



BOARD CHAIR'S REPORT

ANNUAL SHAREHOLDERS' MEETING



APRIL 22, 2024

Acerinox

Board Chair's Report

Good morning, ladies and gentlemen shareholders. To all those present in Madrid and those joining us live remotely from anywhere in the world.

Welcome to Acerinox's Annual Shareholders' Meeting for fiscal year 2023.

My sincerest thanks for your attention and attendance. It is an honor to address you as I complete my first full fiscal year as chairman of Acerinox with deep satisfaction and gratitude for the trust placed in me.

As you can imagine, the sense of responsibility is immense, as is the pride of being part of this Group and its unique history. Throughout this period, I have devoted all my efforts to advancing the strategy of our Company and I will continue to focus all my efforts in this same direction.

From the beginning, I have resolutely pursued our unwavering purpose: to position ourselves as the world leader in the supply of stainless steel and high-performance alloys, thereby driving the circular economy on a global scale. This commitment is part of our strategy of expanding Acerinox's offering with higher-value-added solutions, always underpinned by operational excellence and sustainability, two of the fundamental pillars of our company.

At all times, I have held firm our mission and vision: to create the most suitable materials for each application, with our sights on a more efficient future and contributing to the progress of a sustainable society, generating maximum value for all our stakeholders.

Those of us who dedicate our efforts, ideas, and enthusiasm to Acerinox are aware that our Group faces numerous challenges, as well as complex and interconnected risks in a changing and turbulent world.

However, we are firmly convinced that the disruptions in supply chains, increasing regionalization, and the recovery of the concept of strategic autonomy will open the door to a new economic order that will restore the essential role of our industry in both Europe and the US. This new economic paradigm will provide new opportunities favorable to our activity and you can trust that we will not miss this opportunity that we have been preparing for for so many years.

In managing these circumstances, and in a context of nearly constant instability, we faced what was undoubtedly a challenging 2023. The uncertainty arising from the geopolitical environment and the war in Ukraine has been aggravated by the situation in the Middle East. Towards the end of the year, events in the Red Sea, with ongoing attacks on freighters, disrupted maritime trade and diverted the flow of goods from the Suez Canal to longer, more costly alternative routes.

In such an adverse geopolitical and macroeconomic environment, we can feel satisfied to have presented good results in 2023 that show the resilience of the company even in low cycles. Acerinox ended the year with €6,608 million in revenue, a net profit of €228 million, and an EBITDA of €703 million, the fourth best in our history, solidifying a new profitability level with a margin on sales of 11%. 2023 was, as I have said, a challenging but positive year for our Group.

Difficult circumstances in the European market, where consumption and prices have been heavily affected by the geopolitical situation and pressure resulting from Chinese overproduction, as well as in terms of stock levels and cost inflation, have

challenged us once again to face a paradigm shift in our production and distribution centers by reflecting on the entire chain.

Economic and geopolitical uncertainty has led to inventory reduction, causing a decrease in apparent demand that impacted the Group's operations in 2023. The stainless steel industry saw the greatest impact by that inventory reduction, which was initiated in the second half of 2022. However, the high-performance-alloys market performed extraordinarily, resulting in VDM achieving the best result in its history.

In an environment of a sharp drop in demand, the results obtained reflect the success of our strategy focused on improving exposure to higher-value-added solutions, driven by the successful acquisition of VDM Metals in 2020.

We have renewed our commitment to the special alloys division, world leader in its sector, with an additional investment of €67 million, already approved in 2024. This reinforcement of Acerinox's global leadership position in the high-performance-alloys market demonstrates the success of strategic decisions made over the last few years.

As you know, Acerinox is a Spanish company, but it is increasingly American and international. Half of our sales and a large portion of our profits originate in the US. At the beginning of 2024, we wanted to reinforce our global leadership in high-performance alloys with a new strategic move: a purchase offer for Haynes International, a leading American company in the development, manufacture, and commercialization of technologically advanced high-performance alloys, with significant exposure to the highly strategic aerospace sector.

Haynes will provide our Group with complementary lines of business, research and development capacity, and a highly experienced team. Its integration into Acerinox will reinforce our global position in high-performance alloys and will create significant opportunities in the attractive aerospace segment, with strong growth and development in the US market.

The offer to acquire Haynes marks a significant milestone for Acerinox and a decisive new step in generating added value by combining complementary businesses and strengthening our operational capabilities in the US. In a sector where options are limited, Haynes clearly represents the best company for us: it is the most complementary business and the one that best fits our strategy.

The combination of Haynes, NAS, and VDM forms a strong platform to accelerate growth in the high-performance-alloys market and specialty stainless in North America. Our US subsidiary (NAS) will make an all-cash payment for the acquisition, which already has the unanimous approval of the boards of directors of Haynes and Acerinox.

The transaction, valued at \$970 million, will be made through the acquisition of all outstanding shares of Haynes for \$61 per share, in cash. This amounts to a total value of \$798 million for all shares of the company and a premium of 22% compared to the weighted average price of Haynes over the preceding six months (until February 2, 2024, the last trading day prior to the announcement of the transaction). The transaction has been approved by American antitrust authorities, as well as by a large majority of Haynes shareholders on April 16, and is pending further approvals.

