or the use of a broader range of funds require the approval of APK-Pensionskasse Aktiengesellschaft's management board. Both equity and debt securities are diversified globally, but most of the debt securities are denominated or hedged in euros.

The assets of the investment and risk association (Veranlagungs- und Risikogemeinschaft, VRG 15) are invested in international equity and bond funds, alternative investment strategies (e.g., properties and private equity) as well as money market funds. The association's long-term investment goal is to outperform the benchmark—30% global equities, 55% global bonds, 5% cash, 5% alternatives, and 5% properties—and to cover its current and future payment obligations. In accordance with Section 25 PKG, the assets of VRG 15 are invested in ways that guarantee the security, quality, liquidity, and profitability of the assets allocated to the association on the whole.

Asset allocation or regional allocation that deviate from the benchmark allocation are permitted if APK-Pensionskasse Aktiengesellschaft believes that current asset prices and/or future expected returns warrant such an approach. Active asset management strategies may be utilized for all asset classes if market characteristics and/or cost/benefit considerations justify doing so.

Most of VRG 15's assets are invested in liquid markets where prices are regularly quoted. Assets for which no active market price is quoted (e.g., certain property assets and private equity strategies) may be subject to conservative approaches as long as the return/risk profile of such assets is deemed advantageous.

Risk is managed actively, and it is generally expected that volatility and especially drawdown risks will be lower than the benchmark risk.

EUR 42.6 million (2019/20: EUR 41.5 million) in expenses were recognized in the income statement for defined contribution plans.

The sensitivity analysis of the key actuarial assumptions used to determine defined benefit obligations affects the DBO as follows:

SENSITIVITIES

	Interest rate		Salary/wage increases		Pension increases	
	+1.0%	-1.0%	+0.5%	-0.5%	+0.25%	-0.25%
Pensions	-13.6%	+17.3%	+0.8%	-0.7%	+3.0%	-2.9%
Severance payments	-10.0%	+11.8%	+5.5%	-5.1%	0.0%	0.0%

Group-wide figures were determined for the effects associated with the interest rate, wage and salary increases, and pension increases. The sensitivities are not determined by way of estimates or approximations but instead by way of comprehensive analyses subject to variation of the parameters.

For the business year 2021/22, the expected contributions to the defined benefit plans are EUR 21.6 million.

The average interest-weighted term of pension plans is 15.3 years, and 10.9 years for severance payments.

PROVISIONS FOR LONG-SERVICE BONUSES

	2019/20	2020/21
Present value of the long-service bonus obligations (DBO) as of April 1	159.5	160.6
Service costs for the period	10.7	10.6
Interest costs for the period	2.3	2.3
Changes in the scope of consolidation	0.0	0.0
Long-service bonus payments	-9.9	-11.6
Actuarial gains (-)/losses (+) due to changes in assumptions	0.0	0.2
Actuarial gains (-)/losses (+) due to experience-based adjustments	-2.4	-5.6
Other	0.4	-0.2
Present value of the long-service bonus obligations (DBO) as of March 31	160.6	156.3

In millions of euros

Expenses/revenue associated with provisions for severance payments, pensions, and long-service bonuses recognized in the income statement are categorized as follows:

	2019/20	2020/21
Service costs for the period and past service costs	31.2	29.4
Net interest for the period	20.0	19.5
Gains (-)/losses (+) on plan settlements/curtailments	-0.5	-0.2
Actuarial gains (-)/losses (+) from long-service bonus obligations	-2.4	-5.4
Expenses/revenue recognized in the income statement	48.3	43.3

In millions of euros

Net interest for the period is recognized in finance costs.

19. PROVISIONS

	Balance as of 04/01/2020	Changes in the scope of consoli- dation	Net exchange differences	Use	Reversals	Transfers	Additions	Balance as of 03/31/2021
Non-current provisions								
Other personnel expenses	12.7	0.0	0.0	-4.2	0.0	0.3	2.9	11.7
Warranties and other risks	4.1	0.0	0.0	-0.6	-0.3	0.8	0.3	4.3
Other non-current provisions	75.6	0.0	-2.9	-3.9	-4.8	27.7	11.6	103.3
	92.4	0.0	-2.9	-8.7	-5.1	28.8	14.8	119.3
Current provisions								
Unused vacation entitlements	136.7	0.1	0.3	-86.7	-0.2	0.3	87.0	137.5
Other personnel expenses	157.9	0.1	-1.7	-122.5	-4.8	1.8	155.6	186.4
Warranties and other risks	66.7	0.0	0.1	-11.5	-6.2	-19.4	40.4	70.1
Onerous contracts	55.2	0.0	0.0	-42.3	-3.4	1.0	33.4	43.9
Other current provisions	230.4	-0.2	-1.0	-129.8	-19.3	-19.4	202.0	262.7
	646.9	0.0	-2.3	-392.8	-33.9	-35.7	518.4	700.6
	739.3	0.0	-5.2	-401.5	-39.0	-6.9	533.2	819.9

In millions of euros

The provisions for personnel expenses mainly include incentive payments and bonuses. Provisions for warranties and other risks as well as for onerous contracts concern current operating activities. The other provisions mainly consist of provisions for sales commission; litigation, legal, and consulting fees; and environmental protection obligations.

As of March 31, 2021, the provisions for personnel expenses also include EUR 22.5 million for personnel reduction programs.

The amount recognized as a provision for warranties and other risks is calculated as the most reliable estimated amount that would be required to settle these obligations at the reporting date. The statistical measure is the expected value. In turn, this is based on the probability of an event occurring in the light of past experience.

Provisions for onerous contracts are recognized when the unavoidable cost of meeting the given contractual obligations exceed the expected revenue. Before recognizing separate provisions for an onerous contract, an entity recognizes an impairment loss on the assets associated with the given contract.

The antitrust investigations of the German Federal Cartel Office (*Bundeskartellamt*) regarding railway superstructure material that voestalpine triggered in 2011 by way of an application under the Leniency Notice were completed against voestalpine in 2013. A total of EUR 14.9 million in fines were issued against voestalpine in this connection. Another application under the Leniency Notice by voestalpine triggered the Bundeskartellamt's investigation against special steel companies; it was completed in July 2018 as far as voestalpine is concerned. As the principal witness, no fines were imposed on voestalpine. In connection with the proceedings that the Bundeskartellamt launched in September 2017 pursuant to a search warrant on suspicion of anti-competitive practices under German competition law in the heavy plate segment, voestalpine agreed in December 2019 to settle the matter by paying a fine of EUR 65.5 million. These proceedings have also thus been brought to an end.

To the extent relevant, voestalpine set up provisions as of the March 31, 2021, reporting date for any negative effects from these anti-trust investigations.

Increases in provisions totaling EUR 1.5 million (2019/20: EUR 0.6 million) are included in the reporting period due to both accrued interest and changes in the discount rate.

20. FINANCIAL LIABILITIES

	Remaining term of up to 1 year		Remaining term of more than 1 year	
	03/31/2020	03/31/2021	03/31/2020	03/31/2021
Bonds and liabilities to banks	642.5	1,130.6	3,484.9	2,468.2
Liabilities from leases	44.1	44.1	369.0	341.1
Liabilities to affiliates	9.1	9.8	0.0	0.0
Liabilities to other investments	0.0	0.0	0.0	0.0
Other financial liabilities	58.4	36.2	35.8	36.9
	754.1	1,220.7	3,889.7	2,846.2

In millions of euros

On October 14, 2014, voestalpine AG issued a fixed interest bond of EUR 400.0 million. The bond will be redeemed in October 2021 and carries an annual interest rate of 2.25%.

On September 27, 2017, voestalpine AG issued a fixed interest bond of EUR 500.0 million. The bond will be redeemed in September 2024 and carries an annual interest rate of 1.375%.

On April 10, 2019, voestalpine AG issued a fixed interest bond of EUR 500.0 million. The bond will be redeemed in April 2026 and carries an annual interest rate of 1.75%.

In the business year, there were ongoing buybacks of the corporate bond from 2014–2021. EUR 5.9 million were repurchased from the total principal amount of the 2014–2021 corporate bond.

21. TRADE AND OTHER PAYABLES

	03/31/2020	03/31/2021
Trade payables	1,261.5	1,441.2
Contract liabilities	141.4	208.6
Other liabilities from taxes	91.5	115.9
Other liabilities related to social security	60.4	59.6
Other liabilities	398.7	363.5
	1,953.5¹	2,188.8

¹ Given the clarification pursuant to the December 2020 IFRIC Update regarding supply chain finance, both trade payables and trade payables from reverse factoring agreements that are securitized via bills of exchange are shown in Item 22. Trade payables from bills of exchange and trade payables from reverse factoring agreements. The previous year's figures for the affected items were adjusted retrospectively.

In millions of euros

Note 1. Revenue contains further information on contract assets and liabilities.

22. TRADE PAYABLES FROM BILLS OF EXCHANGE AND TRADE PAYABLES FROM REVERSE FACTORING AGREEMENTS

	03/31/2020	03/31/2021
Trade payables from bills of exchange accepted and drawn	600.5	755.0
Trade payables with reverse factoring agreements	6.9	27.1
	607.4	782.1

In millions of euros

voestalpine offers for selected suppliers to participate in different supply chain finance models. This largely concerns bills of exchange payable as well as reverse factoring models.

This involves giving suppliers the option to receive early payment by selling their receivables to a financial institution at a discount. voestalpine pays at the time the associated bill of exchange is due or at the time the invoice under the reverse factoring agreement is due.

The invoice amounts arise from supply and service relationships. They are an integral part of working capital. voestalpine paid a total of EUR 1.8 million in interest expense that it incurs in connection with these models. The company also provides Group guarantees to the financial institutions. The payment terms are usually extended by up to 135 days.

The payments to the financial institutions at the time the bills of exchange are presented and the reverse factoring liabilities paid are shown in the cash flows from operating activities because they are considered a part of the Group's ordinary operating cycle and continue to be elements of its operating costs, i.e., payments for goods and services.

23. CONTINGENT LIABILITIES

	03/31/2020	03/31/2021
Liabilities from the issue and transfer of bills of exchange	0.8	0.0
Surety bonds and guarantees	0.5	0.8
	1.3	0.8

In millions of euros

Concerning the Austrian energy tax rebate, the decision of the ECJ dated November 14, 2019 (ECJ 11/14/2019, docket no. C-585/17, Dilly's Wellnesshotel II) establishes that the limitation to manufacturing companies imposed by the BBG 2011 was compliant to European Union law. In its subsequent ruling dated December 18, 2019 (docket no. Ro 2016/15/0041), the Austrian Higher Administrative Court followed the ECJ's holding. The voestalpine Group did not incur any adverse effects from the Higher Administrative Court's ruling, which concludes the case.

24. FINANCIAL INSTRUMENTS

General information

The principal financial instruments used by the voestalpine Group consist of bank loans, bonds, borrower's notes, and trade payables. The primary aim of the financial instruments is to fund the business activities of the Group. The Group holds various financial assets, such as trade receivables, current deposits, and non-current investments, which arise directly from its business activities.

The Group also uses derivative financial instruments. They mainly include interest rate swaps, forward exchange transactions, and commodity swaps. These derivative financial instruments serve to hedge interest rate and currency risks as well as risks from fluctuations in raw materials prices, which result from the business activities of the Group and its sources of financing.

Capital management

In addition to ensuring the availability of the liquidity necessary for supporting the Group's business activities and maximizing shareholder value, the primary objective of its capital management is to ensure an adequate credit rating and a satisfactory equity ratio.

