REPORT FOR THE FIRST HALF OF 2022/23

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voestalpine GROUP
KEY FIGURES

Q 1 2022/23 VS. Q 2 2022/23

In millions of euros	**Q 1 2022/23** 04/01–06/30/2022	**Q 2 2022/23** 07/01–09/30/2022	**Change in %**
Income statement			
Revenue	4,645.4	4,649.8	0.1
EBITDA	879.1	566.6	–35.5
Depreciation	186.4	361.1	93.7
EBIT	692.7	205.4	–70.3
Profit before tax	670.3	176.0	–73.7
Profit after tax from continuing operations	523.4	103.5	–80.2
Profit after tax from discontinued operations	91.1	–2.9	
Profit after tax[1]	614.5	100.6	–83.6
Statement of financial position			
Investments in tangible and intangible assets and interests	144.7	183.1	26.5
Equity	7,669.5	7,532.9	–1.8
Net financial debt	2,282.2	2,464.9	8.0
Net financial debt in % of equity (gearing)	29.8%	32.7%	
Financial key performance indicators (KPIs)			
EBITDA margin	18.9%	12.2%	
EBIT margin	14.9%	4.4%	
Cash flows from operating activities	–551.2	232.7	
Share information			
Share price, end of period (euros)	20.28	17.51	–13.7
Market capitalization, end of period	3,620.4	3,125.89	–13.7
Number of outstanding shares, end of period	178,520,616	178,520,616	0.0
EPS – earnings per share from continuing operations (euros)	2.83	0.47	–83.4
EPS – earnings per share from discontinued operations (euros)	0.51	–0.01	
EPS – earnings per share (euros)	3.34	0.46	–86.2
Personnel			
Employees (full-time equivalent), end of period	49,900	50,374	0.9

[1] Before deduction of non-controlling interests.

H 1 2021/22 VS. H 1 2022/23

In millions of euros	H 1 2021/22 04/01 – 09/30/2021	H 1 2022/23 04/01 – 09/30/2022	Change in %
Income statement[1]			
Revenue	6,806.4	9,295.2	36.6
EBITDA	1,018.1	1,445.7	42.0
Depreciation	379.7	547.5	44.2
EBIT	638.3	898.1	40.7
Profit before tax	599.3	846.3	41.2
Profit after tax from continuing operations	473.9	626.9	32.3
Profit after tax from discontinued operations	11.8	88.2	647.5
Profit after tax[2]	485.7	715.1	47.2
Statement of financial position			
Investments in tangible and intangible assets and interests	239.2	327.8	37.0
Equity	6,077.5	7,532.9	23.9
Net financial debt	2,743.5	2,464.9	–10.2
Net financial debt in % of equity (gearing)	45.1%	32.7%	
Financial key performance indicators (KPIs)			
EBITDA margin[1]	15.0%	15.6%	
EBIT margin[1]	9.4%	9.7%	
Cash flows from operating activities	372.2	–318.5	
Share information			
Share price, end of period (euros)	32.04	17.51	–45.3
Market capitalization, end of period	5,719.8	3,125.9	–45.3
Number of outstanding shares, end of period	178,520,616	178,520,616	0.0
EPS – earnings per share from continuing operations (euros)[1]	2.59	3.30	27.4
EPS – earnings per share from discontinued operations (euros)	0.06	0.50	733.3
EPS – earnings per share (euros)	2.65	3.80	43.4
Personnel			
Employees (full-time equivalent), end of period	49,068[3]	50,374	2.7

[1] H 1 2021/22 retroactively adjusted. For further details, see Annual Report 2021/22.
[2] Before deduction of non-controlling interests.
[3] Including employees (full-time equivalent) from discontinued operations.

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

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INTERIM MANAGEMENT REPORT

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

ECONOMIC ENVIRONMENT AND COURSE OF BUSINESS

EUROPE

Numerous factors adversely affected the economic environment in Europe during the first six months of the company's business year 2022/23. In particular, this included the war in Ukraine, high energy prices and high inflation, logistics issues, and the supply chain problems that have still not been resolved. New waves of COVID-19 infections led to rising numbers of absences from work due to illness and, in some industries, to temporary labor shortages. Yet widespread lockdowns were no longer imposed.

The European Central Bank (ECB) began to raise the prime rate over the Northern summer in the light of high inflation and the dramatic depreciation of the euro vis-à-vis the U.S. dollar. While many voices have been demanding as much for quite some time, in Europe's current situation it is hitting a softening economy. The resulting stagflation risk depressed economic sentiment toward the end of the reporting period.

In this potentially negative environment, voestalpine benefited from very good demand at the start of the current business year's first half. While the Northern summer saw the usual seasonal weakening, declines in the cyclical segments made themselves felt toward the reporting period's end. Among others, this includes the consumer goods, construction, and mechanical engineering industries. By contrast, demand for rail technology infrastructure components remained good. In the automotive industry, which is still battling supply chain problems, demand growth overall remained weak yet stable at this level. Demand from the energy sector is undiminished thanks to high energy prices. This applies equally to the production of energy from conventional sources and renewables.

USA / NORTH AMERICA

While both the economy and employment were strong at the start of the first half of the business year 2022/23, negative indicators began to have an effect as time wore on.

First and foremost, the sharp interest rate increases by the U.S. Federal Reserve (Fed) triggered uncertainty as to the economic developments going forward. The Fed's chairman made clear that the fight against inflation has the highest priority and that he would even accept a recession to achieve this goal.

This led to a significant dampening of sentiment among companies and consumers alike, already muting consumption toward the end of the reporting period.

The slowdown in the growth of the global economy is being exacerbated by ongoing global supply chain problems, which also affect U.S. companies.

Regardless of this environment, however, the business of voestalpine's North American facilities developed along a largely positive trajectory. While weakening trends began to make themselves felt in consumer goods toward the end of the business year's first six months, the railways segment maintained its good performance. High demand from the oil and natural gas sector also continued unabated throughout the reporting period. This market is also served by European facilities of the voestalpine Group. Moreover, the expiration of the Section 232 tariffs and the introduction of a quota system as of January 1, 2022, greatly facilitated steel exports to the United States.

BRAZIL / SOUTH AMERICA

The Brazilian economy has contended with high inflation and high interest rates for quite some time but succeeded nonetheless in maintaining its positive momentum over the reporting period. Both the domestic economy and exports were strong. Generous support and economic stimulus packages that were adopted as part of the presidential election campaign during the Northern summer boosted private consumption yet further. Not until the end of the reporting period did the leading economic indicators anticipate the withdrawal of the support measures, cooling down a bit as a result.

The voestalpine Group's Brazilian facilities delivered highly satisfactory performance against this backdrop. Demand was strong, particularly from the oil and natural gas sector as well as the solar industry.

CHINA / ASIA

Economic growth in China slowed substantially over the first six months of the business year 2022/23, due largely to the central government's zero-COVID policy. Comprehensive lockdowns were repeatedly imposed on important economic regions during the reporting period. These restrictions have affected not just China's own economic development, but consequently worldwide supply chains as well.

Continued problems in the real estate sector are hampering economic growth too. Diminishing consumer confidence due to potential risks facing real estate developers will likely weigh on the market for some time to come. Last but not least, the cooling of the global economy is also slowing exports. China's central government is working to counteract these developments through economic stimulus measures.

Of the voestalpine Group's facilities in China, mainly those producing tool steel were affected by the lockdowns during the reporting period. Rail technology projects in locked-down regions were interrupted from time to time also. The production of automotive components, by contrast, continued at a very pleasing level.

In sum, the momentum of voestalpine's business in China during the first half of the business year 2022/23 was positive despite significant dampening effects.

REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP

The voestalpine Group posted record highs for the first half of the business year 2022/23 with respect to both revenue and other performance categories. Its individual business segments succeeded in significantly raising their prices year over year against the backdrop of strong increases in the cost of key raw materials and pre-materials as well as record highs in the cost of electricity and natural gas. The improved product mix had a positive effect on the Group's financial key performance indicators (KPIs) for the reporting period as well.

Questions of volume, however, present a more differentiated picture. The Steel Division saw a slight year-over-year decline in deliveries. The High Performance Metals Division also had to contend with slight reductions in deliveries. The Metal Engineering Division, by contrast, boosted its sales figures on account of the upswing in the oil and natural gas sector. Year over year, the voestalpine Group boosted total revenue for H 1 2022/23 by more than one third to EUR 9,295.2 million (H 1 2021/22: EUR 6,806.4 million). Raising product prices beyond the level of the increase in input costs enabled the Group to boost its gross margin and thus to improve its operating result

(EBITDA) year over year. In sum, EBITDA for the reporting period climbed 42.0% to EUR 1,445.7 million with a margin of 15.6% (H 1 2021/22: EUR 1,018.1 million, margin of 15.0%). A total of EUR 173 million in impairment losses for the first half of 2022/23 had a negative impact on the High Performance Metals Division. Specifically, impairment losses of EUR 54 million were taken on the assets of Buderus Edelstahl (Wetzlar, Germany) and of EUR 119 million on the goodwill of HPM Production, a cash generating unit. voestalpine succeeded nonetheless in boosting EBIT by 40.7% year over year, from EUR 638.3 million (margin of 9.4%) to EUR 898.1 million (margin of 9.7%).

Based on net interest income of EUR 51.8 million (H 1 2021/22: EUR 39.0 million), the voestalpine Group posted profit before tax of EUR 846.3 million for H 1 2022/23, up 41.2% from EUR 599.3 million in the previous year. Given a tax rate of 25.9% (H 1 2021/22: 20.9%), the profit after tax from continued operations rose year over year by 32.3% to EUR 626.9 million (H 1 2021/22: EUR 473.9 million). As the profit after tax from discontinued operations for H 1 2022/23 of EUR 88.2 million (H 1 2021/22: EUR 11.8 million) shows, the voestalpine Texas Group was accounted for up to the closing of the transaction at the end of June 2022. Consequently, the Group's profit after tax for H 1 2022/23 is EUR 715.1 million (H 1 2021/22: EUR 485.7 million).

Year over year, the voestalpine Group significantly reduced the gearing ratio (net financial debt as a percentage of equity) as of September 30, 2022, to 32.7% (September 30, 2021: 45.1%). Compared with the March 31, 2022, reporting date, however, the gearing ratio remained constant (32.4%). The dramatic strengthening of the Group's equity base was key to the substantial year-over-year improvement in the gearing ratio. As of September 30, 2022, equity rose year over year by 23.9% to EUR 7,532.9 million (September 30, 2021: EUR 6,077.5 million). This increase, in turn, was achieved thanks to excellent earnings growth in the past four business quarters. Compared with the March 31, 2022, reporting date (EUR 7,069.3 million), equity rose by 6.6%. Net financial debt fell year over year by 10.2% to EUR 2,464.9 million (H 1 2021/22: EUR 2,743.5 million). Compared with the level as of the March 31, 2022, reporting date (EUR 2,291.2 million), however, net financial debt rose 7.6%. This increase results from the dramatic rise in net working capital during H 1 2022/23, which occurred primarily in response to the rising cost of raw materials, energy, and other input materials. Net working capital was also expanded on account of the significant increase in backup inventories of raw materials due to current logistics challenges as well as the Group's first-ever stockpile of natural gas. The proceeds from the sale of the voestalpine Group's 80% stake in voestalpine Texas, by contrast, had a positive impact on net financial debt in H 1 2022/23.

The number of employees (FTE, full-time equivalents) in the voestalpine Group rose 2.7% year over year, from 49,068 as of September 30, 2021, to 50,374 as of September 30, 2022. This increase is mainly due to the rebound in individual customer segments such as the oil and natural gas sector as well as the aerospace industry. Compared with the number of employees (50,225) as of the March 31, 2022, reporting date, however, the number of employees in the reporting period remained largely constant.

COMPARISON OF THE QUARTERLY AND SIX-MONTH FIGURES OF THE voestalpine GROUP

In millions of euros	Q 1		Q 2		H 1		
	2021/22[1] 04/01–06/30/2021	2022/23 04/01–06/30/2022	2021/22[1] 07/01–09/30/2021	2022/23 07/01–09/30/2022	2021/22[1] 04/01–09/30/2021	2022/23 04/01–09/30/2022	Change in %
Revenue	3,373.9	4,645.4	3,432.5	4,649.8	6,806.4	9,295.2	36.6
EBITDA	521.7	879.1	496.4	566.6	1,018.1	1,445.7	42.0
EBITDA margin	15.5%	18.9%	14.5%	12.2%	15.0%	15.6%	
EBIT	331.5	692.7	306.9	205.4	638.3	898.1	40.7
EBIT margin	9.8%	14.9%	8.9%	4.4%	9.4%	9.7%	
Profit before tax	310.9	670.3	288.4	176.0	599.3	846.3	41.2
Profit after tax[2]	259.2	614.5	226.5	100.6	485.7	715.1	47.2
Employees (full-time equivalent), end of period	48,880	49,900	49,068	50,374	49,068	50,374	2.7

[1] Q 1 2021/22, Q 2 2021/22, and H 1 2021/22 (excluding employees) retroactively adjusted.
For further details, see Annual Report 2021/22.
[2] Before deduction of non-controlling interests.