Board Chair's Report

Following the acquisition, the Group will reinvest \$200 million over the next four years in our combined US business and enhance our exposure to high-value-added solutions and high-performance sectors. The transaction is of high strategic value for Acerinox and aligns three of our main goals: to grow in the United States, to strengthen our leadership in special alloys, and to increase our exposure to an industry as important as aerospace. The market has already responded positively.

A good year for the markets

Let me briefly mention that throughout 2023, the stock markets have overcome periods of high volatility, with turbulent performance overall across the main stock indices. The crisis of various US regional banks once again shook the US and European financial system with the collapse of certain entities and the intervention of Silicon Valley Bank in the US. However, the major world exchanges ended the year with significant increases. Despite the accelerated tightening of monetary policy, serious ongoing conflicts and other new ones, most exchanges closed 2023 in positive territory.

Gains in the major stock indexes, reflected in the Euro Stoxx 50 and the STOXX Europe 600, stood at 19.2% and 12.7%, respectively, for the whole of 2023, with indices such as the IBEX 35 seeing an increase of 22.8%, and driven by a banking sector that grew 28.6%, having benefited from higher interest rates. Closer to the performance of the Euro Stoxx 50 were the German DAX (+20.3), the Portuguese PSI (+11.7%), and the French CAC 40 (+17%).

The North American markets, after sharp corrections the year before, once again began to support world indices, led by the NASDAQ 100. Good proof of this is that this latter index representing the major technology stocks closed 2023 with increases of 53.8%, due mainly to the seven major technology stocks, the so-called Magnificent Seven, which rose by 75.7%.

Acerinox was no exception to these tailwinds that drove the close of the main stock indices at year-end. Our shares ended 2023 with a 15% increase. They reached their minimum on October 23, closing at €8.80 per share and peaked on December 28, 2023, with a valuation of €10.70 per share.

Our shares behaved more favorably than those of our competitors. The analysts' average target price at the end of the year was €13.30 per share, which represents a potential increase of 25% compared to the last trading day of 2023 (€10.70 per share).

Even so, I continue to be surprised that our share values do not reflect Acerinox's unparalleled strengths. We will persevere in our efforts to reflect the company's intrinsic value, as we believe Acerinox continues to trade at multiples significantly below those it deserves.

It is not for nothing that we are the most international company in the stainless steel market. We are the world's leading company in the high-performance-alloys sector and the number-one player in the stainless steel market in the US, where we have once again strengthened ourselves with our strategic commitment to Haynes International.

Board Chair's Report

Personally, I am convinced that this market anomaly that is affecting our price will eventually be corrected. As proof of this, this year we once again expressed our gratitude for the confidence and continued commitment to Acerinox through solid shareholder remuneration.

At this point, let me remind you that, since our company was listed on the market in 1986, shareholder remuneration has always been a priority for the Group. In 2023, our shareholders received a total of €150 million in dividends, coinciding with the implementation of our shareholder remuneration policy, which establishes two annual payments as a general rule: one in January and another in July.

Looking back, on January 27, 2023, we paid our shareholders an interim dividend for the 2022 fiscal year of €0.30 euros gross per share, and following approval at the 2023 Annual Shareholders' Meeting, another supplementary dividend of €0.30 gross per share on July 17. Consequently, dividend payments in 2023 totaled €0.60 gross per share, 20% higher than in 2022.

The shareholders also approved the redemption of nearly 10.4 million treasury shares at the Ordinary Annual Shareholders' Meeting. At its meeting on December 20, 2023, the board of directors agreed to propose a total retribution of €0.62 gross per share for 2024 at the Annual Shareholders' Meeting, constituting a 3.3% increase from the previous year.

I would also like to highlight the hard work of the Acerinox board of directors and its committees, and thank all of our directors for their efforts.

In 2023, the Acerinox board of directors met 14 times, while the different committees met a total of 34 times, adding up to 48 meetings between the board and its committees. The board is made up of 36% women, close to 40%, following the CNMV's recommendations for good governance. Among the most significant developments in terms of governance, as you will remember, was that Ignacio Martin San Vicente left his post as independent director at the Annual Shareholders' Meeting held on May 23, 2023, after completing his term as stipulated in the bylaws.

In turn, Pedro Sainz de Baranda Riva was appointed independent director for a term of four years.

Before concluding my speech, I cannot pass up the opportunity to reiterate my deep gratitude to all our professionals, the 8,229 workers who make up our staff, and who each day live and breathe this Group, offering us their effort, dedication, professionalism, and commitment.

And of course, to all our customers—whose loyalty drives us to perfect our solutions, products, and services—and to our suppliers, who collaborate with us on a daily basis. And especially to each and every one of you, our valued shareholders, whose support motivates us to continue working to grow our Company.

On behalf of the entire Acerinox board of directors, once again, thank you. I am confident that by working together, with the team's experience and professionalism, we will overcome the significant challenges and obstacles we face to achieve more ambitious goals and continue to generate value for our stakeholders.

Board Chair's Report

The strength of our company, as a global leader in stainless steels and high-performance alloys, will continue to be built step by step on the solid foundations of your commitment and support of our strategic vision.

Your trust, and that of each and every one of us who are lucky enough to be part of this ambitious project, motivates us to continue working toward a sustainable future where Acerinox continues to grow as the responsible ally you can always rely on.

Thank you very much.

Carlos Ortega Arias-Paz

Board chair

April 2024