The voestalpine Group manages its capital using the net financial debt to EBITDA ratio as well as the gearing ratio, i.e., the net financial debt to equity ratio. Net financial debt consists of interest-bearing loans less financing receivables, loan receivables, securities as well as cash and cash equivalents. Equity includes non-controlling interests in Group companies.

The target for the gearing ratio is 50% and may only be exceeded up to a maximum of 75% for a limited period of time. The net financial debt/EBITDA ratio shall not exceed 3.0 and, if it does, only for a limited time. All growth measures and capital market transactions are aligned with these ratios.

These two ratios developed as follows in the reporting period:

	03/31/2020	03/31/2021
Gearing ratio in %	67.2%	48.5%
Net financial debt to EBITDA ratio	3.2	2.4

Financial risk management – Corporate finance organization

Financial risk management also includes raw material risk management. Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existent policies include targets, principles, duties, and responsibilities for both Group Treasury and individual Group companies. In addition, they govern matters related to pooling; money markets; credit and securities management; currency, interest rate, liquidity, and commodity price risks; and the reporting system. Group Treasury, acting as a service center, is responsible for implementation. Three organizationally separate units are responsible for closing, processing, and recording transactions, which makes sure that a six-eyes principle is followed. Policies, policy compliance, and the conformity of the business processes with the internal control system (ICS) are additionally reviewed at regular intervals by an external auditor.

It is part of the voestalpine Group's corporate policy to continuously monitor, quantify, and—where reasonable—hedge financial risks. The Group's risk appetite is more on the low side. The strategy is aimed at achieving natural hedges and reducing fluctuations in cash flows and earnings. Market risks are also hedged by means of derivative financial instruments.

To quantify interest rate risks, voestalpine AG uses the interest rate exposure as an indicator. The interest rate exposure quantifies the impact of a one-percentage-point change in the market rate on interest income and/or interest expense.

Putting in place a netting process aggregates and balances the Group's foreign currency cash flows. This creates a natural hedge.

A sensitivity analysis is carried out to quantify the currency risk based on a potential strengthening (weakening) of the euro relative to the other currencies by 10% as of March 31. The analysis posits that all other influencing factors are constant.

Liquidity risk – Financing

Liquidity risk refers to the risk of not being able to fulfill payment obligations due to insufficient funds.

The primary instrument for controlling liquidity risks is a precise financial plan that is submitted quarterly on a revolving basis by the operating entities directly to Group Treasury of voestalpine AG. Group Treasury conducted additional reviews in order to take current conditions resulting from the COVID-19 crisis into account. The need for funds and bank credit lines is determined based on the consolidated results. The planned liquidity needs for the next 12 months are to be covered by a liquidity reserve.

Working capital is financed by Group Treasury. A central clearing system performs intra-Group netting daily. Entities with liquidity surpluses indirectly put these funds at the disposal of entities requiring liquidity. Group Treasury deposits any residual liquidity with its principal banks. This makes it possible to lower the borrowing volume and optimize net interest income.

Financing is either carried out in the given borrower's local currency in order to avoid exchange rate risks or is currency hedged using currency swaps.

voestalpine AG carries contractually guaranteed credit lines of EUR 1,080.0 million (2019/20: EUR 780.0 million) as a capitalized liquidity reserve. In addition, an item in current assets comprises securities and short-term investments that are used to cover any unexpected need for liquidity. As of March 31, 2021, freely disposable securities were EUR 145.3 million (March 31, 2020: EUR 55.4 million). These encompass repo transactions entailing CO₂ repos (purchases of CO₂ allowances subject to simultaneous repurchase agreements) in the amount of EUR 84.2 million (March 31, 2020: EUR 0.0 million). Furthermore, cash and cash equivalents in the amount of EUR 1,159.7 million (March 31, 2020: EUR 794.7 million) are reported in the Consolidated Financial Statements.

The voestalpine Group's payable bills of exchange may lead to a concentration of risk because liabilities previously distributed among diverse creditors are now concentrated in the financial institutions involved. Any unilateral withdrawal by one or more banks of the arrangements regarding future transactions would lead to short-term liquidity needs. The voestalpine Group manages the concentration of risk by broadly diversifying the relevant financial instruments among different banks. In addition, the risk is mitigated by way of the existent liquidity reserve as well as cash and cash equivalents in the amount of EUR 2,239.7 million (previous year: EUR 1,574.7 million). As far as the payable bills of exchange are concerned, the largest of the nine creditors accounts for a mere EUR 279.1 million, i.e., 12.5%, when compared with the liquidity reserve and the cash and cash equivalents. The liquidity risk from reverse factoring liabilities is of minor significance because of the low volume of such liabilities.

The sources of financing are managed pursuant to the principle that the Group must remain independent of banks. Hence financing is currently provided by approximately 20 different domestic and foreign banks. The capital market is also used as a source of financing.

The following capital market transactions were effected in the business year 2019/20:

Issuance of Senior Bond 2026	EUR 500.0 million
------------------------------	-------------------

In the business year 2020/2021, no capital transactions were effected.

A maturity analysis of all financial liabilities existent as of the reporting date is presented below:

LIABILITIES

	Due within 1 year		Due between 1 and 5 years		Due after more than 5 years	
	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021
Bonds	121.3	482.1	895.7	498.2	547.8	548.1
Bank loans	521.2	648.5	1,763.4	1,351.3	278.0	70.5
Trade payables	1,261.5	1,440.8	0.0	0.4	0.0	0.0
Trade payables from bills of exchange and trade payables from reverse factoring agreements	607.4	782.1	0.0	0.0	0.0	0.0
Liabilities from leases	44.1	44.1	154.1	143.9	214.9	197.2
Liabilities from foreign currency hedges and commodity hedges	41.3	16.6	14.6	1.0	0.0	0.0
Thereof designated as hedge accounting	30.1	8.7	14.2	0.8	0.0	0.0
Liabilities from interest hedges (incl. cross currency swaps)	0.0	0.0	0.0	0.2	0.0	0.0
Thereof designated as hedge accounting	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	67.5	46.0	35.8	36.9	0.0	0.0
Other liabilities	132.8	136.3	25.1	19.8	0.0	0.0
Total liabilities	2,797.1	3,596.5	2,888.7	2,051.7	1,040.7	815.8

In millions of euros

As estimated as of the reporting date, the following (prospective) interest expense corresponds to these existent liabilities:

	Due within 1 year		Due between 1 and 5 years		Due after more than 5 years	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Interest on bonds	25.5	25.5	75.1	59.2	23.8	14.2
Interest on bank loans	38.4	20.5	78.8	33.6	13.5	6.0
Interest on liabilities from leases	8.3	7.1	25.9	22.2	74.0	67.8
Interest on interest hedges (incl. cross currency swaps)	2.3	1.9	0.1	0.9	0.0	0.0
Interest on other financial liabilities	1.8	1.2	3.0	2.3	0.0	0.0
Total interest expense	76.4	56.2	183.0	118.2	111.4	88.0

In millions of euros

Credit risk

Credit risk refers to financial losses that may occur due to non-fulfillment of contractual obligations by individual business partners.

The management of credit risks from investment and derivative transactions is governed by internal guidelines. All investment and derivative transactions are limited for each counterparty, with the size of the limit being contingent on the bank's rating.

For the most part, cash and cash equivalents are deposited with banks whose credit ratings are good. They are generally invested for the short term. The associated credit risk thus is secondary.

BREAKDOWN OF INVESTMENTS AT FINANCIAL INSTITUTIONS BY RATING CLASS

	AAA	AA	A	BBB	<BBB/NR
Money market investments excl. account credit balances	0.0	528.0	59.0	0.0	0.0
Derivatives ¹	0.0	31.9	4.6	1.5	3.4

¹ Only positive fair values

In millions of euros

The credit risk associated with derivative financial instruments is limited to transactions with a positive fair value and, in this case, to the amount of the fair value. As a result, solely the positive fair value of the derivative transactions is counted against the limit. Derivatives are closed exclusively based on standardized master agreements for financial futures transactions.

The credit risk of the underlying transactions is minimized to a large degree 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 credit risk of the counterparties to financial contracts is managed by monitoring the given counterparties' credit ratings and changes in their credit default swap (CDS) levels on a regular basis.

Depending on both the customer structure and the line of business, in most cases financial assets are deemed to have been defaulted when they are more than 180 days past due or when it is no longer certain that they will be paid in full absent collateral sales.

Receivables are classified as financial assets with impaired credit ratings when specific indicators of impairment are present (in particular, substantial financial difficulties on the part of the debtor, default or late payments, heightened risk of insolvency). Receivables are written off (derecognized) when they become uncollectible (especially when the counterparty becomes insolvent). A write-up to the amortized cost is made if the reasons for the write-down no longer exist.

The maximum theoretical default risk equals the amount at which the receivables are recognized in the statement of financial position.

The expected loss rates are determined based on historical default rates in the past five years.

As most of the receivables are insured, the risk of bad debt losses may be considered minor. There is no concentration of default risks because the customer portfolio is well diversified.

The gross carrying amounts and allowances for trade receivables and contract assets are as follows:

	2019/20	2020/21
Gross carrying amount of trade receivables and contract assets	1,194.4	1,241.3
Less gross carrying amount of trade receivables and contract assets that are credit-impaired	-44.6	-48.6
Gross carrying amount of trade receivables and contract assets that are not credit-impaired	1,149.8	1,192.8
Less portfolio value adjustments	-0.6	-0.6
Net carrying amount of trade receivables and contract assets that are not credit-impaired	1,149.2	1,192.1

In millions of euros

TRADE RECEIVABLES AND CONTRACT ASSETS THAT ARE PAST DUE BUT NOT CREDIT-IMPAIRED

	2019/20	2020/21
Up to 30 days past due	163.7	128.6
31 to 60 days past due	45.6	34.0
61 to 90 days past due	16.9	10.3
91 to 120 days past due	8.1	4.7
More than 120 days past due	57.2	30.4
Total	291.5	208.0

In millions of euros

The loss allowances for trade receivables and contract assets that are credit-impaired have developed as follows:

**LOSS ALLOWANCE FOR RECEIVABLES THAT ARE CREDIT-IMPAIRED
(INDIVIDUAL VALUE ADJUSTMENTS)**

	2019/20	2020/21
Opening balance as of April 1	29.7	25.2
Additions	7.1	13.1
Net exchange differences	-1.1	-0.5
Changes in the scope of consolidation	0.1	0.2
Reversal	-5.4	-2.8
Use	-5.2	-2.4
Closing balance as of March 31	25.2	32.8

In millions of euros

**LOSS ALLOWANCE FOR RECEIVABLES THAT ARE NOT CREDIT-IMPAIRED
(PORTFOLIO VALUE ADJUSTMENTS)**

	2019/20	2020/21
Opening balance as of April 1	0.7	0.6
Change	-0.1	0.0
Closing balance as of March 31	0.6	0.6

In millions of euros

In the business year 2020/21, the portfolio value adjustments were not affected by any significant individual loss allowances.

voestalpine has analyzed the effects of the COVID-19 pandemic on expected credit losses as of the reporting date using information external and internal to the Group and has assessed based thereon whether its prior estimates of credit losses must be adjusted. In particular, currently available information regarding changes in probabilities of default (PDs) owing to the pandemic as well as internal assessments of counterparties' payment history and related non-payment risks served as the basis for these assessments. Given that non-payment risks are deemed very low at this time, voestalpine expects any increase in default risks due to the COVID-19 pandemic to have a negligible impact on the Group's earnings.