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	09/30/2021	09/30/2022
Financial liabilities, non-current	2,724.9	2,455.5
Financial liabilities, current	1,010.0	756.0
Cash and cash equivalents	–563.8	–649.3
Other financial assets	–408.0	–70.3
Loans and other receivables from financing	–19.6	–27.0
Net financial debt	**2,743.5**	**2,464.9**

STEEL DIVISION

QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros	Q 1		Q 2		H 1		
	2021/22[1] 04/01–06/30/2021	2022/23 04/01–06/30/2022	2021/22[1] 07/01–09/30/2021	2022/23 07/01–09/30/2022	2021[1]/22 04/01–09/30/2021	2022/23 04/01–09/30/2022	Change in %
Revenue	1,205.9	1,826.2	1,262.2	1,611.3	2,468.1	3,437.5	39.3
EBITDA	245.1	526.8	243.1	269.5	488.2	796.3	63.1
EBITDA margin	20.3%	28.8%	19.3%	16.7%	19.8%	23.2%	
EBIT	178.8	461.8	177.9	204.4	356.7	666.2	86.8
EBIT margin	14.8%	25.3%	14.1%	12.7%	14.5%	19.4%	
Employees (full-time equivalent), end of period	10,429	10,366	10,581	10,446	10,581	10,446	–1.3

[1] Q 1 2021/22, Q 2 2021/22, and H 1 2021/22 (excluding employees) retroactively adjusted. For further details, see Annual Report 2021/22.

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Reduced imports from both Ukraine and Russia owing to the Ukraine war led at the start of the first half of the business year 2022/23 to distortions in the European steel market. Positive demand, which continued unabated, thus triggered sharp price increases in the spot market. Yet the market returned to equilibrium between supply and demand over the course of the first business quarter, with the result that spot market steel prices fell substantially yet again.

Thanks to a balanced contract structure, both short-term and massive price movements in the spot market have but a highly muted impact on the Steel Division. Over time, however, these developments will also affect negotiations with contractual partners.

Toward the end of the reporting period, the first signs of restraint in steel-consuming end markets made themselves felt alongside logistics problems and the extreme increases in energy costs. While the division successfully completed additional acquisitions aimed at offsetting these developments, it had to do so at prevailing spot market prices. The European steel industry noticeably reduced its production capacity in this environment. Even the Steel Division's capacity utilization fell by some 10% at the end of the reporting period. In contrast to some of its competitors in the spot market, however, the division did not suspend entire production segments, opting instead to accelerate cost-optimized approaches to production.

Customer demand remained largely satisfactory throughout the current business year's first half despite the increasingly unfavorable economic sentiment. The slowing momentum in individual segments did not make itself felt until the end of the reporting period.

While benefiting from strong orders, the **automotive industry** was affected throughout the first six months of the business year 2022/23 by ongoing bottlenecks in its supply chain. As a result, it was unable—at least in Europe—to fully ramp up production. Yet the Steel Division managed for the most part to delink itself from this unfavorable development, thanks to its focus on special products and the growing trend in the automotive industry to incorporate such applications. The continued expansion of its broad customer base, the boosting of its market share as well as its proactive working of the markets helped to ensure that declines in sales to the automotive industry were less pronounced than on average in the industry.

Due to the lockdowns, the **white goods and consumer goods industries** saw a boom during the COVID-19 pandemic. But the momentum began to slow precipitously as life increasingly returned to normal again and purchases of household appliances reached the saturation point. Toward the end of the current business year's first half, the changes in the interest rate environment as well as the largely pessimistic expectations regarding the development of the economy significantly dampened consumer spending.

The **mechanical engineering industry** succeeded in carrying the good demand from the previous business year over into the first six months of 2022/23 not least thanks to strong orders.

While demand from the **construction industry** for the Steel Division's steel products was largely good during the reporting period, orders began to decline toward its end. Aside from the deteriorating economic sentiment overall, this was due to the tightening of the European Central Bank's fiscal policies and the resulting increases in the prime rate.

The **energy sector**—the main market of the heavy plate business segment—profited from high energy prices worldwide, which triggered very good demand throughout the current business year's first half. Plans for both replacement and new investments to offset the lack of natural gas deliveries from Russia increasingly stimulated the division's project environment.

Raw material prices calmed down over the reporting period. They were declining at the start of the business year but largely stabilized as time wore on. Logistics in Europe presented a major challenge, however. Given the war in Ukraine, the Black Sea's availability as a logistics route has been severely limited. Moreover, the Rhine-Main-Danube Canal was no longer navigable due to the drought in the Northern summer and the resulting low water levels. This led to the large-scale shifting of logistics routes to railways and, as far as maritime transports were concerned, to other ports. Aside from being time consuming and organizationally challenging, this also entailed high costs.

To top it off, the significant increases in the cost of energy—e.g., electricity, but especially natural gas—put European steelmakers under pressure overall. These issues also posed major challenges for the Steel Division during the first half of the business year 2022/23.

FINANCIAL KEY PERFORMANCE INDICATORS

In terms of both costs and earnings, the Steel Division benefited from strong momentum throughout the first six months of the business year 2022/23. This is clearly reflected in the development of its financial key performance indicators (KPIs): The division boosted its revenue in the reporting period by 39.3% to EUR 3,437.5 million (H 1 2021/22: EUR 2,468.1 million). This significant increase is due chiefly to sharply higher revenue in consequence of the dramatic increases in the cost of both raw materials and energy. But it also reflects the growth in the share of products with a deepening value chain. By contrast, delivery volumes fell slightly year over year. The Steel Division also delivered substantially higher earnings. The marked improvement in product prices made it possible not only to offset the considerable increases in input costs but also to expand the gross margin. EBITDA jumped during the first half of the business year 2022/23 by 63.1% to EUR 796.3 million with a margin of 23.2% (H 1 2021/22: EUR 488.2 million, margin of 19.8%). Soaring by 86.8% to EUR 666.2 million with a margin of 19.4%, EBIT growth was even more pronounced (H 1 2021/22: EUR 356.7 million, margin of 14.5%).

Compared with Q 1 2022/23, however, the Steel Division's KPIs for Q 2 follow a downward trend. Revenue weakened by 11.8% to EUR 1,611.3 million for the second quarter, down from EUR 1,826.2 million in the first. This decline stems primarily from the seasonally induced reduction in unit sales. By focusing on the contract business, the division managed to keep average prices in Q 2 2022/23 largely constant at the same high level as in Q 1 despite significantly weakening spot market prices. The falling gross margin mainly stems from the growing negative impact on costs. In this respect, energy is a significant expense item in the division's income statement over and above raw materials. Quarter on quarter, EBITDA dropped in Q 2 2022/23 by 48.8% overall to EUR 269.5 million with a margin of 16.7% (Q 1 2022/23: EUR 526.8 million, margin of 28.8%). EBIT fell during the same period by more than one half to EUR 204.4 million with a margin of 12.7% (Q 1 2022/23: EUR 461.8 million, margin of 25.3%).

The number of employees (FTE) in the Steel Division as of September 30, 2022, was down slightly by 1.3% to 10,446. The total number of employees as of September 30, 2021, was 10,581.

HIGH PERFORMANCE METALS DIVISION

QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros	Q 1		Q 2		H 1		
	2021/22 04/01– 06/30/2021	2022/23 04/01– 06/30/2022	2021/22 07/01– 09/30/2021	2022/23 07/01– 09/30/2022	2021/22 04/01– 09/30/2021	2022/23 04/01– 09/30/2022	Change in %
Revenue	704.2	958.8	721.3	920.8	1,425.5	1,879.6	31.9
EBITDA	101.2	146.0	90.4	100.8	191.6	246.8	28.8
EBITDA margin	14.4%	15.2%	12.5%	10.9%	13.4%	13.1%	
EBIT	61.4	107.7	50.6	–111.2	112.0	–3.5	
EBIT margin	8.7%	11.2%	7.0%	–12.1%	7.9%	–0.2%	
Employees (full-time equivalent), end of period	12,802	13,344	12,891	13,479	12,891	13,479	4.6

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The High Performance Metals Division delivered excellent performance in the first half of the business year 2022/23. It profited from the very favorable economic environment, particularly in the business year's first quarter. In addition to the usual seasonal declines during the second business quarter (which coincides with the Northern summer), weakening trends also began to make themselves felt in individual customer segments as time wore on. The division was unable to pass on all of the continuing sharp increases in European energy costs to its customers in all segments. Implementing price increases to offset the high cost of electricity and natural gas posed a challenge, especially in connection with exports to non-European markets and in connection with products whose competitive differentiation is negligible.

Tool Steel

During the first six months of the business year 2022/23, demand from the automotive industry was largely in keeping with the levels seen in the previous year. The positive environment was driven mainly by the development of new models, particularly in the field of e-mobility, in both Europe and North America. Yet demand from the automotive industry in Europe dropped off slightly toward the end of the reporting period. Exports to the United States were affected not just by the adverse effects of high energy costs in Europe, but also by positive effects. This is because voestalpine's European plants benefited from the changes in the EUR/USD exchange rate. Moreover, the rollback of the "punitive tariffs"—the general tariff of 25% was replaced by a quota system—substantially eased steel imports into the U.S.

Sales in the consumer goods industry, a major customer segment of the High Performance Metals Division in Asia, suffered on account of the Chinese government's zero-COVID strategy. Resulting lockdowns triggered extensive industrial production shutdowns in the affected regions. The division was able to pass on the higher energy costs it incurred in Europe to its customers in Asia only to a limited degree, because Asian competitors did not have to contend with such significant cost increases.

Special Materials

The clearly positive trend in the industrial aerospace segment continued unabated over the first half of the business year 2022/23. This upswing is driven by the increase in single aisle aircraft build rates due to the passenger growth in regional air traffic as well as by replacement investments in new and more efficient aircraft models. Demand for long-haul aircraft, however, has not yet returned to pre-crisis levels. The economic rebound in the oil and natural gas sector also continued unabated throughout the reporting period. High demand for energy substantially boosted investment activity. In both Europe and North America, orders from the aerospace and the energy sectors were highly satisfactory. In South America, too, conditions in the oil and natural gas industry improved greatly during the first half of the business year 2022/23 compared with the previous year. Demand from the wind energy segment, however, still did not take off because the long approval processes and rising construction costs lead to much uncertainty in this area.

High Performance Metals Production

The High Performance Metals Production business segment had to contend with substantial increases in the cost of energy and alloys during the first half of the business year 2022/23. At its production facilities, this led to a shift in the product mix toward products potentially offering greater competitive differentiation. Yet there were stark differences in the cost of energy even within Europe. For example, the production plant in Hagfors (Sweden) benefited from fairly solid supplies of natural gas and electricity and thus from much lower cost increases than the segment's production facilities in Kapfenberg (Austria) and Wetzlar (Germany). While capacity utilization at the production plants was good overall during the reporting period, the improvements in the product mix led to slight reductions in the production volume. The implementation of the new special steel plant project in Kapfenberg is in its final phase. Production is expected to begin before the current business year is out.

Value-Added Services

The division's service centers, which focus on the toolmaking industry worldwide, also profited from strong demand in the tool steel product segment. In Europe, demand for tool steel and services such as mechanical processing, heat treatments, and surface coatings was satisfactory throughout the reporting period. In North America, the Value-Added Services business segment succeeded in leveraging the partially improved economic environment arising from the change in foreign exchange rates and the rollback of the protectionist tariffs into solid performance. But high energy costs in Europe had a negative impact on its exports. In China, the sales facilities of the High Performance Metals Division had to contend with slowing momentum on account of the strict COVID-19 measures.

FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators (KPIs) of the High Performance Metals Division for the first half of the business year 2022/23 reflect its solid economic environment. In particular, the division's revenue growth clearly underscores the strong momentum that its pricing policies generated. Although product deliveries were down almost 10% year over year, the division succeeded nonetheless in boosting revenue by 31.9%, from EUR 1,425.5 million in H 1 2021/22 to EUR 1,879.6 million in H 1 2022/23. The higher average increase in the price of both tool steel and special materials is, however, also due to the improved product mix. The reporting period clearly shows that the High Performance Metals Division succeeded not only in offsetting the sharply rising cost of alloys, but largely also in pushing its pricing policies despite the significant energy cost increases. Against this backdrop, EBITDA jumped 28.8% year over year, from EUR 191.6 million to EUR 246.8 million. The EBITDA margin declined, however, from 13.4% a year earlier to 13.1% in the reporting period. At EUR –3.5 million (margin of –0.2%), EBIT for H 1 2022/23 is slightly negative, down from EUR 112.0 million (margin of 7.9%) in H 1 2021/22. Impairment losses of EUR 173 million negatively affected EBIT in the reporting period. Of these impairment losses, EUR 54 million concern assets of Buderus Edelstahl (Wetzlar, Germany) and EUR 119 million the impairment of the goodwill of the HPM Production cash-generating unit (CGU).