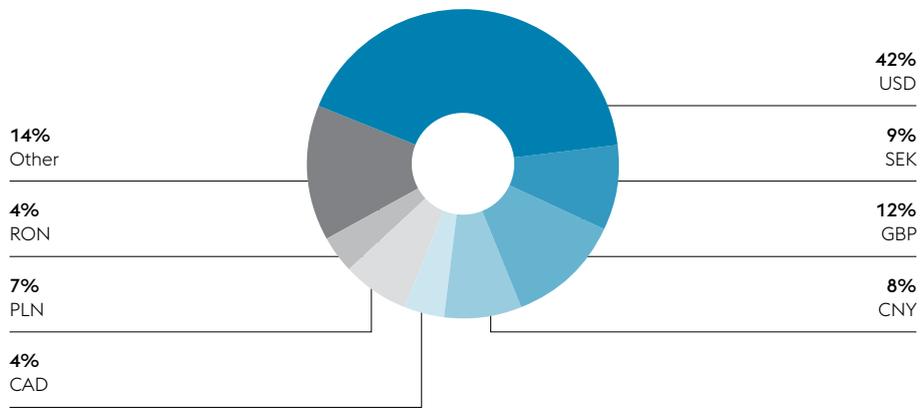
Currency risk

The largest currency position in the Group arises from raw materials purchases in USD; however, the global business activities of the voestalpine Group also give rise to currency exposures in various other currencies.

Cash inflows and outflows in the respective currencies are offset thanks to the implementation of rolling multi-currency netting. The natural hedge created in this way mitigates risk. The use of derivative hedging instruments is another option. voestalpine AG hedges budgeted foreign currency payments at most over the next 12 months. Longer-term hedging occurs only for contracted projects. The hedging ratio is between 25% and 100%. The further in the future the cash flows, the lower the hedging ratio.

In the business year 2020/21, the net need for US dollars in the voestalpine Group was EUR 434.7 million. In particular, the decrease compared with the previous year (EUR 492.5 million) is due to the reduced need for raw materials purchases. The remaining foreign currency exposure, resulting primarily from exports to “non-eurozone countries” and raw material purchases, is significantly lower than the USD risk.

FOREIGN CURRENCY PORTFOLIO 2020/21



Based on the sensitivity analysis, as of March 31, 2021, the risks of all open positions relative to the Group currency for the upcoming business year are as follows:

FOREIGN CURRENCY PORTFOLIO 2020/21

	Planned position	Rate 03/31/2021	Planned position (EUR)	Planned position (EUR) +10%	Delta (EUR) +10%	Planned position (EUR) -10%	Delta (EUR) -10%
USD	-748.5	1.1725	-638.4	-580.4	58.0	-709.3	-70.9
GBP	51.7	0.8521	60.7	55.2	-5.5	67.5	6.7
PLN	276.6	4.6508	59.5	54.1	-5.4	66.1	6.6
CNY	444.3	7.7066	57.7	52.4	-5.2	64.1	6.4
SEK	-472.6	10.2383	-46.2	-42.0	4.2	-51.3	-5.1
CAD	37.2	1.4782	25.2	22.9	-2.3	28.0	2.8
RON	111.7	4.9223	22.7	20.6	-2.1	25.2	2.5
Other			39.0	35.4	-3.5	43.3	4.3
Total					38.2		-46.7

In millions of euros

Interest rate risks

voestalpine AG is primarily subject to cash flow risks (the risk that interest expenses or interest income will undergo a detrimental change) in connection with variable-interest financial instruments. The positions shown include all interest-rate-sensitive financial instruments (loans, money market, issued and purchased securities as well as interest rate derivatives).

The primary objective of interest rate management is to optimize the interest expense subject to risk considerations.

The variable-interest positions on the liabilities side significantly exceed the positions on the asset side, so that a one-percentage-point increase in the money market rate increases the net interest expense by EUR 3.0 million (2019/20: EUR 10.9 million). A decrease in the interest rate by one-percentage-point decreases the net interest expense by EUR -1.6 million (2019/20: EUR -7.0 million).

The weighted average interest rate for asset positions is –0.29% (2019/20: –0.07%) with a duration of 0.00 years (2019/20: 0.00 years)—including money market investments—and 1.27% (2019/20: 1.42%) for liability positions with a duration of 2.09 years (2019/20: 2.40 years).

	Position ¹	Weighted average interest rate	Duration (years)	Average capital commitment (years) ²	Cash flow risk +1% point ¹	Cash flow risk –1% point ¹
Assets	1,151.9	–0.29%	0.00	0.00	–11.5	11.5
Liabilities	3,677.5	1.27%	2.09	3.20	14.6	–13.1
Net	–2,525.7				3.0	–1.6

¹ In millions of euros

² Excluding revolving export loans of EUR 241.0 million

Derivative financial instruments

In the business year 2020/21, hedge accounting in accordance with IFRS 9 was used to hedge foreign currency cash flows, interest-bearing receivables and liabilities, and raw materials purchase agreements. In this connection, all transactions related to foreign currency and interest rate hedges are hedged in total. Solely the commodity index component is hedged in connection with raw materials procurement contracts. A hedging ratio of 100% is stipulated in this connection. The hedges are cash flow hedges. Hedge accounting is only applied to a portion of the completed hedge transactions.

The following derivative financial instruments are classified as cash flow hedges:

	Nominal amount ¹		Fair value			
	03/31/ 2020	03/31/ 2021	Assets		Liabilities	
			03/31/ 2020	03/31/ 2021	03/31/ 2020	03/31/ 2021
Cash flow hedge						
Foreign currency hedges	545.9	560.7	0.5	8.4	21.3	2.6
Commodity hedges	207.4	188.2	1.0	9.9	23.0	6.8
Total	753.3	748.9	1.5	18.3	44.3	9.4

¹ A total of EUR 583.4 million (2019/20: EUR 508.8 million) of the derivative financial instruments classified as cash flow hedges have short-term maturities. The remaining portion largely has maturities of two to three years (2019/20: two to three years).

Line item in the statement of financial position that includes the hedging instrument	Change in the fair value used as the basis for recognizing hedge ineffectiveness		Ineffectiveness	
	2019/20	2020/21	2019/20	2020/21
Trade and other receivables (assets), Trade and other payables (liabilities)	-20.8	5.8	0.0	0.0
Trade and other receivables (assets), Trade and other payables (liabilities)	-22.1	3.1	0.0	0.0
	-42.9	8.9	0.0	0.0

In millions of euros

The hedging volume of key foreign currency hedges is as follows:

	Nominal amount (in millions of euros)		Average rate	
	03/31/2020	03/31/2021	03/31/2020	03/31/2021
Cash flow hedge				
Foreign currency hedges				
USD	412.6	428.3	1.1660	1.2060

The following underlying transactions were hedged:

	Change in the value of the hedged item used as the basis for recognizing any ineffectiveness		Cash flow hedge reserve	
	03/31/2020	03/31/2021	03/31/2020	03/31/2021
Cash flow hedge				
Currency risk (future purchase and sale transactions)	20.8	-5.8	-20.8	5.8
Commodity price risk (future purchase and sale transactions)	22.1	-3.1	-22.1	3.1
Total	42.9	-8.9	-42.9	8.9

In millions of euros

The cash flow hedge reserve developed as follows:

CASH FLOW HEDGE

	2019/20	2020/21
Opening balance as of April 1	5.6	-32.2
Hedging gains and losses recognized in other comprehensive income	-40.5	23.1
Foreign currency hedges	-18.5	20.0
Commodity hedges	-22.0	3.1
Reclassification from other comprehensive income to profit or loss (revenue)	1.7	5.2
Foreign currency hedges	1.7	5.2
Reclassification from other comprehensive income to non-financial assets	-11.6	23.5
Foreign currency hedges	-2.8	1.5
Commodity hedges	-8.8	22.0
Deferred taxes on changes in the cash flow hedge reserve	12.6	-12.9
Closing balance as of March 31	-32.2	6.7

In millions of euros

The following derivative financial instruments are measured at fair value. The associated gains/losses are posted in the income statement:

	Nominal amount		Fair value			
	03/31/ 2020	03/31/ 2021	Assets		Liabilities	
			03/31/ 2020	03/31/ 2021	03/31/ 2020	03/31/ 2021
Foreign currency hedges	970.9	763.1	9.7	6.4	10.9	7.9
Cross currency swaps	153.6	111.5	41.2	16.6	0.0	0.2
Commodity hedges	3.1	4.8	0.0	0.0	0.7	0.2
Total	1,127.6	879.4	50.9	23.0	11.6	8.3

In millions of euros

Derivatives designated as cash flow hedges have the following effects on cash flows and the profit or loss for the period:

	Total contractual cash flows		Contractual cash flows					
			up to 1 year		between 1 and 5 years		more than 5 years	
	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021
Foreign currency hedges								
Assets	0.5	8.4	0.5	8.0	0.0	0.4	0.0	0.0
Liabilities	-21.2	-2.6	-7.1	-2.1	-14.1	-0.5	0.0	0.0
	-20.7	5.8	-6.6	5.9	-14.1	-0.1	0.0	0.0
Commodity hedges								
Assets	0.9	9.9	0.9	9.9	0.0	0.0	0.0	0.0
Liabilities	-23.0	-6.8	-22.9	-6.5	-0.1	-0.3	0.0	0.0
	-22.1	3.1	-22.0	3.4	-0.1	-0.3	0.0	0.0

In millions of euros

The nominal amounts are allocated to the aforementioned maturity buckets as follows:

	Total nominal amount		Nominal amount					
			up to 1 year		between 1 and 5 years		more than 5 years	
	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021
Foreign currency hedges								
Assets	39.3	358.8	38.0	299.1	1.3	59.7	0.0	0.0
Liabilities	506.6	201.9	265.0	99.3	241.6	102.6	0.0	0.0
	545.9	560.7	303.0	398.4	242.9	162.3	0.0	0.0
Commodity hedges								
Assets	21.9	49.7	21.1	49.7	0.8	0.0	0.0	0.0
Liabilities	185.6	138.5	184.7	135.3	0.9	3.2	0.0	0.0
	207.5	188.2	205.8	185.0	1.7	3.2	0.0	0.0

In millions of euros

Categories of financial instruments

Categories	Financial assets measured at AC ¹	Hedge accounting	Financial assets measured at FVTPL	Total
Assets 03/31/2020				
Other financial assets, non-current	4.1	0.0	48.4	52.5
Trade and other receivables	901.4	1.5	162.6	1,065.5
Other financial assets, current	0.0	0.0	55.5	55.5
Cash and cash equivalents	794.7	0.0	0.0	794.7
Carrying amount	1,700.2	1.5	266.5	1,968.2

¹ The carrying amount of the financial assets measured at AC represents an adequate approximation of the fair value.

In millions of euros

Categories	Financial assets measured at AC ¹	Hedge accounting	Financial assets measured at FVTPL	Total
Assets 03/31/2021				
Other financial assets, non-current	2.1	0.0	50.6	52.7
Trade and other receivables	888.8	18.3	215.5	1,122.6
Other financial assets, current	0.0	0.0	145.3	145.3
Cash and cash equivalents	1,159.7	0.0	0.0	1,159.7
Carrying amount	2,050.6	18.3	411.4	2,480.3

¹ The carrying amount of the financial assets measured at AC represents an adequate approximation of the fair value.

In millions of euros

Categories	Financial liabilities measured at AC		Hedge accounting	Financial liabilities measured at FVTPL		Total	
	Carrying amount	Fair value	Carrying amount (= fair value)	Carrying amount (= fair value)	Carrying amount	Fair value	
Liabilities 03/31/2020							
Financial liabilities, non-current	3,889.6	3,707.1	0.0	0.0	3,889.6	3,707.1	
Financial liabilities, current	754.1	752.2	0.0	0.0	754.1	752.2	
Trade and other payables ¹	1,419.4	1,419.4	44.3	11.7	1,475.4	1,475.4	
Trade payables from bills of exchange and trade payables from reverse factoring agreements ¹	607.4	607.4	0.0	0.0	607.4	607.4	
Total	6,670.5	6,486.1	44.3	11.7	6,726.5	6,542.1	

¹ The carrying amount of the trade and other payables, the trade payables from bills of exchange and the payables from reverse factoring agreements represents an adequate approximation of the fair value.

In millions of euros

Categories	Financial liabilities measured at AC		Hedge accounting	Financial liabilities measured at FVTPL		Total	
	Carrying amount	Fair value	Carrying amount (= fair value)	Carrying amount (= fair value)	Carrying amount	Fair value	
Liabilities 03/31/2021							
Financial liabilities, non-current	2,846.2	2,883.2	0.0	0.0	2,846.2	2,883.2	
Financial liabilities, current	1,220.7	1,225.1	0.0	0.0	1,220.7	1,225.1	
Trade and other payables ¹	1,597.4	1,597.4	9.4	8.2	1,615.0	1,615.0	
Trade payables from bills of exchange and trade payables from reverse factoring agreements ¹	782.1	782.1	0.0	0.0	782.1	782.1	
Total	6,446.4	6,487.8	9.4	8.2	6,464.0	6,505.4	

¹ The carrying amount of the trade and other payables, the trade payables from bills of exchange and the payables from reverse factoring agreements represents an adequate approximation of the fair value.

In millions of euros

The financial liabilities measured at amortized cost, excluding bonds issued, fall under Level 2. Valuation is performed according to the discounted cash flow method, whereby the input parameters for the calculation of the fair values are the foreign exchange rates, interest rates, and credit spreads observable on the market. Using the input parameters, the fair values are calculated by discounting estimated future cash flows at market interest rates.

Bonds issued are measured using Level 1 inputs based on the quoted price as of the reporting date.

The table below analyzes regular fair value measurements of financial assets and financial liabilities. These measurements are based on a fair value hierarchy that categorizes the inputs included in the valuation methods used to measure fair value into three levels. The three levels are defined as follows:

INPUTS

Level 1	Comprises quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

FAIR VALUE HIERARCHY LEVELS USED FOR RECURRING FAIR VALUE MEASUREMENTS

	Level 1	Level 2	Level 3	Total
03/31/2020				
Financial assets				
Other financial assets, non-current	12.0	0.0	36.4	48.4
Receivables from derivatives – hedge accounting	0.0	1.5	0.0	1.5
Trade and other receivables	0.0	50.9	111.7	162.6
Other financial assets, current	55.5	0.0	0.0	55.5
	67.5	52.4	148.1	268.0
Financial liabilities				
Liabilities from derivatives – hedge accounting	0.0	44.3	0.0	44.3
Trade and other payables	0.0	11.7	0.0	11.7
	0.0	56.0	0.0	56.0
03/31/2021				
Financial assets				
Other financial assets, non-current	14.2	0.0	36.4	50.6
Receivables from derivatives – hedge accounting	0.0	18.3	0.0	18.3
Trade and other receivables	0.0	23.1	192.4	215.5
Other financial assets, current	145.3	0.0	0.0	145.3
	159.5	41.4	228.8	429.7
Financial liabilities				
Liabilities from derivatives – hedge accounting	0.0	9.4	0.0	9.4
Trade and other payables	0.0	8.2	0.0	8.2
	0.0	17.6	0.0	17.6

In millions of euros

The derivative transactions (Level 2) are measured using the discounted cash flow method by determining the value that would be realized if the hedging position were closed out (liquidation method). The observable currency exchange rates and raw materials prices as well as interest rates are the input for the calculation of fair values. Fair values are calculated based on the inputs by discounting expected future cash flows at market interest rates.

The voestalpine Group recognizes reclassifications between different levels of the fair value hierarchy as of the end of the reporting period in which the change occurred. There were no reclassifications in the business years 2019/20 or 2020/21.

The table below presents the reconciliation of Level 3 financial assets measured at fair value between the opening balance and the closing balance, as follows:

LEVEL 3 – FVTPL – OTHER FINANCIAL ASSETS – NON-CURRENT

	2019/20	2020/21
Opening balance	32.1	36.4
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	4.3	0.0
Closing balance	36.4	36.4

In millions of euros

Level 3 includes the equity investment in Energie AG Oberösterreich that is measured at fair value. The fair value of this entity can be reliably determined based on the valuation report that is prepared once a year for Energie AG Oberösterreich as a whole, taking into account all relevant information.

Significant sensitivities in the determination of the fair values may result from changes in the underlying market data of comparable entities and the input factors used to determine the net present value (particularly discount rates, non-current forecasts, plan data, etc.).

LEVEL 3 – FVTPL – TRADE RECEIVABLES (SALE BUSINESS MODEL)

	2019/20	2020/21
Opening balance as of April 1	143.3	111.7
Disposals	-143.3	-111.7
Additions	111.7	192.4
Closing balance as of March 31	111.7	192.4

In millions of euros

The receivables in this portfolio are sold monthly on a rolling basis as part of the Group's factoring programs. The measurement gains or losses allocable to this portfolio are of secondary significance.

The credit risk associated with a particular debtor is the most important factor in the fair value determination of the portfolio entitled, "Trade and other receivables held for factoring." Any increase/decrease by 1% in the established default rates thus would change the fair value of this portfolio at most in the same amount; as a rule, however, the fair value change is disproportionately low, because credit insurance has been purchased for significant portions of the portfolio.

The table below shows the net gains and losses on financial instruments, broken down by measurement category:

	2019/20	2020/21
Financial assets at AC	10.5	-3.9
Financial liabilities at AC	-118.0	-87.1
Financial assets at FVTPL	-2.3	7.5
Derivatives at FVTPL	35.6	-22.9

In millions of euros

Total interest income and total interest expense for financial assets and financial liabilities that were not measured at fair value through profit or loss are as follows:

	2019/20	2020/21
Total interest income	16.4	6.8
Total interest expense	-118.0	-89.0

In millions of euros

The impairment loss on financial instruments measured at AC is EUR 13.4 million (2019/20: EUR 8.8 million), and the reversals of loss allowances are EUR 2.8 million (2019/20: EUR 5.4 million).

25. CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows was prepared using the indirect method. Cash and cash equivalents include cash on hand, cash at banks, and checks. The effects of changes in the scope of consolidation were eliminated and reported in the cash flows from investing activities.

NON-CASH EXPENSES AND INCOME, DEPOSITS AND DISBURSEMENTS NOT RECOGNIZED IN INCOME STATEMENT

	2019/20	2020/21
Depreciation, amortization, impairment / reversal	1,278.8	1,011.0
Result from the sale of assets	-15.9	-2.9
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	-181.0	-106.9
Other non-cash expenses and income, deposits and disbursements not recognized in income statement	4.7	67.3
	1,086.6	968.5

In millions of euros

Cash flows from investing activities include inflows of cash and cash equivalents from acquisitions in the amount of EUR 0.9 million (2019/20: EUR 2.3 million) and outflows of acquisition costs in the amount of EUR 2.9 million (2019/20: EUR 13.4 million); for details, see chapter D. Acquisitions and other additions to the scope of consolidation. The disposal of subsidiaries resulted in an outflow of cash and cash equivalents from cash flows from investing activities of EUR 0.6 million (2019/20: EUR 0.2 million). The sale of a subsidiary in the previous year resulted in an inflow of the sale price in the amount of EUR 0.5 million (2019/20: EUR 0.0 million).

The cash flows and non-cash changes in financial liabilities are presented below:

	Balance as of April 1	Increase in non-current financial liabilities	Repayment of non-current financial liabilities (including current maturities of long-term debt)	Repayment of lease liabilities
Financial liabilities 2019/20				
Non-current financial liabilities	2,654.3	1,157.8	-150.7	0.0
Current financial liabilities	1,134.4	0.0	-635.7	0.0
Non-current lease liabilities	400.4	0.0	0.0	-0.9
Current lease liabilities	51.3	0.0	0.0	-52.6
Total financial liabilities	4,240.4	1,157.8	-786.4	-53.5
Financial liabilities 2020/21				
Non-current financial liabilities	3,520.7	154.7	-451.0	0.0
Current financial liabilities	709.9	0.0	-152.7	0.0
Non-current lease liabilities	369.1	0.0	0.0	-1.8
Current lease liabilities	44.1	0.0	0.0	-43.7
Total financial liabilities	4,643.8	154.7	-603.7	-45.5

The additions to assets due to finance lease activities contain non-cash investments in the amount of EUR 29.1 million (2019/20: EUR 32.8 million).

	Cash flows		Non-cash changes			Balance as of March 31
	Change in current financial liabilities and other financial liabilities	Changes in the scope of consolidation	Foreign exchange effects	Reclassifications	Other changes	
	-0.6	0.0	16.6	-159.7	3.0	3,520.7
	56.4	4.3	-9.2	159.7	0.0	709.9
	1.2	0.2	-2.2	-45.5	15.7	369.1
	-1.4	0.0	-0.7	45.5	2.1	44.1
	55.6	4.5	4.5	0.0	20.8	4,643.8
	-1.6	1.0	-50.6	-672.2	4.1	2,505.1
	-49.8	5.0	-8.0	672.2	0.0	1,176.6
	0.1	0.0	-1.4	-44.2	19.3	341.1
	-0.4	0.0	-0.4	44.2	0.3	44.1
	-51.7	6.0	-60.4	0.0	23.7	4,066.9

In millions of euros

26. RELATED PARTY DISCLOSURES

Business transactions between the Group and non-consolidated subsidiaries and associates or their subsidiaries as well as joint ventures are carried out at arm's length and are included in the following items of the Consolidated Financial Statements:

	2019/20		2020/21	
	With joint ventures	With associates and non-consolidated subsidiaries	With joint ventures	With associates and non-consolidated subsidiaries
Revenue	0.5	164.9	0.1	160.4
Cost of materials	3.7	121.6	1.1	136.9
Other operating income	0.6	5.0	0.3	5.1
Other operating expenses	0.0	21.8	0.0	20.1

	03/31/2020		03/31/2021	
	With joint ventures	With associates and non-consolidated subsidiaries	With joint ventures	With associates and non-consolidated subsidiaries
Trade and other receivables	0.1	40.0	0.1	45.4
Financial liabilities/ trade and other payables	0.0	32.8	0.1	56.6

In millions of euros

Receivables from and liabilities to associates and joint ventures as well as non-consolidated subsidiaries comprise both direct and indirect relationships.

In addition, there are business transactions with core shareholders that have a significant influence due to the consolidation of the voestalpine shares using the equity method. Business transactions are carried out at arm's length and are presented as follows:

	03/31/2020	03/31/2021
Cash and cash equivalents	53.1	2.9
Financial liabilities/trade and other payables	114.0	94.0
Trade payables from bills of exchange and trade payables from reverse factoring agreements	67.6	53.8
Guarantees received	0.8	0.4

In millions of euros

Interest expense of EUR 1.5 million (2019/20: EUR 1.8 million) was recognized in connection with the aforementioned financial liabilities as well as trade and other payables.

Under the first type of factoring agreement (see Note 29. Disclosures of transactions not recorded in the statement of financial position), receivables were sold to core shareholders at arm's length as of the business year 2019/20. As of March 31, 2021, these receivables were recognized at a total of EUR 204.2 million (2019/20: EUR 244.1 million). Interest expense of EUR 0.9 million (2019/20: EUR 1.0 million) was recognized for the business year 2020/21 in this connection.

The non-inclusion of non-consolidated entities in the Consolidated Financial Statements has no material impact on the Group's net assets, financial position, and results of operations.