The financial KPIs of the High Performance Metal Division weakened a bit quarter on quarter (QoQ). Revenue declined by 4.0%, from EUR 958.8 million in Q 1 2022/23 to EUR 920.8 million in Q 2. While delivery volumes in Q 2 were slightly lower QoQ, the division succeeded in continually raising its average prices. As far as earnings are concerned, the division's performance in Q 2 of the reporting period also fell short of its performance in Q 1 2022/23, largely due to seasonal effects, but also on account of higher energy costs. On the whole, EBITDA fell by 31.0% quarter on quarter, from EUR 146.0 million (margin of 15.2%) in Q 1 2022/23 to EUR 100.8 million (margin of 10.9%) in Q 2. The impairment losses of EUR 173 million already mentioned in the year-over-year comparison adversely affected EBIT for Q 2 2022/23. Accordingly, EBIT for the reporting period's second quarter is EUR –111.2 million (margin of –12.1%), down from EUR 107.7 million (margin of 11.2%) for the first.

Owing to the improved economic environment, as of September 30, 2022, the number of employees (FTE) in the High Performance Metals Division rose from 12,891 a year earlier by 4.6% to 13,479 in the reporting period.

METAL ENGINEERING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	Q 1		Q 2		H 1		
	2021/22 04/01– 06/30/2021	2022/23 04/01– 06/30/2022	2021/22 07/01– 09/30/2021	2022/23 07/01– 09/30/2022	2021/22 04/01– 09/30/2021	2022/23 04/01– 09/30/2022	Change in %
Revenue	800.9	1,042.2	814.0	1,076.1	1,614.9	2,118.3	31.2
EBITDA	96.2	121.2	103.5	120.6	199.7	241.8	21.1
EBITDA margin	12.0%	11.6%	12.7%	11.2%	12.4%	11.4%	
EBIT	51.9	77.0	59.2	76.5	111.1	153.5	38.2
EBIT margin	6.5%	7.4%	7.3%	7.1%	6.9%	7.2%	
Employees (full-time equivalent), end of period	13,063	13,504	13,276	13,619	13,276	13,619	2.6

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The Metal Engineering Division's performance in the first half of the business year 2022/23 was satisfactory. While the Railway Systems business segment developed along a solid trajectory as usual, Industrial Systems continued the previous business year's upward trend. The tubulars product segment, in particular, profited from improved conditions in the oil and natural gas sector.

During the reporting period, **Railway Systems** boosted deliveries overall of high quality track grades for the railway infrastructure sector. Yet the conditions under which this was achieved remained difficult. Generally speaking, logistics issues associated with the transportation of goods had to be overcome. Moreover, the rails product segment faced challenges in connection with longer-term project contracts owing to the sharp increases in energy costs. Overall, it was good demand in the division's European core markets that ensured full capacity utilization at its key production plants. The mass transit market segment, in particular, provided positive momentum. The volume of sales to overseas markets fell slightly short of expectations, however. The turnout systems product segment continued benefiting from the favorable market environment in Europe's so-called "D-A-CH" region (which comprises Germany, Austria, and Switzerland) during H 1 2022/23. By contrast, supply chain issues tended to adversely affect the economic environment in both Northern Europe and Great Britain. Outside of Europe, the positive trends in the heavy haul market segment in North and South America as well as in Australia continued unabated. High raw materials costs, in particular, had a positive impact on demand. Conditions in India were largely favorable too. By contrast, deliveries of turnout systems for China's high-speed network remained volatile throughout the reporting period.

The market environment of the **Industrial Systems** business segment presented a more differentiated picture. While orders from the automotive industry, the most important customer segment of the wire technology product segment, were solid at the start of the current business year, they began to decline as time wore on. Against the backdrop of the increasingly difficult economic environment, this was due not least to the inventory reductions within the downstream value chains. Bookings from both the mechanical engineering and the consumer goods industries weakened over the Northern summer. Demand from the energy sector remained favorable throughout the reporting period.

The highly satisfactory performance, especially of the tubulars product segment (seamless tubes), in the first half of 2022/23 reflects the energy sector's strong momentum. High demand for energy worldwide intensified exploration activity in North America, the most important market of the tubulars product segment. The quota system applicable to steel exports from Europe to the United States, which has been in place since January 1, 2022, also had positive effects on the earning power of this product segment. This system replaced the general protectionist Section 232 tariffs of 25%. By contrast, high energy costs in Europe compared with those elsewhere along with capacity bottlenecks in international container shipping adversely affected deliveries to both Canada and the United States.

The market environment of the welding product segment (welding technology) at the start of the current business year was favorable, and capacity utilization at the segment's key production plants was satisfactory. Strong momentum drove conditions particularly in Europe and South America. As the business year wore on, however, the economic sentiment in individual sectors began to weaken a bit. While orders from the oil and natural gas sector remained good throughout the reporting period, order call-ups from the mechanical engineering industry flattened out somewhat. In China, orders remained volatile during the current business year's first quarter owing to the COVID-19 lockdowns but did improve during the second quarter. Demand in the U.S. fell slightly short of expectations throughout the reporting period.

FINANCIAL KEY PERFORMANCE INDICATORS

The Metal Engineering Division posted substantial increases in its financial key performance indicators (KPIs) for the first half of the business year 2022/23. Year over year, they reflect improved conditions in the Industrial Systems business segment. Revenue jumped almost one third to EUR 2,118.3 million (H 1 2021/22: EUR 1,614.9 million). Industrial Systems succeeded in boosting the volume of seamless tube deliveries. But it was the significant upsurge in prices across all of the Metal Engineering Division's product groups that accounted most for its revenue growth. Aside from the solid economic environment, this also reflects the sharply rising cost of both raw materials and energy. The increase in prices outpaced the increase in input costs, especially in the tubulars product segment, with the concomitant positive impact on earnings. Tubulars also profited from the rollback of the protectionist tariffs in connection with its seamless tube exports to the U.S. Against this backdrop, the Metal Engineering Division boosted EBITDA for H 1 2022/23 by 21.1% to EUR 241.8 million with a margin of 11.4% (H 1 2021/22: EUR 199.7 million, margin of 12.4%). EBIT jumped during the same period by 38.2% to EUR 153.5 million with a margin of 7.2% (H 1 2021/22: EUR 111.1 million, margin of 6.9%).

The division's quarter on quarter (QoQ) performance was stable. At EUR 1,076.1 million, the revenue for Q 2 2022/23 is 3.3% higher than the EUR 1,042.2 million posted for Q 1. Slightly smaller delivery volumes were offset by higher customer prices. The division's operating performance in the current business year's second quarter also reflects the positive trend in the first. Earnings of the rails and the tubulars product segments improved, whereas the earning power of the wire product segment dropped a bit for both seasonal and macroeconomic reasons. Overall, the Metal Engineering Division posted EBITDA of EUR 120.6 million with a margin of 11.2% for Q 2 2022/23, with the result that its performance relative to Q 1 remained constant (EUR 121.2 million, margin of 11.6%). At EUR 76.5 million and a margin of 7.1%, EBIT for Q 2 2022/23 also remained stable quarter on quarter (Q 1 2022/23: EUR 77.0 million, margin of 7.4%).

As of September 30, 2022, the Metal Engineering Division had 13,619 employees (FTE). This represents an increase of 2.6% from the 13,276 employed in the previous year.

METAL FORMING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros	Q 1		Q 2		H 1		
	2021/22 04/01– 06/30/2021	2022/23 04/01– 06/30/2022	2021/22 07/01– 09/30/2021	2022/23 07/01– 09/30/2022	2021/22 04/01– 09/30/2021	2022/23 04/01– 09/30/2022	Change in %
Revenue	825.5	1,038.5	791.6	971.4	1,617.1	2,009.9	24.3
EBITDA	104.5	114.0	86.6	85.2	191.1	199.2	4.2
EBITDA margin	12.7%	11.0%	10.9%	8.8%	11.8%	9.9%	
EBIT	68.0	77.9	50.0	48.2	118.0	126.1	6.9
EBIT margin	8.2%	7.5%	6.3%	5.0%	7.3%	6.3%	
Employees (full-time equivalent), end of period	11,629	11,750	11,386	11,892	11,386	11,892	4.4

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Uneven conditions characterized demand for the Metal Forming Division in the first six months of the business year 2022/23. The Tubes & Sections business segment profited from a flourishing market environment at the start of the business year but the momentum weakened as time wore on. Demand for Automotive Components has been muted for quite a while. By contrast, the two smaller business segments—Precision Strip and Warehouse & Rack Solutions—developed along a positive trajectory during the business year's entire first half. Although the consumption of electricity and natural gas in the Metal Forming Division is not as significant as it is in the other three divisions of the voestalpine Group, the cost basis of the division's production facilities rose nonetheless in tandem with energy prices.

The situation surrounding semiconductor supplies in the European automotive industry remained difficult during the current business year's first half. By contrast, bottlenecks in wire harness supplies that arose on account of the war in Ukraine eased over time. Automakers' manufacturing activity overall in Europe remained moderate at best during the reporting period. In turn, this led to restrained component order call-ups for the voestalpine Group's European Automotive Components facilities. The fact that short-term order adjustments triggered extremely complex capacity planning issues compounded the problems. Conditions at the non-European **Automotive Components** facilities were better, even though order call-ups in the United States trended downward during the current business year. In China, for its part, developments were largely positive despite the comprehensive lockdown in the city of Shenyang, which also affected one of voestalpine's facilities at the start of the business year 2022/23.

Developments in both the major customer segments and the sales regions of the **Tubes & Sections** business segment present a more differentiated picture. Following very good conditions at the start of the business year, the economic environment deteriorated as the year wore on, particularly in Europe. In Continental Europe, this business segment had to contend with waning momentum on account of project postponements especially in the construction sector. Orders from the automotive supplier and construction machinery industries also fell slightly short of expectations on account of the lack of semiconductors. The storage technology segment, too, saw slight reductions in new project contract awards as well as a few project postponements. By contrast, orders from both the solar industry and the agricultural machinery sector developed along a very pleasing trajectory. Delays in construction projects contributed to the slowing economic momentum in Great Britain. Capacity utilization in the Tubes & Sections business segment in the United States was satisfactory. There, storage technology orders provided the basis for the segment's positive performance. voestalpine's facilities in Brazil benefited from the generally robust economic environment despite both high inflation and sharp interest rate increases thanks, in particular, to strong demand from the solar industry, the agricultural and construction machinery sector as well as the bus segment.

In the first half of the business year 2022/23, the **Precision Strip** business segment profited from largely brisk demand. The shortage of container and transportation capacity crimped exports, however. Bottlenecks in pre-materials supplies eased somewhat over the course of the reporting period. In the United States, high demand for wood fueled the demand for band saw steel. Developments in China's domestic market were satisfactory overall despite the COVID-19-induced shutdowns. Yet the exorbitant increases in energy costs at the segment's European facilities may adversely affect its competitiveness.

The highly satisfactory performance of the Warehouse & Rack Solutions business segment over the years continued in the current business year's first six months. Ongoing work on the processing of large orders ensured high capacity utilization. High pre-materials costs were the only factor that had a slightly dampening effect on the segment's performance. While new orders in Europe declined slightly, the strong momentum in the North American market continued unabated.

FINANCIAL KEY PERFORMANCE INDICATORS

The positive trend that characterized the Metal Forming Division's financial key performance indicators (KPIs) a year earlier continued in the reporting period. Year over year, the division's revenue rose 24.3% to EUR 2,009.9 million in H 1 2022/23, up from EUR 1,617.1 million in H 1 2021/22. The division's individual business segments succeeded in leveraging the sharp increases in pre-material costs into significantly higher product prices. The Metal Forming Division also managed to exceed its excellent operating performance a year earlier thanks to yet more improvements in both the Automotive Components and Precision Strip business segments. In sum, EBITDA rose 4.2% to EUR 199.2 million with a margin of 9.9% (H 1 2021/22: EUR 191.1 million, margin of 11.8%). Year over year, EBIT climbed 6.9% to EUR 126.1 million with a margin of 6.3% (H 1 2021/22: EUR 118.0 million, margin of 7.3%).

The quarter on quarter (QoQ) comparison shows a slight weakening in the Metal Forming Division's performance. Aside from seasonal effects, this also resulted from a general economic downturn. Revenue fell by 6.5% from EUR 1,038.5 million in Q 1 2022/23 to EUR 971.4 million in Q 2 2022/23. The decline in revenue was the greatest in the

Tubes & Sections business segment due to weakening momentum in the construction industry. Lower component order call-ups in the Automotive Components business segment over the Northern summer for seasonal reasons also dampened earnings in Q 2 2022/23. Quarter on quarter, EBITDA fell by 25.3% from EUR 114.0 million with a margin of 11.0% in Q 1 2022/23 to EUR 85.2 million with a margin of 8.8% in Q 2 2022/23. EBIT dropped 38.1% to EUR 48.2 million with a margin of 5.0% in Q 2 2022/23, down from EUR 77.9 million with a margin of 7.5% in Q 1 2022/23.

As of September 30, 2022, the number of employees (FTE) in the Metal Forming Division (11,892) was 4.4% higher year over year (September 30, 2021: 11,386).

INVESTMENTS

Following three years of reduced investing activity, the voestalpine Group intends to boost its investments in property, plant, and equipment; intangible assets; and equity interests during the current business year 2022/23. Besides major trailblazing projects, the program encompasses investments required for replacement purposes as well as for initial steps related to the decarbonization of voestalpine's steel plants in Linz and Donawitz, Austria. On the whole, during the business year's first half the voestalpine Group boosted investments by 37.0% year over year to EUR 327.8 million (H 1 2021/22: EUR 239.2 million).

In the reporting period, the **Steel Division** increased its investments by 93.2% to EUR 147.6 million (H 1 2021/22: EUR 76.4 million). A project currently being implemented in the rolling segment aims to continue enhancing product quality: A fully automated pickling line with tandem cold mill ("Beta 3") is being built to this end and integrated into the existing cold rolling mill. Following the groundbreaking ceremony in October 2021, both the construction of the factory building and the foundation work were completed during the first six months of the current business year. The new pickling line will enable better processing of higher tensile strength steel strip. Once it has been commissioned, it will support the expansion of high and highest tensile steels and electrical steel strip. This cutting-edge facility with a planned annual capacity of two million tons is slated to be completed by the end of calendar year 2023. Substantial investments in the hot-dip galvanizing lines will also serve to boost volume in the ultra-high tensile segment—with a focus on the redesign of hot-dip galvanizing line 4 at the Linz plant. Orders for numerous new plant components for the existing facility have already been placed. Given shifts in the product mix, the remaining hot-dip galvanizing lines will also be optimized in the coming years. The first steps in the transformation of steel production toward climate neutrality were taken in the reporting period. This includes clearance activities as well as the construction of the infrastructure required for supplying raw materials and energy to the first electric furnace at the Linz facility, which is slated to commence operations in calendar year 2027.

In the first half of the business year 2022/23, the **High Performance Metals Division** reduced its investments by 11.5% year over year to EUR 68.0 million (H 1 2021/22: EUR 76.8 million). The new special steel plant in Kapfenberg, Austria, was completed during the current business year. This plant is equipped with state-of-the-art technology and enables a very high degree of process automation thanks to fully digital machinery. It also sets new sustainability standards in that the plans call for releasing the heat from the smelters to the district heating system. Cooling is achieved via a closed cycle, and energy requirements can be dramatically reduced thanks to the facility's efficiency. Individual components of the plant were already tested as to their functionality using a so-called cold testing phase in the business year 2021/22. The integrated cold commissioning, which serves to test the interactions of a range of aggregates, will be carried out first in the current business year. This will be followed by the first smelting tests and then the start of the process of certifying the product range on the new equipment. A transition phase during which both the new and the old special steel plants in Kapfenberg will be operated simultaneously is planned to this end.

The EUR 48.2 million investment expenditure of the **Metal Engineering Division** in the first half of the business year 2022/23 exceeded the previous business year's level by 27.9% (H 1 2021/22: EUR 37.7 million). The interim repairs of one of the two blast furnaces in Donawitz constituted the division's most significant investments during the reporting period. Following a roughly two-month relining phase, blast furnace 1 was restarted at the end of September 2022 as planned together with a new hot-blast stove. Key steps were also taken as part of the planned transformation toward climate neutral steel production in Donawitz. For example, the facility's preproject, which entails the construction of an electric arc furnace including the requisite energy supply, has already reached a very advanced stage and will probably be completed toward the end of calendar year 2022.

The EUR 52.3 million investment volume of the **Metal Forming Division** in the first half of the business year 2022/23 was 22.5% higher year over year (H 1 2021/22: EUR 42.7 million). The most comprehensive project in the Automotive Components business segment currently concerns the construction of what is already the fifth phs facility for forming press-hardened steel in Shenyang, China. This investment, which largely completes the plant's expansion, will help key customers in the automotive industry achieve their international growth by providing them with high quality automotive components once the plant has been commissioned. The Tubes & Sections business segment also pursued expansion activities during the first half of the business year 2022/23. New customer projects made it necessary to expand the segment's production capacity in Sroda Slaska, Poland, so that it can manufacture tube components for the global automotive supplier industry. Tubes & Sections invested in tube and roll forming facilities at other international facilities for products manufactured to customer specification.

ACQUISITIONS & DIVESTMENTS

In early July 2022, voestalpine Railway Systems and the Egyptian National Railways (ENR) signed a joint venture (JV) agreement on the planned joint production of turnout systems in ENR's existing turnout plant in Cairo, Egypt. Egypt is an important field of growth for voestalpine in the high-performance turnout segment, because the country is considered the most dynamic railway market in all of Africa. As part of the JV, voestalpine will contribute its comprehensive know-how in rail technology and help to jointly accelerate the existing facility's transformation into a highly productive turnout plant. This production plant, too, will focus on the high-tech segment and satisfy highest quality standards. Egypt's plans for the coming years call for extensive investments in the construction of a high-speed rail network spanning more than 1,800 km. Local production will support the long-term strategy of the Railway Systems business segment, which aims to build turnout systems locally and provides the opportunity to participate in the expansion of Egypt's rapidly growing railway market.

A significant divestment in the Steel Division was finalized at the end of June 2022 with the closing of the sale of 80% of the voestalpine Group's equity interest in the voestalpine Texas Group to ArcelorMittal. Based on a detailed analysis and taking into account all strategic alternatives, the decision was made in the previous business year to continue developing the business model of the direct reduction plant in Texas, USA, jointly with a partner. Over and above the remaining minority interest of 20%, the voestalpine Group also secured for itself annual deliveries of 420,000 tons of the hot briquetted iron (HBI) produced at the plant. The closing of this long-term contract supports the implementation of the first step in the decarbonization of voestalpine's steel production in Linz and Donawitz (both Austria).

Up to the closing of the transaction at the end of June 2022, and therefore for the first quarter of the business year 2022/23, the voestalpine Texas Group was recognized as a consolidated entity and reported in the voestalpine Group's profit from discontinued operations. Subsequent to the closing at the end of Q 1, and therefore for Q 2 2022/23, the relevant income of the ArcelorMittal Texas HBI Group was shown in the item "Share of profit of entities consolidated according to the equity method."

The transaction yielded cash proceeds of EUR 753.9 million in the reporting period.

RELATED PARTY DISCLOSURES

Information regarding related party disclosures is available in the Notes.

RISK MANAGEMENT

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. Material risks are systematically recorded, analyzed, and assessed as part of the systematic risk management process, which is undertaken Group-wide in uniform fashion several times a year, and as part of internal control systems (ICS), which are also integral elements of the Group's structural and workflow organization. Continuous risk monitoring ensures that appropriate measures that minimize risk can be implemented in a timely manner.

The threat scenario involving the potential lack of natural gas and raw materials supplies on account of the political tensions arising from Russia's war of aggression against Ukraine continued to dominate the first half of the business year 2022/23. Alternative sources of supply and transport routes were identified and enabled from the start of the Russian war of aggression in order to continue to secure the supply of relevant raw materials (e.g., iron ore, iron ore pellets, pulverized coal injection (PCI) coal, and alloys) and energy sources (such as natural gas) to our production plants (in particular the energy-intensive sites in Austria). In addition, work to build up our inventories—particularly of iron ore and coal—has continued, taking into account any price or devaluation risks. Since the business year 2022/23, the voestalpine Group has had a gas storage capacity of 1.5 terawatt hours (TWh), which can be used as needed to cover various scenarios with different production methods using this stored natural gas, taking prevailing market and supply chain conditions in the given situation into account. voestalpine is also working on diversifying its natural gas supplies by increasingly purchasing non-Russian natural gas, e.g., liquefied natural gas (LNG). Furthermore, corresponding (emergency) operating modes have been prepared at the affected production sites for energy supply shortages or for energy management; this also applies in particular to the areas of electrical energy. Regular discussions take place with the responsible internal and external experts as well as with the relevant authorities and ministries in order to be well prepared for all scenarios.

The parameters for economic development are also almost impossible to assess, above all the duration and further course of the war in Ukraine and the corresponding political reactions. The volatility of raw materials and energy prices are further factors of uncertainty, and these are counteracted as far as possible (see Annual Report 2021/22: "Report on the Company's Risk Exposure," subsection "Hedging raw materials prices"). Developments related to the COVID-19 pandemic continue to be monitored on an ongoing basis, and the emergency and crisis plans that were implemented along with additional measures that were defined continue to be evaluated at regular intervals and are adapted and/or expanded as necessary in the light of new information.

In addition to the challenges already mentioned in the risk areas of raw materials availability and energy supply, the operating risk environment of the voestalpine Group (such as failure of critical production facilities and failure of critical IT systems, decarbonization and CO_2 issues, knowledge management, and financial risks) has otherwise remained largely unchanged in the first six months of the current business year, as well as compared with previous years. The material fields of risk and the associated measures to minimize risk, which were presented and described in detail in the Annual Report 2021/22 of the voestalpine Group (Annual Report 2021/22, "Report on the Company's Risk Exposure" and "Effects of climate and energy policies—decarbonization strategy"), are therefore still valid for this semi-annual management report, including the items added to the risk areas of raw materials availability and energy supply mentioned above.

Based on the insights gained from economic and financial crises in the past and their effects on the voestalpine Group, particularly those gained from the Russian war of aggression on Ukraine and the COVID-19 pandemic, additional steps primarily of a corporate nature have been and are being taken to minimize the Group's risk exposure. These measures, too, are described in detail in the Annual Report 2021/22, and they have been and are being consistently pursued in the current business year.

Given the difficulties in the economic environment that continue unabated, any fallout from global (trade) disputes is monitored on a continual basis. Further developments of the war in Ukraine and the measures adopted by the respective countries in an attempt to avert this war and activities undertaken to 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, even as of the present semi-annual management report, voestalpine believes that its operating risks over and above global crises and their ramifications are limited and manageable.

OUTLOOK

Economic sentiment gradually deteriorated over the first half of the business year 2022/23, and the uncertainties as to the ramifications of the war in Ukraine particularly for Europe also continued to grow. In turn, economic forecasts are becoming increasingly pessimistic.

Toward the end of the reporting period, first signs of restraint on the part of customers in some of the voestalpine Group's market segments already reflected the gradual loss of economic confidence.

Hence the Management Board of voestalpine AG expects the global economy to cool off substantially during the second half of the business year 2022/23.

In its view, the biggest challenges during this period will arise in Europe, whereas the downturn in North America should still remain modest over the next few months. As far as the voestalpine

Group is concerned, demand in Brazil is expected to decline but only slightly on the whole despite the expected weakening of the domestic economy. We expect China to continue more or less along its current trajectory and deliver restrained growth in the current business year's second half.

Hence the voestalpine Group's global positioning should help at least to support earnings despite the expected contraction of the economy in the current business year's second half.

Sector diversification will further help to stabilize the situation. While demand in traditionally cyclical industries such as the consumer goods, white goods, construction, and mechanical engineering industries is expected to decline over the business year's next two quarters, we expect the railway technology segment to follow a stable trajectory and both the energy and the aerospace sectors to continue their upward trend in the second half of the business year as well.

In the automotive industry, no improvement in demand for voestalpine products is expected by the end of the 2022/23 business year.

Given the voestalpine Group's excellent earnings performance in the first half of the current business year 2022/23 and given the expectation that the global economy will cool in the second half of the business year 2022/23, the Management Board of voestalpine AG currently expects EBITDA of between EUR 2.3 billion and EUR 2.4 billion, as already announced on October 24, 2022.

This figure includes positive non-recurring effects of about EUR 120 million from a real property sale that is expected to close during the current business year.

The voestalpine Group has responded to the threat scenario of a lack of natural gas supplies in Europe by filling its own natural gas storage facility as well as by diversifying its own natural gas supplies. At present, voestalpine's European facilities cover roughly one half of their natural gas needs from non-Russian sources. By itself, the amount of natural gas contained in the Group's own storage facility would be sufficient for at least three months' of full production activity. As far as natural gas supplies are concerned, production at voestalpine's European plants is therefore assured for the remainder of the business year.