Management Board

The fixed compensation of the Management Board is determined by the General Committee of the Supervisory Board pursuant to Austrian legal requirements and is reviewed periodically.

The award of a bonus is subject to a target agreement to be concluded with the General Committee of the Supervisory Board that consists of quantitative and qualitative targets. The maximum bonus is limited to 200% of the annual gross salary for members of the Management Board and to 250% of the annual gross salary for the chairman of the Management Board. If the agreed targets regarding quantitative targets are achieved exactly, 60% of the maximum bonus applies; if the agreed targets regarding qualitative targets are achieved, 20% of the maximum bonus applies. Any over-achievement of the quantitative targets is taken into consideration proportionately until the maximum bonus is reached. The quantitative targets are "earnings before interest and taxes" (EBIT), "return on capital employed" (ROCE), and working capital as a percentage of revenue. Specific target amounts are determined periodically (in each case for a period of three years) by the General Committee of the Supervisory Board in consultation with the Management Board. The working capital target amount in percent of revenue was determined in the business years 2019/20 and 2020/21 for the given year. The respective target amounts are computed independently of the respective budget and/or the medium-term business plan, i.e., budget compliance does not mean that a bonus is granted.

The qualitative targets defined for the business year 2020/21 are, first, the preparation of a review of the 2025+ Strategy and presentation thereof to the Supervisory Board and, second, the preparation of a sustainability strategy and presentation thereof to the Supervisory Board.

The amount of the contractually stipulated company pension payable to the members of the Management Board, Dipl.-Ing. Herbert Eibensteiner and Mag. Dipl.-Ing. Robert Ottel, MBA, depends on the length of their service. The amount of the annual pension equals 1.2% of the most recent annual gross salary for each year of service. However, the pension benefit cannot exceed 40% of the most recent annual gross salary (excluding variable compensation). A defined contribution arrangement was put in place for the following members of the Management Board: Dipl.-Ing. Franz Rotter; Dipl.-Ing. Dr. Franz Kainersdorfer; Dipl.-Ing. Dr. Peter Schwab, MBA; and Dipl.-Ing. Hubert Zajicek, MBA; pursuant to the agreement, the company pays 15% of their annual gross salary (excluding bonuses) into the pension fund.

An extraordinary supplementary payment to the defined contribution system was resolved in the business year 2018/19 for the Management Board members, Dipl.-Ing. Franz Rotter, Dipl.-Ing. Dr. Franz Kainersdorfer, and Dipl.-Ing. Dr. Peter Schwab, MBA. The payment to the pension fund shall be made in five equal annual instalments starting on March 31, 2020.

Upon termination of their director's contracts, Management Board members are granted severance pay that is modeled on the approach set forth in the Austrian Employment Act (*Angestelltengesetz – AngG*), pursuant to which the maximum allowable under the law may not be surpassed.

D&O insurance has been purchased for the members of the Management Board (as well as for the Group's executives) and for the members of the Supervisory Board that is borne by the company.

The compensation paid to the members of the Management Board of voestalpine AG for the business year 2020/21 comprises the following:

	Current compensation fixed	Current compensation variable	Total
Dipl.-Ing. Herbert Eibensteiner	1.11	1.11	2.22
Dipl.-Ing. Dr. Franz Kainersdorfer	0.95	0.72	1.67
Mag. Dipl.-Ing. Robert Ottel, MBA	0.91	0.72	1.63
Dipl.-Ing. Franz Rotter	0.91	0.72	1.63
Dipl.-Ing. Dr. Peter Schwab, MBA	0.91	0.72	1.63
Dipl.-Ing. Hubert Zajicek, MBA	0.91	0.72	1.63
2020/21	5.70	4.71	10.41
2019/20	5.30	2.67	7.97

In millions of euros

EUR 0.04 million in long-service bonuses were included in the fixed compensation paid in the business year 2020/21 to Dipl.-Ing. Dr. Franz Kainersdorfer in connection with his 25th service anniversary. Furthermore, the following service costs (personnel expenses) are recognized in the Consolidated Financial Statements for members of the Management Board with defined benefit pension agreements: Mag. Dipl.-Ing. Robert Ottel, MBA, EUR 0.41 million (2019/20: EUR 0.42 million) and Dipl.-Ing. Herbert Eibensteiner EUR 0.51 million (2019/20: EUR 0.40 million). In the business year 2020/21, payments for ongoing pension fund contributions as well as payments—to the extent relevant—for the aforementioned supplementary defined contribution payment were recognized in the Consolidated Financial Statements as follows for the Management Board members with defined contribution pension agreements: Dipl.-Ing. Franz Rotter EUR 0.60 million (2019/20: EUR 0.59 million); Dipl.-Ing. Dr. Franz Kainersdorfer EUR 0.52 million (2019/20: EUR 0.52 million); Dipl.-Ing. Dr. Peter Schwab, MBA, EUR 0.70 million (2019/20: EUR 0.69 million); and Dipl.-Ing. Hubert Zajicek, MBA, EUR 0.13 million (2019/20: EUR 0.06 million). Pension payments in the amount of EUR 1.54 million (2019/20: EUR 1.52 million) were paid by the pension fund for former members of the Management Board with defined benefit pension agreements. In the business year 2020/21, payments to a pension fund totaling EUR 0.08 million (2019/20: EUR 0.10 million), concerning four members of the Management Board, were made under the existing severance payment regulations.

As of the reporting date, the outstanding balance of the variable compensation was EUR 4.21 million (2019/20: EUR 1.57 million). No advances or loans were granted to the members of the Management Board of voestalpine AG.

Supervisory Board

Under Article 15 of the Articles of Association, the shareholder representatives on the Supervisory Board of voestalpine AG are paid compensation of 0.1% of the profit after tax pursuant to the adopted Consolidated Financial Statements. The total amount is distributed as follows based on an allocation key: 100% for the Chairman, 75% for the Deputy Chairman, and 50% for each of the other members, with a minimum compensation of EUR 27,000 for the Chairman, EUR 20,000 for the Deputy Chairman, and EUR 13,000 for each of the other members of the Supervisory Board pursuant to the amendment of Article 15 of the Articles of Association resolved by the Annual General Meeting 2016. The compensation of the Supervisory Board is limited to four times the stated amounts. The members of the Supervisory Board nominated by the Works Council do not receive any compensation. All members of the Supervisory Board are paid an attendance fee of EUR 500 per meeting. No separate compensation is paid for meetings of the committees of the Supervisory Board, but an attendance fee of EUR 500 per meeting is paid nonetheless.

According to this arrangement, the shareholder representatives on the Supervisory Board were paid the following compensation for the business year 2020/21: Dr. Joachim Lemppenau (Chairman): EUR 27,000 (2019/20: EUR 27,000); Dr. Heinrich Schaller (Deputy Chairman): EUR 20,000 (2019/20: EUR 20,000); and all other shareholder representatives: EUR 13,000 (2019/20: EUR 13,000) each.

The Articles of Association have contained finalized rules as to the annual compensation of the members of the Supervisory Board and the method of calculating it since the Annual General Meeting 2006. As a result, the Annual General Meeting need not adopt a separate resolution every year.

The total compensation paid to the members of the Supervisory Board (including attendance fees) for the business year 2020/21 is EUR 0.18 million (2019/20: EUR 0.18 million). The compensation of the Supervisory Board for the business year 2020/21 will be paid at the latest 14 days after the Annual General Meeting on July 7, 2021. No advances or loans were granted to members of the Supervisory Board of voestalpine AG.

27. EMPLOYEE INFORMATION

TOTAL NUMBER OF EMPLOYEES

	Reporting date		Average	
	03/31/2020	03/31/2021	2019/20	2020/21
Waged employees	29,476	28,286	30,050	28,432
Salaried employees	18,192	17,762	18,207	17,897
Apprentices	1,337	1,309	1,443	1,407
	49,005	47,357	49,700	47,736

The personnel expenses included in these Consolidated Financial Statements are EUR 2,947.4 million (2019/20: EUR 3,086.6 million).

28. EXPENSES FOR THE GROUP AUDITOR

Expenses for the Group auditor in the business year are structured as follows:

	2019/20	2020/21
Expenses for the audit of the Consolidated Financial Statements and the separate financial statements of voestalpine AG	0.25	0.25
Expenses for the audit of the subsidiaries of voestalpine AG	0.96	0.93
Expenses for other certifications	0.02	0.05
Expenses for tax consulting services	0.00	0.00
Expenses for other services	0.18	0.03
	1.41	1.26

In millions of euros

29. DISCLOSURES OF TRANSACTIONS NOT RECORDED IN THE STATEMENT OF FINANCIAL POSITION

In the voestalpine Group, trade receivables are sold monthly to various banks on a revolving basis. In this context, there are four different types of factoring agreements.

Under the first type of factoring agreement, trade receivables totaling EUR 760.7 million (March 31, 2020: EUR 832.1 million) were sold to various banks. Receivables covered by credit insurance were assigned to banks in an amount corresponding to 100% of the nominal value, with the acquiring banks assuming the risk of default. Any claims arising under the credit insurance are assigned to the acquiring bank. The selling Group company only assumes liability for default up to—generally—10% of the retention level under the credit insurance. As of the reporting date, the maximum risk associated with the liability for default was EUR 76.1 million (March 31, 2020: EUR 83.2 million). The liability for default corresponds to the theoretical maximum loss. The probability of needing to fall back on this liability is extremely low. The fair value of this risk is assessed at EUR 0.0 million (March 31, 2020: EUR 0.0 million). The receivables are derecognized in full in accordance with the provisions of IFRS 9 due to the transfer of the material risks and opportunities as well as control to the acquiring party.

Under the second type of factoring agreement, uninsured trade receivables of EUR 241.6 million (March 31, 2020: EUR 248.3 million) were sold. The acquiring bank assumes 100% of the default risk. All of the receivables are fully derecognized. With the exception of the capitalized service fee mentioned below for the administration of the receivables, there is no ongoing commitment.

Under the third type of factoring agreement—introduced in October 2014—both insured and uninsured trade receivables of EUR 99.5 million (March 31, 2020: EUR 108.4 million) were sold. Any claims arising under the credit insurance were assigned to the acquiring bank. At the time the receivables were sold, loss reserves of 0.9% and dilution reserves of 1.6% (with reference to the sold receivables) were deducted from the purchase price. The dilution reserves totaling EUR 1.6 million (March 31, 2020: EUR 1.7 million) for receivables sold as of the reporting date concern claims to discounts, bonuses, etc. and are posted as other receivables. The carrying amount corresponds to the fair value. A loss reserve to cover any defaults in the amount of EUR 0.9 million (March 31, 2020: EUR 1.0 million) for receivables sold as of the reporting date was posted as an expenditure, which is reversed in the absence of any defaults. The theoretical maximum loss is limited to the loss reserve. The receivables are derecognized in full in accordance with the provisions of IFRS 9 due to the transfer of the material risks and opportunities as well as control to the acquiring party.

Under the fourth type of factoring agreement, both insured and uninsured trade receivables of EUR 40.0 million (March 31, 2020: EUR 28.6 million) were sold. Any claims under the credit insurance were assigned to the acquiring bank. For bad debts, a “first loss reserve account” was funded in the amount of EUR 0.3 million for 12 months by the selling Group company. The first loss reserve account was EUR 0.3 million (March 31, 2020: EUR 0.3 million) as of the reporting date and was reported as cash. The carrying amount corresponds to the fair value. The theoretical maximum loss is limited to the amount of the first loss reserve account. Due to the transfer of the material risks and opportunities as well as control to the acquiring party, the receivables were derecognized in full in accordance with the provisions of IFRS 9.