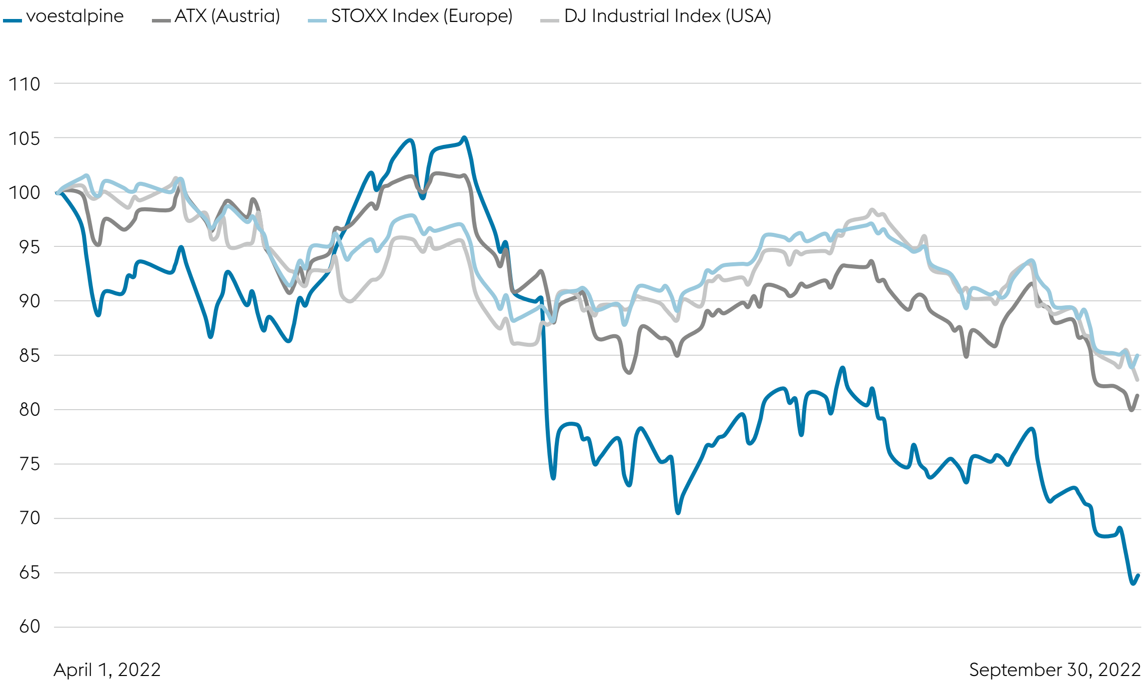
However, this analysis does not consider potential curtailments on customers' part in case of natural gas supply problems in Europe.

This outlook does not take into account any unexpected economic distortions from further developments in the war in Ukraine or any energy supply problems in Europe.

INVESTOR RELATIONS

voestalpine AG VS. THE ATX AND INTERNATIONAL INDICES

Changes compared to March 31, 2022, in %



DEVELOPMENT OF THE voestalpine SHARE

Highly challenging conditions marked the first half of the company's business year 2022/23 in the international capital markets. Central banks in both the United States and Europe counteracted sharply rising inflation rates through incremental adjustments of the prime rate. While the exorbitant increases in energy costs were the primary driver of consumer prices in Europe, the inflationary momentum in the U.S. was caused primarily by high demand. The dramatic interest rate increases fueled fears that the economies in Europe and the U.S. could slide into a recession as a result. A number of other factors besides interest rate policies raised the risk of such a scenario coming to pass. For example, the difficulty of estimating how long the Ukraine war will continue and what its long-term economic consequences will be intensified investors' pronounced uncertainty. The news flow related to the Ukraine war regarding the potential suspension of Russian natural gas deliveries further unsettled investors. This is because such a scenario would impact especially energy-intensive industries as well as their upstream and downstream supply chains. Given these tensions, the highly contentious political debates not only led to substantial swings in the spot prices for electricity and natural gas but also greatly exacerbated volatilities in the stock markets. Unstable global supply chains, which had detrimental effects on production in the automotive industry, among others, further exacerbated the negative sentiment. The precursor indicators also reinforced signs that an economic contraction is imminent. U.S. investors, in particular, increasingly withdrew from European stock markets and shunned especially the stock of companies sensitive to macroeconomic developments. Hence the price of the voestalpine share was determined by external factors. While the company's share price trended laterally at the start of the business year 2022/23, the unfavorable outlook began to trigger significant price declines starting in the early Northern summer of calendar year 2022. In such a high risk environment, investors tend to shift their focus away from corporate performance indicators. This was clear following the presentation of the company's record performance in the first business quarter of 2022/23. The price of the voestalpine share shed 30% of its value within a mere two weeks of the date on which the results were published. A period of largely stable price trends followed the initial high volatility. voestalpine's share did not see yet more substantial price drops until the end of the reporting period. In sum, the price of voestalpine's share fell during the first half of the business year 2022/23 by more than one third, from EUR 26.98 per share as of April 1, 2022, to EUR 17.51 as of September 30, 2022. The benchmark indices—ATX (the leading Austrian share index), STOXX Index Europe, and Dow Jones Industrial—lost between 15% and 20% of their value during the same period.

BONDS

Type of bond	ISIN number	Issuing volume	Interest rate	Share price (09/30/2022)
Corporate bond 2017–2024	AT0000A1Y3P7	EUR 500 million	1.375%	95.30
Corporate bond 2019–2026	AT0000A27LQ1	EUR 500 million	1.750%	92.32

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
» Barclays, London
» Citigroup, London
» 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 Bank International, Vienna
» Société Génerale, Paris
» UBS, London
» 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 September 30, 2022	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 2022 to September 2022	EUR 28.40
Share price low, April 2022 to September 2022	EUR 17.32
Share price as of September 30, 2022	EUR 17.51
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of September 30, 2021[1]	EUR 3,125,895,986.16

[1] Basis: Total number of shares minus repurchased shares.

BUSINESS YEAR 2021/22

Earnings per share	EUR 7.28
Dividend per share	EUR 1.20
Carrying amount	EUR 38.73

FINANCIAL CALENDAR

Publication Q 3 2022/23	February 8, 2023
Annual Report 2022/23	June 7, 2023
Record date for attendance at the AGM	June 25, 2023
Annual General Meeting (AGM)	July 5, 2023
Ex-dividend date	July 13, 2023
Record date for dividend payment	July 14, 2023
Dividend payment date	July 17, 2023
Publication Q 1 2023/24	August 9, 2023
Publication Q 2 2023/24	November 8, 2023

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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voestalpine AG

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 09/30/2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	03/31/2022	09/30/2022
A. Non-current assets		
Property, plant and equipment	5,635.9	5,527.1
Goodwill	1,448.6	1,330.5
Other intangible assets	289.9	283.3
Investments in entities consolidated according to the equity method	162.7	319.3
Other financial assets and other equity investments	70.2	72.6
Deferred tax assets	279.3	263.2
	7,886.6	**7,796.0**
B. Current assets		
Inventories	4,935.1	6,280.9
Trade and other receivables	2,293.1	2,327.6
Other financial assets	145.6	70.3
Cash and cash equivalents	842.8	649.3
Current assets excl. IFRS 5 assets	**8,216.6**	**9,328.1**
Assets – held for sale	0.0	19.7
Assets from discontinued operations	921.5	0.0
Current assets incl. IFRS 5 assets	**9,138.1**	**9,347.8**
Total assets	**17,024.7**	**17,143.8**

In millions of euros

EQUITY AND LIABILITIES

	03/31/2022	09/30/2022
A. Equity		
Share capital	324.3	324.3
Capital reserves	664.9	660.2
Retained earnings and other reserves	5,925.5	6,377.9
Equity attributable to equity holders of the parent	**6,914.7**	**7,362.4**
Non-controlling interests	154.6	170.5
	7,069.3	**7,532.9**
B. Non-current liabilities		
Pensions and other employee obligations	1,082.4	906.4
Provisions	117.3	111.5
Deferred tax liabilities	74.9	75.6
Financial liabilities	2,646.2	2,455.5
	3,920.8	**3,549.0**
C. Current liabilities		
Provisions	1,035.9	927.5
Tax liabilities	263.9	410.3
Financial liabilities	623.9	756.0
Trade and other payables	2,862.4	2,707.6
Trade payables from bills of exchange and trade payables from reverse factoring agreements	1,153.4	1,222.7
Current liabilities	**5,939.5**	**6,024.1**
Liabilities from discontinued operations	95.1	37.8
Current liabilities incl. liabilities from discontinued operations	**6,034.6**	**6,061.9**
Total equity and liabilities	**17,024.7**	**17,143.8**

In millions of euros

CONSOLIDATED STATEMENT OF CASH FLOWS

	04/01–09/30/2021[1]	04/01–09/30/2022
Operating activities		
Profit after tax	485.7	715.1
Non-cash expenses and income, deposits and disbursements not recognized in income statement	409.4	465.5
Change in inventories	–958.7	–1,290.2
Change in receivables and liabilities	359.5	–226.6
Change in provisions	76.3	17.7
Changes in working capital	**–522.9**	**–1,499.1**
Cash flows from operating activities[2]	**372.2**	**–318.5**
Thereof from discontinued operations	–43.4	48.7
Investing activities		
Additions to other intangible assets, property, plant and equipment	–260.5	–329.7
Income from disposals of assets	7.6	5.4
Cash flows from the loss of control of subsidiaries	0.0	753.9
Additions to/divestments of other financial assets	–259.8	91.3
Cash flows from investing activities	**–512.7**	**520.9**
Thereof from discontinued operations	–11.3	749.4
Financing activities		
Dividends paid	–89.3	–214.2
Dividends paid, non-controlling interests	–18.5	–22.9
Acquisition of non-controlling interests	–0.9	0.0
Increase in non-current financial liabilities	0.9	1.1
Repayment of non-current financial liabilities	–311.1	–225.2
Repayment of lease liabilities	–22.7	–27.8
Change in current financial liabilities and other financial liabilities	–18.0	87.3
Cash flows from financing activities	**–459.6**	**–401.7**
Thereof from discontinued operations	0.0	0.0
Net decrease/increase in cash and cash equivalents	**–600.1**	**–199.3**
Cash and cash equivalents, beginning of reporting period	1,159.7	842.8
Net exchange differences	4.2	5.8
Cash and cash equivalents, end of reporting period	**563.8**	**649.3**

[1] Thereof from discontinued operations in H 1 2021/22, retroactively added.
[2] Cash flows from operating activities include:

interest received of	1.2	3.0
interest paid of	–41.8	–56.9
taxes paid of	–21.9	–66.6
and dividend income of	9.2	14.2
in continuing operations.		

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

	04/01–09/30/2021[1]	04/01–09/30/2022	07/01–09/30/2021[1]	07/01–09/30/2022
Revenue	**6,806.4**	**9,295.2**	**3,432.5**	**4,649.8**
Cost of sales	–5,284.4	–7,197.8	–2,689.7	–3,789.0
Gross profit	**1,522.0**	**2,097.4**	**742.8**	**860.8**
Other operating income	165.8	370.1	72.3	197.5
Distribution costs	–570.0	–666.7	–284.9	–333.0
Administrative expenses	–335.6	–381.1	–165.2	–187.7
Other operating expenses	–153.8	–542.1	–64.4	–344.2
Share of profit of entities consolidated according to the equity method	9.9	20.5	6.2	12.0
EBIT	**638.3**	**898.1**	**306.9**	**205.4**
Finance income	12.7	23.2	7.4	10.1
Finance costs	–51.7	–75.0	–25.8	–39.5
Profit before tax	**599.3**	**846.3**	**288.4**	**176.0**
Tax expense	–125.4	–219.4	–65.8	–72.5
Profit after tax from continuing operations	**473.9**	**626.9**	**222.6**	**103.5**
Profit after tax from discontinued operations	11.8	88.2	3.9	–2.9
Profit after tax	**485.7**	**715.1**	**226.5**	**100.6**
Attributable to:				
Equity holders of the parent	473.9	677.5	221.2	81.1
Non-controlling interests	11.8	37.6	5.3	19.5
Diluted and basic earnings per share (euros) from continuing operations	**2.59**	**3.30**	**1.22**	**0.47**
Diluted and basic earnings per share (euros) from discontinued operations	**0.06**	**0.50**	**0.01**	**–0.01**
Diluted and basic earnings per share (euros)	**2.65**	**3.80**	**1.23**	**0.46**

[1] H 1 2021/22 and Q 2 2021/22 retroactively adjusted. For further details, see Annual Report 2021/22.

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	04/01–09/30/2021[1]	04/01–09/30/2022	07/01–09/30/2021[1]	07/01–09/30/2022
Profit after tax	**485.7**	**715.1**	**226.5**	**100.6**
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	–1.5	–86.5	–20.7	–18.0
Currency translation	10.9	–47.4	–5.1	5.9
Share of result of entities consolidated according to the equity method	0.8	9.8	0.9	9.4
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**10.2**	**–124.1**	**–24.9**	**–2.7**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses[2]	33.9	114.6	–0.3	–13.2
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**33.9**	**114.6**	**–0.3**	**–13.2**
Other comprehensive income for the period, net of income tax	**44.1**	**–9.5**	**–25.2**	**–15.9**
Total comprehensive income for the period	**529.8**	**705.6**	**201.3**	**84.7**
Attributable to:				
Equity holders of the parent	516.5	666.8	194.7	64.5
Non-controlling interests	13.3	38.8	6.6	20.2
Total comprehensive income for the period	**529.8**	**705.6**	**201.3**	**84.7**

[1] H 1 2021/22 and Q 2 2021/22, retroactively adjusted. For further details, see Annual Report 2021/22.
[2] The valuation of the social capital was based on an interest rate of 3.7% as of September 30, 2022 (1.9% as of March 31, 2022) and 1.0% as of September 30, 2021 (0.8% as of March 31, 2021).

In millions of euros

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	H 1 2021/22			H 1 2022/23		
	Group	Non-controlling interests	Total equity	Group	Non-controlling interests	Total equity
Equity as of April 1	**5,524.6**	**125.3**	**5,649.9**	**6,914.7**	**154.6**	**7,069.3**
Total comprehensive income for the period	516.5	13.3	529.8	666.8	38.8	705.6
Dividends to shareholders	–89.3	–12.0	–101.3	–214.2	–23.1	–237.3
Share-based payment	–1.0	–	–1.0	–4.7	–	–4.7
Other changes	0.1	–	0.1	–0.2	0.2	0.0
Equity as of September 30	**5,950.9**	**126.6**	**6,077.5**	**7,362.4**	**170.5**	**7,532.9**

In millions of euros

GENERAL INFORMATION / ACCOUNTING POLICIES

These Interim Consolidated Financial Statements of voestalpine AG as of September 30, 2022, for the first half of the business year 2022/23 were prepared in accordance with the International Financial Reporting Standards (IFRS)—as adopted by the European Union—pursuant to IAS 34, Interim Financial Reporting, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRS-IC), which require application in 2022. The accounting policies are unchanged from the Consolidated Financial Statements for the business year 2021/22, with the exception of the changes below.

The following new and revised Standards and Interpretations were adopted for the first time in the business year 2022/23:

Standard	Content	Effective date[1]
IFRS 3, amendments	Reference to the Conceptual Framework	January 1, 2022
IAS 16, amendments	Property, Plant and Equipment – Proceeds before Intended Use	January 1, 2022
IAS 37, amendments	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2018–2020 Cycle	January 1, 2022

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

The amendments and new versions of Standards and Interpretations did not have any material effect on the voestalpine Group's net assets, financial position, and results of operations.

Further information on the other principles of preparation is provided in the Consolidated Financial Statements as of March 31, 2022, on which these Interim Consolidated Financial Statements are based.

The Interim Consolidated Financial Statements are presented in millions of euros (the functional currency of the parent company). The use of automated calculation systems may result in rounding differences that affect amounts and percentages.

Unless otherwise stated, comparative information relates to the first half of the business year 2021/22 (reporting date: September 30, 2021).

The present Interim Consolidated Financial Statements have not been audited or reviewed by auditors.

ANALYSIS OF UNCERTAINTIES IN ACCOUNTING ESTIMATES AND ASSUMPTIONS

The uncertainties in accounting estimates and assumptions specified in the Consolidated Financial Statements as of March 31, 2022, have been repeatedly examined in connection with the preparation of the present Interim Consolidated Financial Statements and remain valid with the exception of the updates set forth below.

RAMIFICATIONS OF THE UKRAINE WAR

Alternative suppliers and transport routes were identified and activated to ensure that relevant supplies of raw materials (e.g., iron ore, iron ore pellets, pulverized coal injection (PCI) coal, alloys, and natural gas) to our production plants (especially the steelworks in Austria) are not interrupted. In addition, work to build up our inventories—particularly of iron ore and coal—has continued, with the result that relevant supplies are assured through the Northern spring of 2023.

The voestalpine Group consumes about six terawatt hours (TWh) of natural gas per year at its Austrian facilities; a natural gas storage capacity of 1.5 terawatt hours has been put in place during the current business year 2022/23. The process of filling the natural gas storage facility was already completed in the second quarter of 2022/23. It will be possible to cover various production methods as necessary using this stored natural gas, taking prevailing market and supply chain conditions in the given situation into account. In addition, voestalpine continues to work on diversifying its natural gas supplies by increasingly purchasing non-Russian natural gas, e.g., liquefied natural gas (LNG).

At the time this Report was prepared, production activities at the affected voestalpine facilities were not subject to any limitations due to a lack of raw materials or energy supplies.

The general increase in prices—especially the sharp fluctuations in the cost of energy and raw materials—can largely be passed on to the market.

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, for example, assumptions regarding future net cash flows, the discount rate, or the fair values less costs to sell of the individual assets that are continually verified. As part of this analysis, current developments in the interest rate environment were considered over and above the Group's market capitalization, which still falls short of the carrying amount of equity. All entities to which goodwill is allocated as well as all cash generating units (CGUs) were subjected to a detailed analysis in this connection. In consequence, as of September 30, 2022, select entities to which goodwill has been allocated and select CGUs were subjected to an impairment test. As previously, these tests were carried out pursuant to the value-in-use method, taking updated forecasts into account. In this respect, see also the disclosures in the Note, Impairment losses and reversal of impairment losses.

EFFECTS OF CLIMATE AND ENERGY POLICIES—DECARBONIZATION STRATEGY

The voestalpine Group continually observes and analyzes relevant developments. With the exception of the updates described below, all disclosures as of March 31, 2022, remain valid.

In a first step, greentec steel entails the electrification of steelmaking from 2027—i.e., the incremental replacement of the fossil fuel-based blast furnace route with green electricity-based electric furnaces. In March 2022, the Supervisory Board of voestalpine AG approved an amount in the three-digit millions to fund the initial implementation steps. The work to clear the necessary construction sites along with the work to prepare the infrastructure was launched subsequent to the aforementioned approval. In the Northern spring of 2023, the Supervisory Board will make a decision as to final approval of the investment required for the two electric arc furnaces so that construction of the facilities could start in 2024. The commissioning of a 220 kV power line in Linz no later than by the end of calendar year 2026 is one milestone required to this end. The Strategic Environmental Impact Assessment requested by Austrian Power Grid (APG), the project applicant, has been completed in the meantime, but the governmental environmental impact assessment is still ongoing.

Because the steel industry is considered a sector subject to high carbon leakage risks, initially the EU ETS provided for allocation of absolutely all allowances at no charge to those 10% of facilities that satisfy the applicable benchmarks. In actual fact, however, voestalpine must purchase about one third of its total emission allowances.

As part of both the revision of the Emissions Trading Directive and the simultaneous plan for a Carbon Border Adjustment Mechanism (CBAM), the EU Commission's plans to achieve a 55% reduction in all CO_2 emissions by 2030—which it combined in its Fit for 55 legislative package—provide for a paradigm shift, for example, in the steel industry. Among other things, this will entail the gradual elimination of no-cost allowance allocations as well as a reduction in the total number of allowances granted, thus substantially increasing the EU steel industry's need to purchase allowances.

Our ability to quantify the effects of these plans remains limited, because the negotiations in the trilogue regarding the individual positions of the European Parliament, Commission, and Council are still in progress and are unlikely to be completed by the Czech Presidency of the Council of the European Union prior to the close of calendar year 2022. The following applies as to mechanisms for supporting investment and operating costs (in this case, particularly in view of offsetting increases in the costs of green electricity, raw materials, and hydrogen): While the Austrian federal government announced long-term funding vehicles in October 2022 aimed at transforming the industry, the requisite long-term budgetary framework, fund allocation details, and grant guidelines had yet to be finalized as of the date on which this Report was prepared.

There was no need to recognize impairment losses in the first half of the business year 2022/23 on account of climate-related risks. The assumptions in this connection were considered in both the medium-term business plan and the updated forecasts based on the insights available as of the reporting date using best possible estimates.

CHANGES IN THE SCOPE OF CONSOLIDATION

The changes made in the scope of consolidation during the first half of the business year 2022/23 were as follows:

	Full consolidation	Equity method
As of April 1, 2022	**283**	**12**
Additions from acquisitions		1
Change in the consolidation method and incorporation		
Additions	1	
Disposals		
Reorganizations		
Divestments or disposals	–2	
As of September 30, 2022	**282**	**13**
Of which foreign companies	223	5

The following fully consolidated entities were deconsolidated during the first half of the business 2022/23[1]:

Name of entity	Date of deconsolidation
voestalpine Texas LLC	June 30, 2022
voestalpine Texas Holding LLC	June 30, 2022

[1] See also the item "Discontinued operations."

The following entities are being included in the Interim Consolidated Financial Statements for the first time as of the first half of the business year 2022/23:

Name of entity	Equity interest in %
Full consolidation	
voestalpine BÖHLER Bleche GmbH	100.000%
At-equity consolidation[2]	
ArcelorMittal Texas HBI Holdings LLC	20.000%

[2] See also the items "Discontinued operations" and "Investments in associates and joint ventures."

The additions of fully consolidated entities to the scope of consolidation include one newly established entity.

DISCONTINUED OPERATIONS

On March 22, 2022, the voestalpine Group's Supervisory Board approved the decision to sell 80% of the Steel Division's "Texas" cash generating unit (CGU), which comprises a single plant that produces hot briquetted iron (HBI). The agreement on the sale of the 80% equity interest was signed on April 14, 2022.

In addition, an agreement was made to secure 420,000 tons annually of the HBI produced in the Corpus Christi, Texas, USA, plant for voestalpine. This provides the basis for further decarbonizing the Group's steel production activities in Linz and Donawitz (both Austria) as part of the "greentec steel" project. The partnership reduces the spot market risk associated with the quantities of HBI that voestalpine does not need. The HBI plant has an annual production capacity of about two million tons.

The criteria regarding the classification of the assets as held for sale were satisfied in the fourth quarter of the business year 2021/22. Management classified the Texas CGU as discontinued operations because it constitutes a separate significant business unit. The transaction was closed on June 30, 2022. voestalpine received the preliminary purchase price as of the closing date. The discontinued operations have produced the following results:

	04/01–09/30/2021	04/01–09/30/2022
Revenue	236.6	225.9
Expenses incl. other expenses	–224.6	–146.6
Other operating income	0.3	1.1
Financial results	–0.5	–0.2
Profit before tax and valuation result at fair value less costs to sell	**11.8**	**80.2**
Tax expense according to IAS 12.81 h (ii)	0.0	0.0
Valuation result at fair value less costs to sell	0.0	0.0
Tax expense according to IAS 12.81 h (i)	0.0	0.0
Profit after tax	**11.8**	**80.2**
Thereof attributable to equity holders of the parent	11.8	80.2
Profit after tax	**11.8**	**80.2**
Profit from the disposal	0.0	8.0
Profit after tax from discontinued operations	**11.8**	**88.2**
Diluted and basic earnings per share (euros) from discontinued operations	0.06	0.50
Weighted average number of outstanding ordinary shares	178,520,616	178,520,616

In millions of euros

The main groups of assets and liabilities related to the discontinued operations at the time of disposal are shown in the following table. In addition, the table shows both the income from the disposal and the net cash inflow.

	09/30/2022
Non-current assets	745.0
Current assets	254.8
Total assets (total disposed assets)	**999.8**
Non-current liabilities	32.3
Current liabilities	48.7
Total equity and liabilities (total disposed liabilities)	**81.0**
Net assets sold	**918.8**
Proceeds received*	**866.6**
Recycled cumulative OCI	73.2
Transaction costs, obligations assumed, and other effects	–13.0
Profit from the disposal	8.0
* Of which cash and cash equivalents received	765.1
Cash and cash equivalents disposed of	–11.2
Net cash inflow	**753.9**

In millions of euros

The purchase price estimate as of March 31, 2022, considered uncertainties regarding the assumption of obligations, the share in profit or loss, and the assumption of debt. Some of these uncertainties were substantiated as of September 30, 2022, and are reflected in the disposal result.

The preliminary taxable gain on the disposal is offset against existing loss carryforwards. Apart from changing the estimates until the final determination of the purchase price is made and from the taxable carrying amounts, there are no effects for the business year.

Transitional consolidation due to the change in the controlling interest

The voestalpine Group no longer controls the subsidiaries of the voestalpine Texas Group. The gain on deconsolidation is recognized in income. It is determined based on the difference between

» the total fair value of the consideration received and the fair value of the remaining equity interest of 20%, for one, and
» the disposed net assets of the discontinued operations including any reclassified (“recycled”) items in other comprehensive income (OCI), for another.

The total of EUR 73.2 million shown in OCI in connection with the voestalpine Texas Group is recognized in the same way an asset sale would be. However, the present case concerns a reclassification of differences from currency translation to the Consolidated Income Statement.