Under all of the types of factoring agreements, the payments received from customers during the period between the last sale of receivables and the reporting date are recognized on an accrual basis in other current financial liabilities.

The administration of receivables for all types of factoring contracts remains with the respective Group companies. For the receivables sold, as of March 31, 2021, a total service fee of 0.15% of the sold receivables of EUR 1.7 million (March 31, 2020: EUR 1.8 million) was recognized in other provisions. The carrying amount corresponds to the fair value of the ongoing commitment.

30. EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after the reporting period.

31. EARNINGS PER SHARE

In accordance with IAS 33, the diluted and basic earnings per share are calculated as follows:

	2019/20	2020/21
Profit attributable to equity holders of the parent (in millions of euros)	-222.0	42.1
Issued ordinary shares (average)	178,549,163	178,549,163
Effect of treasury shares held (average)	-28,597	-28,568
Weighted average number of outstanding ordinary shares	178,520,566	178,520,595
Diluted and basic earnings per share (euros)	-1.24	0.24

32. APPROPRIATION OF NET PROFIT

In accordance with the Austrian Stock Corporation Act, the appropriation of net profit is based on the annual financial statements of voestalpine AG as of March 31, 2021. They show net retained profits of EUR 90.0 million. The Management Board proposes a dividend of EUR 0.50 per share (2019/20: EUR 0.20).

Linz, May 31, 2021

The Management Board

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

Hubert Zajicek

The Consolidated Financial Statements of voestalpine AG and associated documents will be filed with the Commercial Register of the Commercial Court of Linz under company register number FN 66209 t.

Appendix to the Notes: Investments

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

AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of **voestalpine AG, Linz** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

BASIS FOR OPINION

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill, other intangible assets and property plant and equipment

» Description and Issue

Goodwill, other intangible assets and property plant and equipment are presented in the amounts EUR 1,469.2 million, EUR 307.2 million and EUR 6,120.0 million in the consolidated financial statements of voestalpine AG and represent more than half of the assets of the group. Impairment losses of EUR 206.8 million were recognized within the business year 2020/21.

An impairment loss is recognized at the amount by which the carrying amount of an asset or cash generating unit exceeds the recoverable amount. For detailed explanations with regard to the determination of impairments and further information, please refer to Section B. Summary of accounting policies, “Uncertainties in accounting estimates and assumptions”, “Impairment testing of cash generating units with and without goodwill and of other assets” as well as “9. Property, plant and equipment”, “10. Goodwill and other intangible assets” and “11. Impairment losses and reversal of impairment losses” in the notes to the consolidated financial statements.

The assessment of the recoverability is based on assumptions concerning the future. The determination of the recoverable amount in the course of an impairment test is based on several assumptions such as future net cash flows and discount rates. Estimates of future cash flows are subject to uncertainties, which have increased due to the global COVID-19-crisis. The determination of the discount rate is complex and depends to a high degree on management’s estimates and market data. Small changes of the assumptions applied can significantly influence the impairment losses recognized. Due to these facts and also given the significance of goodwill, other intangible assets, property, plants and equipment and impairment accounted for in the consolidated financial statements we identified this position as a key audit matter.

» Our Response

We have audited the process implemented by the management to identify triggers for impairments and reversal of impairments. We assessed the appropriateness of the assumptions underlying the planning of future cash flows made by the management of the divisions and compared these to the five-year mid-term planning approved by the Management of the group. We compared the parameters of the impairment tests, such as planned development of revenue or profit, working capital or capital expenditure, with internal information and available industry-specific market expectations derived from external sources, validated them based on historical data and discussed them with management.

Furthermore we verified the appropriateness of the valuation model by involvement of internal experts. We assessed the applied discount rates by determining a range for plausible discount rates.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information in the annual report, excluding the consolidated financial statements, the consolidated management report and the audit opinion as well as the separate consolidated report on non-financial information (Corporate Responsibility Report). We received the annual report (not including the report of the Supervisory Board) prior to the date of our independent auditor's report; the report of the Supervisory Board and the report on non-financial information (Corporate Responsibility Report) will be provided to us after this date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report beyond the consolidated non-financial statement we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- » Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- » We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- » We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- » We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- » From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE AUDIT OF THE CONSOLIDATED MANAGEMENT REPORT

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

OPINION

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

STATEMENT

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on July 1, 2020 and commissioned by the supervisory board on July 8, 2020 to audit the consolidated financial statements for the financial year ending March 31, 2021. We have been auditing the Group since the financial year ending March 31, 2020.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of Group in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Marieluise Krimmel.

Vienna

May 31, 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Marieluise Krimmel
Certified Public Accountant (Austria)

pp. Monika Viertlmayer
Certified Public Accountant (Austria)

This English translation of the audit report was prepared for the client's convenience only. It is not a legally binding translation of the German audit report.

The consolidated financial statements and our auditor's report may be published or transmitted together only if the consolidated financial statements and the consolidated management report are identical with the confirmed version. Section 281 para 2 Austrian Commercial Code applies to versions that differ.

MANAGEMENT BOARD STATEMENT

IN ACCORDANCE WITH SECTION 124 (1) OF THE AUSTRIAN STOCK EXCHANGE ACT 2018 (*BÖRSEGESETZ 2018 – BÖRSEG 2018*)

The Management Board of voestalpine AG confirms to the best of its knowledge that the Consolidated Financial Statements, which have been prepared in accordance with the applicable accounting standards, give a true and fair view of the Group's net assets, financial position, and results of operations; that the Group Management Report describes the Group's development, business performance, and position such that it gives a true and fair view of the Group's net assets, financial position, and results of operations; and that the Group Management Report describes the material risks and uncertainties to which the Group is exposed.

Linz, May 31, 2021

The Management Board

Herbert Eibensteiner
Chairman of the Management Board

Franz Kainersdorfer
Member of the Management Board

Robert Ottel
Member of the Management Board

Franz Rotter
Member of the Management Board

Peter Schwab
Member of the Management Board

Hubert Zajicek
Member of the Management Board

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

INVESTMENTS

Explanations:

- KV Full consolidation
- KEA Equity method associates
- KEG Equity method joint ventures
- K0 No consolidation

Company names reflect the status as of April 16, 2021.

STEEL DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Stahl GmbH	AUT	100.000%	KV	100.000%	KV
Cargo Service GmbH	AUT	100.000%	KV	100.000%	KV
Caseli GmbH	AUT	100.000%	KV	100.000%	KV
Logistik Service GmbH	AUT	100.000%	KV	100.000%	KV
VAPS GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Camtec GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Eurostahl GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Giesserei Linz GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Giesserei Traisen GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Grobblech GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Standortservice GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Steel & Service Center GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Steel Service Center Polska Sp. z o.o.	POL	100.000%	KV	100.000%	KV
voestalpine Steel Service Center Romania SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Steel Trading (Shenyang) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Steel US LLC	USA	100.000%	KV		
voestalpine Texas Holding LLC	USA	100.000%	KV	100.000%	KV
voestalpine Texas LLC	USA	100.000%	KV	100.000%	KV
GEORG FISCHER FITTINGS GmbH ¹	AUT	49.000%	KEA	49.000%	KEA
Industrie-Logistik-Linz GmbH ¹	AUT	49.000%	KEA	49.000%	KEA
Kocel Steel Foundry Co., Ltd. ¹	CHN	49.000%	KEA	49.000%	KEA
Kühne + Nagel Euroshipping GmbH ¹	DEU	49.000%	KEA	49.000%	KEA
METALSERVICE S.P.A. ¹	ITA	40.000%	KEA	40.000%	KEA
Scholz Austria GmbH ¹	AUT	34.011%	KEA	34.011%	KEA
TransAnt GmbH ¹	AUT	50.000%	KEA		
Jiaxing NYC Industrial Co., Ltd ¹	CHN	51.000%	KEG	51.000%	KEG

¹ For companies consolidated according to the equity method marked¹, the reporting date of December 31 applies.

STEEL DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
Energie AG Oberösterreich	AUT	2.061%	K0	2.061%	K0
K1-MET GmbH	AUT	35.000%	K0	35.000%	K0
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	AUT	33.333%	K0	33.333%	K0
vivo Mitarbeiter-Service GmbH	AUT	100.000%	K0	100.000%	K0
voestalpine Belgium NV/SA	BEL	100.000%	K0	100.000%	K0
voestalpine Camtec Corp.	CAN	100.000%	K0	100.000%	K0
voestalpine CR, s.r.o.	CZE	100.000%	K0	100.000%	K0
voestalpine d.o.o.	HRV	100.000%	K0	100.000%	K0
voestalpine d.o.o.	SRB	100.000%	K0	100.000%	K0
voestalpine d.o.o.	SVN	100.000%	K0	100.000%	K0
voestalpine Deutschland GmbH	DEU	100.000%	K0	100.000%	K0
voestalpine France SAS	FRA	100.000%	K0	100.000%	K0
voestalpine Hungaria Kft.	HUN	99.000%	K0	99.000%	K0
voestalpine Iberia S.L.	ESP	100.000%	K0	100.000%	K0
voestalpine Italia S.r.l.	ITA	100.000%	K0	100.000%	K0
voestalpine Nederland B.V.	NLD	100.000%	K0	100.000%	K0
voestalpine Polska Sp. z o. o.	POL	100.000%	K0	100.000%	K0
voestalpine Romania S.R.L.	ROU			100.000%	K0
voestalpine Scandinavia AB	SWE	100.000%	K0	100.000%	K0
voestalpine Schweiz GmbH	CHE	100.000%	K0	100.000%	K0
voestalpine Slovakia, s.r.o.	SVK	100.000%	K0	100.000%	K0
voestalpine Stahlwelt GmbH	AUT	100.000%	K0	100.000%	K0
voestalpine Turkey Celik Limited Sirketi	TUR	100.000%	K0		
voestalpine UK Ltd.	GBR	100.000%	K0	100.000%	K0
voestalpine USA LLC	USA	100.000%	K0	100.000%	K0
Werksgärtnerei Gesellschaft m.b.H.	AUT	100.000%	K0	100.000%	K0

HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine High Performance Metals GmbH	AUT	100.000%	KV	100.000%	KV
AÇOS BÖHLER-UDDEHOLM DO BRASIL LTDA.	BRA	100.000%	KV	100.000%	KV
Advanced Tooling Tek (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
ASSAB Japan KK	JPN	100.000%	KV	100.000%	KV
ASSAB Steels (HK) Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Steels (Malaysia) Sdn Bhd	MYS	100.000%	KV	100.000%	KV
ASSAB Steels (Taiwan) Ltd.	TWN	94.500%	KV	94.500%	KV
ASSAB Steels (Thailand) Ltd.	THA	100.000%	KV	100.000%	KV
ASSAB Steels Korea Co., Ltd	KOR	100.000%	KV	100.000%	KV
ASSAB Steels Singapore (Pte) Ltd.	SGP	100.000%	KV	100.000%	KV
ASSAB Steels Vietnam Company Limited	VNM	100.000%	KV	100.000%	KV
ASSAB Tooling (Beijing) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
ASSAB Tooling (Dong Guan) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Tooling (Qing Dao) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
ASSAB Tooling (Xiamen) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Tooling Technology (Chongqing) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Tooling Technology (Ningbo) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Tooling Technology (Shanghai) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
Bohlasia Steels Sdn. Bhd.	MYS	80.000%	KV	80.000%	KV
BÖHLER GRUNDSTÜCKS BETEILIGUNGS GMBH	DEU	100.000%	KV	100.000%	KV
Bohler Special Steels (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
Böhler Grundstücks GmbH & Co. Kommanditgesellschaft ¹	DEU	100.000%	KV	100.000%	KV
Buderus Edelstahl GmbH	DEU	100.000%	KV	100.000%	KV
Densam Industrial Co. Ltd.	TWN	97.305%	KV	97.305%	KV
Deville Rectification S.A.S.U.	FRA	100.000%	KV	100.000%	KV
EDRO Engineering, Inc.	USA	100.000%	KV	100.000%	KV
EDRO Specialty Steels GmbH	DEU	100.000%	KV	100.000%	KV
EDRO Specialty Steels, Inc.	USA	100.000%	KV	100.000%	KV
ENPAR Sonderwerkstoffe GmbH	DEU	100.000%	KV	100.000%	KV
Eschmann Textures India Private Limited	IND	100.000%	KV	100.000%	KV
Eschmann Textura Internacional - Transformacao de Ferramentas, Unipessoal, LDA	PRT	100.000%	KV	100.000%	KV
Eschmann Textures International GmbH	DEU	100.000%	KV	100.000%	KV
EschmannStahl GmbH	DEU	100.000%	KV	51.000%	KV
GMV Eschmann International SAS	FRA	100.000%	KV	100.000%	KV
Gravutex Eschmann International Limited	GBR	100.000%	KV	100.000%	KV
Jing Ying Industrial Co. Ltd.	TWN	97.305%	KV	97.305%	KV
OOO voestalpine High Performance Metals RUS	RUS	100.000%	KV	100.000%	KV
PT Assab Steels Indonesia	IDN	100.000%	KV	100.000%	KV

¹ These consolidated financial statements represent an exemption for Böhler Grundstücks GmbH & Co. Kommanditgesellschaft in accordance with Section 264b of the German Commercial Code (*dHGB*).

HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
Sermetal Barcelona, S.L.	ESP			100.000%	KV
Sturdell Industries Inc.	CAN			100.000%	KV
Sturdell Industries, Inc.	USA			100.000%	KV
Uddeholm Eiendom AS	NOR	100.000%	KV	100.000%	KV
Uddeholms AB	SWE	100.000%	KV	100.000%	KV
Villares Metals International B.V.	NLD	100.000%	KV	100.000%	KV
Villares Metals S.A.	BRA	100.000%	KV	100.000%	KV
voestalpine Additive Manufacturing Center GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Additive Manufacturing Center Singapore Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine Additive Manufacturing Centre Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine BÖHLER Aerospace GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Aerospace GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Bleche GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Bleche GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Edelstahl GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Edelstahl GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Profil GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Edelstahl Deutschland GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Edelstahl Wärmebehandlung GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine eifeler Coating GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine eifeler Coatings, Inc.	USA	100.000%	KV	100.000%	KV
voestalpine eifeler Lasertechnik GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine eifeler Vacotec GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine High Performance Metal Anonim Sirketi	TUR	100.000%	KV	100.000%	KV
voestalpine High Performance Metals (Australia) Pty Ltd	AUS	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Africa (Pty) Ltd	ZAF	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Argentina S.A.	ARG	100.000%	KV	100.000%	KV
voestalpine High Performance Metals B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Colombia S.A.	COL	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Corporation	USA	100.000%	KV	100.000%	KV
voestalpine High Performance Metals CZ s.r.o.	CZE	100.000%	KV	100.000%	KV
voestalpine High Performance Metals del Ecuador S.A.	ECU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals del Peru S.A.	PER	100.000%	KV	100.000%	KV

HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine High Performance Metals Deutschland GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Deutschland Holding GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Finland Oy Ab	FIN	100.000%	KV	100.000%	KV
voestalpine High Performance Metals France S.A.S.	FRA	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Hungary Kft.	HUN	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Iberica, S.A.U.	ESP	100.000%	KV	100.000%	KV
VOESTALPINE HIGH PERFORMANCE METALS INDIA PRIVATE LIMITED	IND	100.000%	KV	100.000%	KV
voestalpine High Performance Metals International GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Italia S.p.A.	ITA	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Norway AS	NOR	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Polska Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Portugal, Unipessoal, Lda	PRT	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Romania S.R.L.	ROU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals S.A. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Schweiz AG	CHE	99.833%	KV	99.833%	KV
voestalpine High Performance Metals Slovakia, s.r.o.	SVK	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Sweden AB	SWE	100.000%	KV	100.000%	KV
voestalpine High Performance Metals UK Limited	GBR	100.000%	KV	100.000%	KV
voestalpine HPM Denmark A/S	DNK	100.000%	KV	100.000%	KV
voestalpine Specialty Metals (Shanghai) Co. Ltd.	CHN	100.000%	KV		
voestalpine Specialty Metals Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine Technology Institute (Asia) Co. Ltd.	TWN	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM Immobilien GmbH	AUT	100.000%	K0	100.000%	K0
BÖHLER-UDDEHOLM UKRAINE LLC (in Liquidation)	UKR	100.000%	K0	100.000%	K0
EDRO Limited	CHN	100.000%	K0	100.000%	K0
Eschmann Beteiligungsgesellschaft mbH	DEU	100.000%	K0	50.977%	K0

HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
Grundstück-Verwaltungsgesellschaft Gewerbehof Sendling mbH & Co. KG (in Liquidation)	DEU	62.916%	K0	62.916%	K0
HOTEL BÖHLERSTERN Gesellschaft m.b.H.	AUT	100.000%	K0	100.000%	K0
voestalpine HPM Zagreb d.o.o.	HRV	100.000%	K0	100.000%	K0
voestalpine Special Steels China Limited (in Liquidation)	CHN	100.000%	K0	100.000%	KV

METAL ENGINEERING DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Metal Engineering GmbH	AUT	100.000%	KV	100.000%	KV
CNTT Chinese New Turnout Technologies Co., Ltd.	CHN	50.000%	KV	50.000%	KV
Nortrak-Damy, Cambios de Vía, S.A.P.I. de C.V.	MEX	51.007%	KV	51.007%	KV
OOO voestalpine Bohler Welding Russia	RUS	100.000%	KV	100.000%	KV
PT voestalpine Bohler Welding Asia Pacific	IDN	100.000%	KV	100.000%	KV
Ruzhou Zhengzhou Railway Sanjia Turnout Co., Ltd.	CHN	35.000%	KV		
Travertec S.R.L.	ROU	60.000%	KV	60.000%	KV
TSF-A GmbH	AUT	50.100%	KV	50.100%	KV
TSTG Schienen Technik GmbH & Co KG ¹	DEU	100.000%	KV	100.000%	KV
TSTG Schienen Technik Verwaltungs GmbH	DEU	100.000%	KV	100.000%	KV
VALIDA Railway Systems Investment Co. Ltd.	CHN	50.000%	KV		
VAMAV Vasúti Berendezések Kft.	HUN	50.000%	KV	50.000%	KV
voestalpine Bahnsysteme Vermögensverwaltungs GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding (China) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Africa Pty. Ltd.	ZAF	51.000%	KV		
voestalpine Bohler Welding Asia Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Austria Vertriebs-GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Automation GmbH	DEU	100.000%	KV	70.040%	KV
voestalpine Böhler Welding Belgium S.A.	BEL	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Canada Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine Böhler Welding CEE GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Fileur SRL	ITA	90.000%	KV	90.000%	KV
voestalpine Böhler Welding Fontargen GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding France SAS	FRA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Group GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Hellas S.A.	GRC	100.000%	KV	100.000%	KV
voestalpine Bohler Welding India Private Limited	IND	100.000%	KV	100.000%	KV
voestalpine Bohler Welding India Technology Private Limited	IND	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Italia S.r.l.	ITA	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Mexico S.A. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Middle East FZE	ARE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Nederland B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Nordic AB	SWE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Northeast Asia Ltd.	KOR	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Romania SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Selco Invest S.R.L.	ITA	90.000%	KV	90.000%	KV
voestalpine Böhler Welding Selco S.r.l.	ITA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Soldas do Brasil Ltda.	BRA	100.000%	KV	100.000%	KV

¹ These consolidated financial statements represent an exemption for TSTG Schienen Technik GmbH & Co KG in accordance with Section 264b of the German Commercial Code (*dHGB*).

METAL ENGINEERING DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Böhler Welding Spain, S.A.	ESP	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Trading (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Bohler Welding USA LLC	USA	100.000%	KV	100.000%	KV
voestalpine Bohler Welding USA Technology LLC	USA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding UTP Maintenance GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Germany Vertriebs-GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler weldCare AB	SWE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Schweiz AG	CHE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Bohler Welding UK Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Forschungsservicegesellschaft Donawitz GmbH	AUT	93.986%	KV	93.986%	KV
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	59.935%	KV	59.935%	KV
voestalpine Klöckner Bahntechnik GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Metal Engineering US Holding LLC	USA	100.000%	KV		
voestalpine Metal Engineering US LLC	USA	100.000%	KV		
voestalpine Nortrak-Damy US LLC	USA	100.000%	KV		
voestalpine Rail Technology GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Railpro B.V.	NLD	70.000%	KV	70.000%	KV
voestalpine Railway Systems (Thailand) Co., Ltd.	THA	100.000%	KV	100.000%	KV
voestalpine Railway Systems Australia Pty Ltd	AUS	100.000%	KV	100.000%	KV
voestalpine Railway Systems Beijing Co. Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Railway Systems Bulgaria OOD	BGR	51.000%	KV	51.000%	KV
voestalpine Railway Systems France SAS	FRA	100.000%	KV	100.000%	KV
voestalpine Railway Systems GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Railway Systems JEZ, S.L.	ESP	100.000%	KV	100.000%	KV
voestalpine Railway Systems Latvia SIA	LVA	100.000%	KV	100.000%	KV
voestalpine Railway Systems Lietuva, UAB	LTU	66.000%	KV	66.000%	KV
voestalpine Railway Systems MFA SASU	FRA	100.000%	KV	100.000%	KV
voestalpine Railway Systems Nortrak LLC	USA	100.000%	KV	100.000%	KV
voestalpine Railway Systems Nortrak Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine Railway Systems Polska Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine Railway Systems Romania SA	ROU	100.000%	KV	100.000%	KV
voestalpine Railway Systems Saudi Arabia Limited	SAU	51.000%	KV	51.000%	KV
voestalpine Signaling Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Signaling China Co. Ltd.	CHN	100.000%	KV		
voestalpine Signaling Poland Sp. z o.o.	POL	100.000%	KV	100.000%	KV
voestalpine Signaling Sainerholz GmbH	DEU	100.000%	KV	100.000%	KV

METAL ENGINEERING DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Signaling Siershahn GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Signaling UK Ltd.	GBR	100.000%	KV	100.000%	KV
voestalpine Signaling USA LLC	USA	100.000%	KV	100.000%	KV
voestalpine Special Wire GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Stahl Donawitz GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Track Solutions Duisburg GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Track Solutions Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Track Solutions Königsborn GmbH	DEU	100.000%	KV	100.000%	KV
VOEST-ALPINE TUBULAR CORP.	USA	57.500%	KV	57.500%	KV
voestalpine Tubulars GmbH & Co KG	AUT	49.888%	KV	49.888%	KV
voestalpine Tubulars Al Bassam Company Limited (in Liquidation)	SAU	57.500%	KV	57.500%	KV
voestalpine Tubulars GmbH	AUT	57.500%	KV	57.500%	KV
voestalpine Turnout Technology Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Turnout Technology Netherlands B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Turnout Technology UK Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Turnout Technology Zeltweg GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine VAE Africa (Pty) Ltd.	ZAF	100.000%	KV	100.000%	KV
voestalpine VAE Brasil Produtos Ferroviários Ltda.	BRA	100.000%	KV	100.000%	KV
voestalpine VAE Italia S.r.l.	ITA			100.000%	KV
voestalpine VAE SA (Pty) Ltd.	ZAF	69.000%	KV	69.000%	KV
voestalpine VAE VKN India Private Limited	IND	57.000%	KV	57.000%	KV
voestalpine Wire (Suzhou) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Wire Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Wire Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Wire Italy s.r.l.	ITA	100.000%	KV	100.000%	KV
voestalpine Wire Rod Austria GmbH	AUT	100.000%	KV	100.000%	KV
Weichenwerk Wörth GmbH	AUT	56.950%	KV	56.950%	KV
SBI GmbH ¹	AUT	24.900%	KEA	24.900%	KEA
WS Service GmbH ¹	AUT	49.000%	KEA	49.000%	KEA
Burbiola S.A.	ESP	50.000%	K0	50.000%	K0
Casedo GmbH	AUT	100.000%	K0	100.000%	K0
KW PenzVAEE GmbH	AUT	49.000%	K0	49.000%	K0
Liegenschaftsverwaltungs GmbH	AUT	100.000%	K0	100.000%	K0
Parkwood Way Holdings Ltd.	CAN	40.000%	K0	40.000%	K0
Royal Fortune Holding Limited	HKG	25.000%	K0		
Sistemas Ferroviarios Argentinos S.R.L.	ARG	40.000%	K0	40.000%	K0
Virtual Vehicle Research GmbH	AUT	8.000%	K0	8.000%	K0
voestalpine Tubulars Middle East DMCC	ARE			57.500%	K0

¹ For the companies consolidated according to the equity method marked¹, the reporting date of December 31 applies.