As the voestalpine Group is retaining 20% of its equity interest in the former voestalpine Texas Group, this stake is recognized at the fair value of EUR 137.7 million as determined at the time control was relinquished. This value represents the cost of the equity interest, which is subsequently valued using the equity method in accordance with the rules applicable to associates.

The fair value of the 20% stake was derived from the purchase price for the 80% equity interest and represents a Level 3 fair value. Given the Group's limited control and co-determination rights under its 20% equity interest, a deduction that was determined on the basis of transaction data was taken.

SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of the subsidiary	Domicile	09/30/2021	09/30/2022
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria		
Proportion of ownership		49.8875%	49.8875%
Proportion of ownership interests held by non-controlling interests		50.1125%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China		
Proportion of ownership		50.0000%	50.0000%
Proportion of ownership interests held by non-controlling interests		50.0000%	50.0000%

As of September 30, 2022, the total of all non-controlling interests is EUR 170.5 million (September 30, 2021: EUR 126.6 million), of which EUR 70.4 million (September 30, 2021: EUR 36.4 million) is attributable to voestalpine Tubulars GmbH & Co KG and EUR 31.7 million (September 30, 2021: EUR 31.5 million) is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, considered individually, can be deemed immaterial to the Group.

Summarized financial information for each subsidiary with non-controlling interests that are material to the Group is depicted in the following chart. 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.	
	09/30/2021	09/30/2022	09/30/2021	09/30/2022
Non-current assets	106.3	99.7	16.2	14.9
Current assets	156.0	222.1	97.2	97.5
Non-current liabilities	24.6	25.4	1.9	1.9
Current liabilities	178.8	172.9	48.3	47.2
Net assets (100%)	**58.9**	**123.5**	**63.2**	**63.3**

In millions of euros

SUMMARIZED INCOME STATEMENT

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022
Revenue	193.7	374.7	40.1	37.2
EBIT	1.3	56.8	13.0	11.9
Profit after tax	0.0	53.1	11.5	10.5
Attributable to:				
Equity holders of the parent	0.0	26.5	5.7	5.3
Non-controlling interests	0.0	26.6	5.7	5.3
Dividends paid to non-controlling interests	0.0	0.0	2.6	14.0

In millions of euros

SUMMARIZED STATEMENT OF CASH FLOWS

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022
Cash flows from operating activities	–17.3	24.3	2.6	5.7
Cash flows from investing activities	–5.4	–6.1	–0.3	–0.1
Thereof additions to/divestments of other financial assets	0.0	0.0	0.0	0.0
Cash flows from financing activities	22.7	–18.2	–17.8	–28.1
Net decrease/increase in cash and cash equivalents	**0.0**	**0.0**	**–15.5**	**–22.5**

In millions of euros

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

SHARES IN MATERIAL ASSOCIATES

Following the sale of 80% of its equity interest in the ArcelorMittal Texas HBI Group (formerly the voestalpine Texas Group) domiciled in the State of Delaware, USA, voestalpine now holds a 20% share and exercises substantial influence over this company and its subsidiary. This share is accounted for at equity. The voestalpine Group has not retained any contingent liabilities in connection with the sale of the 80% share package.

The deal was closed on June 30, 2022. Control was transferred to the buyer as of said date. This was followed by the deconsolidation of the subsidiary and its initial recognition as an associate. The gain on the sale of the equity interest is recognized in the income from discontinued operations (see Changes in the Scope of Consolidation). The ArcelorMittal Texas HBI Group operates a direct reduction plant and supplies hot briquetted iron (HBI) to the voestalpine Group. The company is not a listed entity.

The following tables contain the financial data on the ArcelorMittal Texas HBI Group. These financial data reflect preliminary adjustments in the fair value as of the acquisition on June 30, 2022. The disclosures for the business year shown comprise the earnings of the ArcelorMittal Texas HBI Group for the period from July 01, 2022 (closing date: June 30, 2022) through September 30, 2022.

SUMMARIZED STATEMENT OF FINANCIAL POSITION

	ArcelorMittal Texas HBI Group 09/30/2022
Non-current assets	547.3
Current assets	382.1
Non-current liabilities	57.4
Current liabilities	119.5
Net assets (100%)	**752.5**

In millions of euros

SUMMARIZED INCOME STATEMENT

	ArcelorMittal Texas HBI Group 07/01–09/30/2022
Revenue	241.8
Profit after tax	23.3
Comprehensive income	**4.7**
Other comprehensive income	9.0
Elimination of intra-Group profits incl. deferred taxes	–0.3
Comprehensive income (20%)	**13.4**
Proportional dividends received	0.0

In millions of euros

RECONCILIATION OF CARRYING AMOUNTS

	ArcelorMittal Texas HBI Group 09/30/2022
Net assets, closing balance	**752.5**
20% Group share of net assets	150.5
Goodwill and other adjustments incl. net exchange differences	0.9
Elimination of intra-Group profits incl. deferred taxes	–0.3
Carrying amount of the Group’s equity interest	**151.1**

In millions of euros

SHARES IN IMMATERIAL JOINT VENTURES

Profits from the joint ventures, which are individually immaterial to voestalpine's Interim Consolidated Financial Statements, are included using the equity method. This information relates to the interests of the voestalpine Group in the immaterial joint ventures and is broken down as follows:

	04/01–09/30/2021	04/01–09/30/2022
Group share of		
Profit after tax	–0.5	–0.1
Other comprehensive income	0.1	0.1
Comprehensive income	**–0.4**	**0.0**
Carrying amount, immaterial joint ventures	**4.9**	**4.4**

In millions of euros

SHARES IN IMMATERIAL ASSOCIATES

The profit from associates that are individually immaterial to voestalpine's Interim 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:

	04/01–09/30/2021	04/01–09/30/2022
Group share of		
Profit after tax	10.4	16.2
Other comprehensive income	0.9	0.7
Comprehensive income	**11.3**	**16.9**
Carrying amount, immaterial associates	**135.1**	**163.8**

In millions of euros

IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES

The general descriptions of plans and models—as specified in Note 11, Impairment losses and reversal of impairment losses, of the Annual Report 2021/22—still apply.

IMPAIRMENT TESTS OF CASH GENERATING UNITS OR GROUPS OF CASH GENERATING UNITS CONTAINING GOODWILL

In the first half of 2022/23, impairment of goodwill in the amount of EUR 119.3 million was recognized in the High Performance Metals Division at the **HPM Production** unit, to which the goodwill is allocated and which produces sophisticated stainless steels. The impairment was recorded in other operating expenses as of September 30, 2022. The impairment resulted from a planning update due to the significant increase in the discount rate (WACC), which is the basis for the impairment test. The recoverable amount (value in use) of this unit was EUR 2,228.2 million as of September 30, 2022. The fifth plan year was used to calculate the perpetual annuity. The perpetual annuity was expected to grow at a rate of 1.63% as of September 30, 2022 (2021/22: 1.65%). The after-tax WACC was 8.54% (2021/22: 7.52%); the pre-tax WACC was 11.05% (2021/22: 9.64%).

	Impairment
09/30/2022	
HPM Production	119.3

In millions of euros

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 in the future. Any increase in the after-tax discount rate by one percentage point or any decrease in the cash flows by 10% or 20% 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%	Decrease in cash flows by 20%
09/30/2022				
HPM Production	0.0	–289.3	–222.8	–445.6

In millions of euros

The carrying amount of the goodwill-bearing **Precision Strip** unit would still be covered if the key forward-looking assumptions were adjusted (discount rate +1% point and cash flow –10%). A cash flow discount of 20% would result in an impairment loss of EUR 25.5 million.

IMPAIRMENT TEST OF CASH GENERATING UNITS THAT HAVE NO GOODWILL AND OF OTHER ASSETS

In the first half of 2022/23, impairment losses of EUR 54.1 million were recognized in other operating expenses in the High Performance Metals Division at the cash generating unit **Buderus Edelstahl ohne Schmiede** (consisting of the steel mill, rolling lines, and drop forge sub-divisions), which is devoted to the production of drop forged parts, semi-finished products, and hot-rolled and cold-rolled steel. The impairment loss resulted from the increase in the discount rate (WACC) and from high energy costs. Due to the products' low competitive differentiation, these increases can be passed on to the market only to a limited extent, thus leading to the loss of market share. The recoverable amount (value in use) for this unit was EUR 148.5 million. An after-tax discount rate of 7.91% (2021/22: 6.90%) was applied; the pre-tax WACC was 10.85% (2021/22: 9.44%).

	Impairment
09/30/2022	
Buderus Edelstahl ohne Schmiede	54.1

In millions of euros

As the lower limit for any further impairment is the fair value less costs to sell (individual sale proceeds), any change to the key forward-looking assumptions such as discount rates and cash flows that is considered possible would not lead to any further material impairment.

As of September 30, 2022, no further impairment losses were recognized for units to which goodwill is allocated, for cash generating units that have no goodwill, or for other assets. For all other disclosures related to cash generating units that have no goodwill, please see the Consolidated Financial Statements as of March 31, 2022.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In the first half of the business year 2022/23, depreciation totaling EUR 547.5 million exceeded actual investments of EUR 318.7 million. By contrast, shares in equity-consolidated companies rose by EUR 156.6 million largely as a result of the at-equity consolidation of the remaining 20% share in the ArcelorMittal Texas HBI Group. These effects mainly lowered non-current assets from EUR 7,886.6 million to EUR 7,796.0 million. Due to an increase in inventories arising from both prices and volumes (see the consolidated statement of cash flows), compared with March 31, 2022, the carrying amount of the inventories as of the reporting date rose by EUR 1,345.8 million.

In the High Performance Metals Division, a property in Germany with a carrying amount of EUR 19.7 million was recognized as an asset held for sale due to its planned sale.

As of September 30, 2022, voestalpine AG's share capital was EUR 324,391,840.99 (March 31, 2022: EUR 324,391,840.99) and was divided into 178,549,163 shares (March 31, 2022: 178,549,163). The company held 28,547 of its treasury shares as of the reporting date.

Due primarily to changes in the actuarial result (positive), the currency translations (negative) and the cash flow hedges (negative), the profit after tax of EUR 715.1 million was reduced to total comprehensive income of EUR 705.6 million. The Annual General Meeting on July 6, 2022, resolved a dividend per share of EUR 1.20 for the business year 2021/22. Therefore, voestalpine AG has distributed dividends of EUR 214.2 million to its shareholders in the current business year. Equity increased to EUR 7,532.9 million, mainly as a result of the positive total comprehensive income.

In the current business year, particularly the adjustment of the discount rate from 1.9% as of March 31, 2022, to 3.7% as of September 30, 2022, resulted in a decrease in the provisions for pension and severance obligations and consequently in an actuarial gain of EUR 114.6 million (after deferred taxes) that is recognized in other comprehensive income. The adjustment in the discount rate led to a decrease (recognized in income) of EUR 19.7 million (or EUR 15.0 million after deferred taxes) in the provisions for long-service bonuses.

NOTES ON THE CONSOLIDATED INCOME STATEMENT

At EUR 9,295.2 million, revenue for the period from April 1, 2022, to September 30, 2022, increased by 36.6% compared with EUR 6,806.4 million in the same period of the previous year. In the first half of the business year 2022/23, EBIT is EUR 898.1 million compared with EUR 638.3 million for the same period of the previous year. After impairment losses of EUR 173.5 million, EBIT is EUR 205.4 million for the second quarter of 2022/23, compared with EUR 306.9 million for the second quarter of 2021/22, in which no impairment losses were recognized. After consideration of the financial result and taxes, the profit after tax is EUR 715.1 million compared with EUR 485.7 million for the same period of the previous year.

Diluted and basic earnings per share are calculated as follows:

	04/01–09/30/2021	**04/01–09/30/2022**
Profit attributable to equity holders of the parent (in millions of euros)	473.9	677.5
Weighted average number of outstanding ordinary shares (millions)	178.5	178.5
Diluted and basic earnings per share (euros) from continuing operations	**2.59**	**3.30**
Diluted and basic earnings per share (euros) from discontinued operations	**0.06**	**0.50**
Diluted and basic earnings per share (euros)	**2.65**	**3.80**

CLASSIFICATION OF REVENUES

The following table contains information on the classification of external revenues by region and industry of the voestalpine Group for the first half of the business years 2022/23 and 2021/22, respectively:

REVENUE BY REGION

	Steel Division		High Performance Metals Division	
	04/01–09/30/2021[1]	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022
European Union (excluding Austria)	1,514.1	2,215.5	579.6	759.7
Austria	295.4	397.4	76.5	85.4
USMCA	156.1	177.4	189.2	293.2
Asia	45.5	48.1	278.6	290.9
South America	16.0	70.0	127.4	199.9
Rest of World	177.1	223.8	151.7	206.9
Total revenue by region	**2,204.2**	**3,132.2**	**1,403.0**	**1,836.0**

[1] H 1 2021/22 retroactively adjusted. For further details, see Annual Report 2021/22.

REVENUE BY INDUSTRY

	Steel Division		High Performance Metals Division	
	04/01–09/30/2021[1]	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022
Automotive	752.9	1,139.8	379.5	485.3
Energy	264.9	477.4	232.1	327.6
Railway systems	2.9	4.6	8.2	9.3
Construction	281.1	345.1	51.4	68.7
Mechanical engineering	159.3	217.0	303.2	383.3
White goods/Consumer goods	86.6	98.7	192.1	220.1
Aerospace	0.0	0.0	103.3	175.5
Other	656.5	849.6	133.2	166.2
Total revenue by industry	**2,204.2**	**3,132.2**	**1,403.0**	**1,836.0**

[1] H 1 2021/22 retroactively adjusted. For further details, see Annual Report 2021/22.

Metal Engineering Division		Metal Forming Division		Other		Total Group	
04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021[1]	04/01–09/30/2022
736.0	943.5	847.9	1,050.0	5.2	47.2	3,682.8	5,015.9
147.9	162.2	58.9	79.8	0.8	108.0	579.5	832.8
275.2	492.1	403.3	479.9	0.0	97.9	1,023.8	1,540.5
178.6	191.0	80.9	98.1	0.3	0.3	583.9	628.4
33.5	50.9	74.0	98.3	0.0	0.0	250.9	419.1
223.7	248.3	133.0	179.5	0.0	0.0	685.5	858.5
1,594.9	**2,088.0**	**1,598.0**	**1,985.6**	**6.3**	**253.4**	**6,806.4**	**9,295.2**

In millions of euros

Metal Engineering Division		Metal Forming Division		Other		Total Group	
04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021[1]	04/01–09/30/2022
242.0	302.4	730.1	950.1	0.0	0.0	2,104.5	2,877.6
279.9	508.4	25.9	45.9	0.0	0.0	802.8	1,359.3
786.9	927.9	0.3	0.7	0.0	0.0	798.3	942.5
46.8	59.6	493.1	566.9	0.0	0.0	872.4	1,040.3
74.8	95.0	145.9	207.5	0.0	0.0	683.2	902.8
25.9	47.0	62.6	68.4	0.0	0.0	367.2	434.2
0.0	0.0	4.0	5.4	0.0	0.0	107.3	180.9
138.6	147.7	136.1	140.7	6.3	253.4	1,070.7	1,557.6
1,594.9	**2,088.0**	**1,598.0**	**1,985.6**	**6.3**	**253.4**	**6,806.4**	**9,295.2**

In millions of euros

OPERATING SEGMENTS

The following table contains information on the operating segments of the voestalpine Group for the first half of the business years 2022/23 and 2021/22, respectively:

OPERATING SEGMENTS

	Steel Division		High Performance Metals Division	
	04/01–09/30/2021[1]	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022
Segment revenue	2,468.1	3,437.5	1,425.5	1,879.6
Of which revenue with third parties	2,204.2	3,132.2	1,403.0	1,836.0
Of which revenue with other segments	263.9	305.3	22.5	43.6
EBITDA	488.2	796.3	191.6	246.8
EBIT	356.7	666.2	112.0	–3.5
EBIT margin	14.5%	19.4%	7.9%	–0.2%
Segment assets	4,877.0	5,493.6	4,352.6	4,861.9
Employees (full-time equivalent)	10,581	10,446	12,891	13,479

[1] H 1 2021/22 (excluding employees) retroactively adjusted. For further details, see Annual Report 2021/22.

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

EBITDA

	04/01–09/30/2021[1]	04/01–09/30/2022
Net exchange differences and result from valuation of derivatives	–5.0	4.9
Consolidation	–8.3	8.6
EBITDA – Total reconciliation	**–13.3**	**13.5**

[1] H 1 2021/22 retroactively adjusted. For further details, see Annual Report 2021/22.

In millions of euros

	Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021	04/01–09/30/2022	04/01–09/30/2021[1]	04/01–09/30/2022	04/01–09/30/2021[1]	04/01–09/30/2022
	1,614.9	2,118.3	1,617.1	2,009.9	1,038.5	1,177.0	–1,357.7	–1,327.1	6,806.4	9,295.2
	1,594.9	2,088.0	1,598.0	1,985.6	6.3	253.4	0.0	0.0	6,806.4	9,295.2
	20.0	30.3	19.1	24.3	1,032.2	923.6	–1,357.7	–1,327.1	0.0	0.0
	199.7	241.8	191.1	199.2	–39.2	–51.9	–13.3	13.5	1,018.1	1,445.7
	111.1	153.5	118.0	126.1	–46.2	–57.7	–13.3	13.5	638.3	898.1
	6.9%	7.2%	7.3%	6.3%					9.4%	9.7%
	3,472.4	3,834.5	2,737.6	2,886.7	9,902.4	11,560.1	–9,905.7	–11,493.0	15,436.3	17,143.8
	13,276	13,619	11,386	11,892	934	938	0	0	49,068	50,374

In millions of euros

EBIT

	04/01–09/30/2021[1]	04/01–09/30/2022
Net exchange differences and result from valuation of derivatives	–5.0	4.9
Consolidation	–8.3	8.6
EBIT – Total reconciliation	**–13.3**	**13.5**

[1] H 1 2021/22 retroactively adjusted. For further details, see Annual Report 2021/22.

In millions of euros

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

NOTES ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Non-cash expenses and income include EUR 543.4 million in depreciation/revaluation (also of financial assets). Taking the change in working capital into account, the cash flows from operating activities in the reporting period are EUR –318.5 million, compared with EUR 372.2 million in the first half of the previous year. This arises from the significant increase in working capital (particularly inventories). A total of EUR 520.9 million in cash flows from investing activities (which include EUR 91.3 million in divestments in other financial assets) and EUR –401.7 million in cash flows from financing activities (largely repayments of non-current financial liabilities and dividend payments) lead to a change in cash and cash equivalents (excluding net exchange differences) of EUR –199.3 million. The divestments in other financial assets include repo transactions entailing CO_2 repos (purchases of CO_2 allowances subject to simultaneous repurchase agreements) in the amount of EUR 78.8 million.

NOTES ON FINANCIAL INSTRUMENTS

Categories of financial instruments

Categories	Financial assets measured at AC[1]	Hedge accounting	Financial assets measured at FVTPL	Total
Assets 03/31/2022				
Other financial assets, non-current	2.0	–	54.7	56.7
Trade and other receivables	1,129.0	63.7	287.6	1,480.3
Other financial assets, current	78.8	–	66.8	145.6
Cash and cash equivalents	842.8	–	–	842.8
Carrying amount	**2,052.6**	**63.7**	**409.1**	**2,525.4**

[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 09/30/2022				
Other financial assets, non-current	2.1	–	53.7	55.8
Trade and other receivables	1,284.7	13.8	291.1	1,589.6
Other financial assets, current	–	–	70.3	70.3
Cash and cash equivalents	649.3	–	–	649.3
Carrying amount	**1,936.1**	**13.8**	**415.1**	**2,365.0**

[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 03/31/2022						
Financial liabilities, non-current	2,646.2	2,637.2	–	–	2,646.2	2,637.2
Financial liabilities, current	623.9	623.9	–	–	623.9	623.9
Trade and other payables[1]	2,174.6	2,174.6	12.3	37.0	2,223.9	2,223.9
Trade payables from bills of exchange and trade payables from reverse factoring agreements	1,153.4	1,153.4	–	–	1,153.4	1,153.4
Total	**6,598.1**	**6,589.1**	**12.3**	**37.0**	**6,647.4**	**6,638.4**

[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

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 09/30/2022						
Financial liabilities, non-current	2,455.5	2,360.6	–	–	2,455.5	2,360.6
Financial liabilities, current	756.0	756.0	–	–	756.0	756.0
Trade and other payables[1]	1,980.4	1,980.4	75.8	39.8	2,096.0	2,096.0
Trade payables from bills of exchange and trade payables from reverse factoring agreements	1,222.7	1,222.7	–	–	1,222.7	1,222.7
Total	**6,414.6**	**6,319.7**	**75.8**	**39.8**	**6,530.2**	**6,435.3**

[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
03/31/2022				
Financial assets				
Other financial assets, non-current	13.4	–	41.3	54.7
Receivables from derivatives – hedge accounting	–	63.7	–	63.7
Trade and other receivables	–	27.4	260.2	287.6
Other financial assets, current	66.8	–	–	66.8
	80.2	**91.1**	**301.5**	**472.8**
Financial liabilities				
Liabilities from derivatives – hedge accounting	–	12.3	–	12.3
Trade and other payables	–	37.0	–	37.0
	0.0	**49.3**	**0.0**	**49.3**
09/30/2022				
Financial assets				
Other financial assets, non-current	12.4	–	41.3	53.7
Receivables from derivatives – hedge accounting	–	13.8	–	13.8
Trade and other receivables	–	35.7	255.4	291.1
Other financial assets, current	70.3	–	–	70.3
	82.7	**49.5**	**296.7**	**428.9**
Financial liabilities				
Liabilities from derivatives – hedge accounting	–	75.8	–	75.8
Trade and other payables	–	39.8	–	39.8
	0.0	**115.6**	**0.0**	**115.6**

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 year 2021/22, nor from April 1, 2022, through September 30, 2022.

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

	04/01–09/30/2021	**04/01–09/30/2022**
Opening balance	**36.4**	**41.3**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	0.0	0.0
Closing balance	**36.4**	**41.3**

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)

	04/01–09/30/2021	04/01–09/30/2022
Opening balance	**192.4**	**260.2**
Disposals	–192.4	–260.2
Additions	220.3	255.4
Closing balance	**220.3**	**255.4**

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.

SEASONALITY AND CYCLICALITY

Regardless of economic trends, the second business quarter is generally expected to see seasonally slightly weaker revenue, especially due to vacations or shutdowns of key customer segments.

RELATED PARTY DISCLOSURES

Business transactions in the form of deliveries and services are carried out with non-consolidated subsidiaries, joint ventures, and associated Group companies as part of operational activities. These business transactions are carried out exclusively based on customary market terms.

The volume of business transactions with associated companies and parties was similar to that reported in the Consolidated Financial Statements 2021/22. Neither the financial position nor the earnings of the voestalpine Group were materially affected during the first six months of the current business year.

Receivables are sold to core shareholders at arm's length in connection with the first type of factoring agreement (see Note 29 of the Consolidated Financial Statements 2021/22, Disclosures of transactions not recorded in the statement of financial position, for a description). As of September 30, 2022, these receivables totaled EUR 339.6 million (March 31, 2022: EUR 327.0 million).

Due to the addition of the significant associate, ArcelorMittal Texas HBI Holdings LLC (ArcelorMittal Texas HBI Group), as of June 30, 2022, supply relationships related to purchases and sales of raw materials are included in the following items of the Interim Consolidated Financial Statements:

	ArcelorMittal Texas HBI Group
	07/01–09/30/2022
Revenue	204.3
Cost of materials	58.4
Other operating income	0.2
Other operating expenses	2.2

	09/30/2022
Trade and other receivables	56.2
Financial liabilities/trade and other payables	0.0

In millions of euros

ANTITRUST PROCEEDINGS

Provisions were recognized as of the interim reporting date for potential negative effects of the cartel proceedings described on page 173 in Note 19, Provisions, of the Consolidated Financial Statements 2021/22 (Notes to the Consolidated Financial Statements – G. Explanations and Other Disclosures).

PROVISIONS AND CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

On November 3, 2022, the Management Board of voestalpine AG decided to exercise the authorization granted to it on July 7, 2021, at the Annual General Meeting to buy back treasury shares. Under this share buyback program, a total of up to 5.6% of the share capital, i.e., a maximum of 10,000,000 ordinary bearer shares, may be repurchased. The share buyback program is expected to run from November 10, 2022, until July 10, 2023.

MANAGEMENT BOARD STATEMENT
IN ACCORDANCE WITH SECTION 125 (1) AUSTRIAN STOCK EXCHANGE ACT 2018 *(BÖRSEGESETZ 2018 – BÖRSEG 2018)*

The Management Board of voestalpine AG confirms to the best of its knowledge that the Condensed Interim Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of important events that have occurred during the first six months of the business year and their impact on the Condensed Interim Financial Statements, of the principal risks and uncertainties for the remaining six months of the business year, and of the major related party transactions to be disclosed.

Linz, November 3, 2022

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 report in German, which is solely valid.

Disclaimer
This report contains forward-looking statements that reflect the current views of voestalpine AG regarding future events. Forward-looking statements naturally are subject to risks and uncertainties, which is why actual events and hence results may differ substantially from such statements. The company is under no obligation to publish updates of the forward-looking statements contained herein unless so required under applicable law.

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The use of automated calculation systems may result in rounding differences.

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