METAL FORMING DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Metal Forming GmbH	AUT	100.000%	KV	100.000%	KV
Nedcon B.V.	NLD	100.000%	KV	100.000%	KV
Nedcon Bohemia, s.r.o.	CZE	100.000%	KV	100.000%	KV
Nedcon France SASU	FRA	100.000%	KV	100.000%	KV
Nedcon Lagertechnik GmbH	DEU	100.000%	KV	100.000%	KV
Nedcon USA LLC	USA	100.000%	KV	100.000%	KV
Polynorm Leasing B.V.	NLD	100.000%	KV	100.000%	KV
RFC LLC	USA	100.000%	KV	100.000%	KV
RFC-Sharon LLC	USA	100.000%	KV	100.000%	KV
STAMPTEC France SAS	FRA	100.000%	KV	100.000%	KV
voestalpine Automotive Components (Tianjin) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Automotive Components Aguascalientes S. de R.L. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine Automotive Components Arad Beteiligung GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Arad SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Birkenfeld GmbH & Co. KG ¹	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Böhmenkirch GmbH & Co. KG ¹	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Bunschoten B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Automotive Components Cartersville Beteiligung GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Cartersville LLC	USA	100.000%	KV	100.000%	KV
voestalpine Automotive Components Dettingen GmbH & Co. KG ¹	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components East London (Pty) Ltd.	ZAF	100.000%	KV	100.000%	KV
voestalpine Automotive Components Fontaine	FRA	99.998%	KV	99.998%	KV
voestalpine Automotive Components Hungaria Kft.	HUN	100.000%	KV	100.000%	KV
voestalpine Automotive Components Linz GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Automotive Components Nagold GmbH & Co. KG ¹	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Schmölln GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Schwäbisch Gmünd Beteiligung GmbH	DEU			100.000%	KV

¹ These consolidated financial statements represent an exemption for voestalpine Automotive Components Birkenfeld GmbH & Co. KG, voestalpine Automotive Components Böhmenkirch GmbH & Co. KG, voestalpine Automotive Components Dettingen GmbH & Co. KG and voestalpine Automotive Components Nagold GmbH & Co. KG in accordance with Section 264b of the German Commercial Code (*dHGB*).

METAL FORMING DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Automotive Components Schwäbisch Gmünd GmbH & Co. KG ¹	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Shenyang Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Elmsteel Group Limited	GBR			100.000%	KV
voestalpine HTI Beteiligungs GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Krems Finaltechnik GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Krems GmbH	AUT	100.000%	KV	100.000%	KV
VOEST-ALPINE KREMS U.K. plc	GBR	100.000%	KV	100.000%	KV
voestalpine Meincol S.A.	BRA	100.000%	KV	100.000%	KV
voestalpine Metal Forming Netherlands Holding B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Metal Forming US Holding LLC	USA	100.000%	KV		
voestalpine Metal Forming US LLC	USA	100.000%	KV	100.000%	KV
voestalpine Metsec plc	GBR	100.000%	KV	100.000%	KV
voestalpine Präzisionsprofil GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Precision Strip GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Precision Strip LLC	USA	100.000%	KV	100.000%	KV
voestalpine Precision Strip, S.A.U.	ESP	100.000%	KV	100.000%	KV
voestalpine Profilafröid	FRA	99.925%	KV	99.925%	KV
voestalpine Profilform (China) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Profilform s.r.o.	CZE	100.000%	KV	100.000%	KV
voestalpine Rotec Coating SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Rotec GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Rotec GmbH & Co. KG ¹	DEU	100.000%	KV	100.000%	KV
voestalpine Rotec Iberica S.A.	ESP	100.000%	KV	100.000%	KV
voestalpine Rotec Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Rotec LLC	USA	100.000%	KV	100.000%	KV
voestalpine Rotec North America Corp.	CAN	100.000%	KV	100.000%	KV
voestalpine Rotec Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine Rotec Summo de Mexico S. de R.L. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine S.A.P.	FRA	100.000%	KV	100.000%	KV
voestalpine Sadef nv	BEL	100.000%	KV	100.000%	KV
voestalpine Stamptec Holding GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Precision Strip Trading (Suzhou) Co., Ltd	CHN	100.000%	KV	100.000%	KV
voestalpine Precision Strip AB	SWE	100.000%	KV	100.000%	KV
Entwicklungsgesellschaft Gügling Ost GmbH & Co. KG	DEU			6.000%	K0

¹ These consolidated financial statements represent an exemption for voestalpine Automotive Components Schwäbisch Gmünd GmbH & Co. KG and voestalpine Rotec GmbH & Co. KG in accordance with Section 264b of the German Commercial Code (*dHGB*).

METAL FORMING DIVISION

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
Entwicklungsgesellschaft GÜGLING Verwaltungs GmbH	DEU	100.000%	K0	100.000%	K0
EURACIER	FRA	20.000%	K0	20.000%	K0
Hinckley Precision Tubes Limited	GBR	100.000%	K0	100.000%	K0
Metal Sections Limited	GBR	100.000%	K0	100.000%	K0
Munkfors Energi AB	SWE	40.000%	K0	40.000%	K0
SADEF FRANCE S.A.R.L.	FRA	100.000%	K0	100.000%	K0
voestalpine Automotive Components Dettingen Verwaltungs GmbH	DEU	100.000%	K0	100.000%	K0
voestalpine Beteiligungsgesellschaft Schwäbisch Gmünd mbH	DEU	100.000%	K0	100.000%	K0
voestalpine Stampotec Beteiligungs GmbH	DEU	100.000%	K0	100.000%	K0

OTHER

	Domicile of the company	03/31/2021		03/31/2020	
		Interest held	Type of consolidation	Interest held	Type of consolidation
Importkohle Gesellschaft m.b.H. (in Liquidation)	AUT			100.000%	KV
voestalpine Financial Services B.V.	NLD	100.000%	KV		
voestalpine Funding International GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine group-IT AB	SWE	100.000%	KV	100.000%	KV
voestalpine group-IT GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine group-IT GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine group-IT Tecnologia da Informacao Ltda.	BRA	100.000%	KV	100.000%	KV
voestalpine Personal Services GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Rohstoffbeschaffungs GmbH	AUT	100.000%	KV	100.000%	KV
APK Pensionskasse AG ¹	AUT	32.084%	KEA	32.084%	KEA
AC styria Mobilitätscluster GmbH	AUT	12.333%	K0	12.333%	K0
Danube Equity GmbH	AUT	100.000%	K0	100.000%	K0
Donauländische Baugesellschaft m.b.H.	AUT	100.000%	K0	100.000%	K0
voestalpine Dienstleistungs- und Finanzierungs GmbH (in Liquidation)	DEU	100.000%	K0	100.000%	KV
voestalpine group-IT (Suzhou) Co., Ltd.	CHN	100.000%	K0	100.000%	K0
voestalpine HR Services GmbH (in Liquidation)	DEU	100.000%	K0	100.000%	KV
voestalpine Insurance Services GmbH	AUT	100.000%	K0	100.000%	K0

¹ For the company consolidated according to the equity method marked¹, the reporting date of December 31 applies.

GLOSSARY

Acquisition. Takeover or purchase of companies or of interests in companies.

Asset deal. Company takeover, where the buyer purchases individual assets (rather than shares).

ATX. “Austrian Traded Index,” the leading index of the Vienna Stock Exchange, which contains the 20 most important stocks in the prime market segment.

Capital employed. Total employed interest-bearing capital.

Cash flow.

- » From investing activities: outflow/inflow of liquid assets from investments/disinvestments;
- » From operating activities: outflow/inflow of liquid assets not affected by investment, disinvestment, or financing activities.
- » From financing activities: outflow/inflow of liquid assets from capital expenditures and capital contributions.

EBIT (earnings before interest and taxes). Profit before the deduction of taxes, non-controlling interests, and financial result.

EBIT margin. EBIT as a percentage of revenue.

EBITDA (earnings before interest, taxes, depreciation, and amortization). Profit before the deduction of taxes, non-controlling interests, financial result, and depreciation and amortization expenses.

EBITDA margin. EBITDA as a percentage of revenue.

Equity. Assets made available to a corporation by the owners through deposits and/or contributions or from retained profits.

Equity ratio. Equity divided by total assets.

Free float. The portion of the share capital that is actively traded on the stock exchange.

Full-time equivalent (FTE). A full-time employee corresponds to a full-time equivalent of one, part-time employees are taken into account on a pro-rata basis corresponding to their working hours.

Gearing. Ratio of net financial debt to equity.

Gross profit. Revenue less cost of sales.

IFRS (International Financial Reporting Standards). Accounting regulations developed to guarantee comparable accounting and disclosure.

Market capitalization. Market capitalization reflects the current market price of an exchange-listed company.

Net financial debt. Interest-bearing liabilities less interest-earning assets.

Rating. An evaluation of the credit quality of a company recognized on international capital markets.

Return on equity. ROE is the ratio of profit for the period to equity as recorded in the previous period.

ROCE (return on capital employed). ROCE is the ratio of EBIT to average capital employed, that is, profit generated by the capital invested.

Volatility. The degree of fluctuation in stock prices and currency exchange rates or in prices of consumer goods in comparison to the market.

Weighted average cost of capital (WACC). Average capital costs for both borrowed capital and equity.

CONTACT & IMPRINT

CONTACT

voestalpine AG, Group Communications
T. +43/50304/15-2090, F. +43/50304/55-8981
mediarelations@voestalpine.com

voestalpine AG, Investor Relations
T. +43/50304/15-9949, F. +43/50304/55-5581
IR@voestalpine.com

www.voestalpine.com

Imprint
Owner and media proprietor: voestalpine AG, voestalpine-Strasse 1,
4020 Linz. Senior editor and editorial staff: voestalpine AG,
Investor Relations, T. +43/50304/15-9949, F. +43/50304/55-5581,
IR@voestalpine.com, www.voestalpine.com
Design and implementation: gugler* MarkenSinn, 3100 St. Pölten

voestalpine AG

voestalpine-Strasse 1
4020 Linz, Austria
T. +43/50304/15-0
F. +43/50304/55-Ext.
www.voestalpine.com

voestalpine

ONE STEP AHEAD.