2023
ANNUAL REPORT

Ferralum Metals Group
Audited Financial
Statements

FERRALUM METALS GROUP


FERRALUM
METALS
GROUP

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Who we are

“We empower sustainable industries through circularity and responsible operations.”

PREAMBLE

The following report represents the group's management report and MD&A (management discussion and analysis) which shall provide complementary information to the **group's first consolidated financial statement 2023.**

It shall provide further insight on the group's:

- **core businesses**
- **objectives and corporate strategy**
- **resources and relationships**
- **principal risks and uncertainties**
- **business performance and review of financials**
- **outlook and forward-looking statement**

Hence, it shall be seen as a **supplement** to the financial statement by adding information and presenting additional **contextual and prospective information**.

However, it is herewith emphasized that the group took **control over BAGR-Non-Ferrous Group GmbH during the fiscal year** (by mid 2023) and the present report therefore represents the group's first consolidated financial report after acquisition.

As a consequence, the financial figures of this consolidated financial statement **do not contain the group's activity throughout the whole fiscal year 2023.**

Besides – according to applicable accounting standards - the financial figures in the group's **first consolidated financial statement** as per 31 December 2023 do not have comparative figures of the prior year as the group did not yet exist on 31 December 2022.

Moreover, due to accounting rules and standards necessary to be applied on the acquisition year's consolidated financial statement, the interpretation of the financial data and group performance requires related considerations.

The coming year's report 2024 will then contain the conventional outline including whole year's figures including a prior year comparison.

However, BAGR Berliner Aluminumwerk GmbH, Stockach Aluminum GmbH, Steelcom Steel & Commodities GmbH being the main operational entities are each in possession of **individual audited financial statements** including management reports reflecting their activity during the whole year 2023 and prior year's comparison.

At a Glance

"Market dynamics driving our business."

Ferralum Metals Group

Having its **core competences** in aluminum recycling, procurement and marketing of ferrous products as well as raw material processing and energy, Ferralum Metals Group Sàrl is empowering sustainable industries through circularity and responsible operations.

It is committed to **reducing environmental impact** while driving industrial progress in Europe and across the world.

As a holding company it has deliberately selected its investments in specialized, sustainable and profitable business sectors of the aluminum and ferrous products industry.

Since May 2023, **BAGR Berliner Aluminumwerk GmbH, STOCKACH Aluminum GmbH, STEELCOM Steel & Commodities GmbH** as well as a participation in **Italiana Coke S.r.l** define the group's main assets.

These aforementioned entities – all already being well known, resilient and successful players within their industries since decades – shape the corporate profile of the Group and represent a portfolio of eligible, future-oriented and profitable enterprises.

Comprehensive foresight, strong emphasis on product and service excellence as well as an innovative business strategy is combined with profound dedication to business development and diversification which together position the group for sustainable growth.

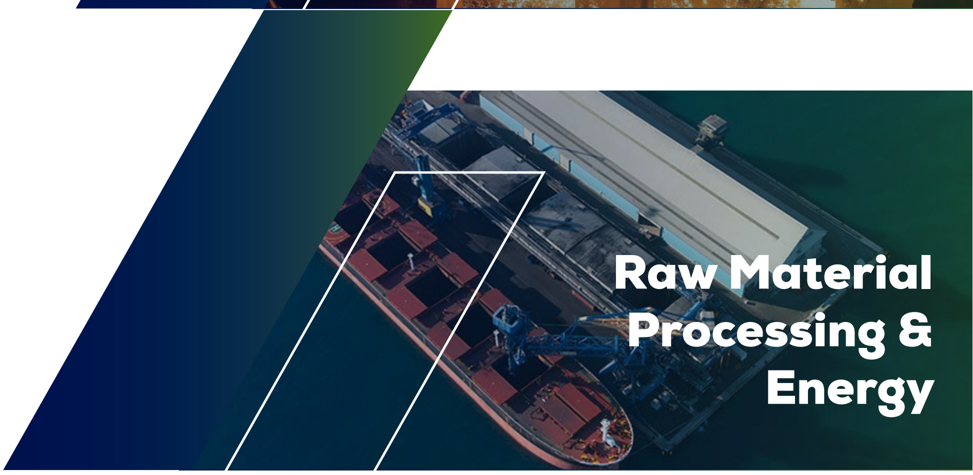
With decades of production, procurement and marketing experience in the ferrous and non-ferrous sector Ferralum Metals Group is able to consistently deliver value in dynamic market conditions and ensure to be a long-term partner for industrial clients.

MANAGEMENT SOURCE

Our Core Business

Ferralum Metals Group is proud for playing an important role in promoting the dynamics of the metals industry. Decades of successful business history as well as value-added customer solutions have been the main key to the group companies' success.

The group performs its activities throughout **three selected business fields:**



Our Business

/ Aluminum Recycling

"Secondary Aluminum Excellence – Made in Germany"

Aluminum Recycling

Ferralum Metals Group takes pride in its aluminum recycling division, a well-known market participant in promoting sustainability in Europe. Through innovative processes, the two plants transform aluminum scrap into high-quality rolling slabs, emphasizing our commitment to reducing reliance on costly and energy-intensive primary sources.

The group owns two aluminum recycling plants in Germany **(BAGR Berliner Aluminumwerk GmbH and STOCKACH Aluminum GmbH)** which are among Europe's leading secondary aluminum producers.

The profound expertise in alloy development, advanced casting technology and an upcoming own heat treatment facility showcases the dedication to delivering advanced products while adhering to the highest quality standards and requirements.

Industries to which the group serves as a reliable secondary aluminum supplier:

- Transportation, Automotive & Railway
- Packaging
- Engineering & Construction
- Electrical Engineering

With the aluminum plants' proven track record and a business history of many **decades**, Ferralum is well-positioned in the market as a strategic supplier of aluminum slabs with a wide range of alloys (including 5xxx, 6xxx and 8xxx series).

The **state-of-the-art technology** used in both plants underlines the commitment to innovation. In addition to that it ensures the supply of high-quality aluminum raw materials while positioning us as a leading player within the sector and meeting the dynamic market demands for recycled aluminum.

Hence, the applied know-how, technology, and product excellence has even led to qualifications for sophisticated applications throughout the automotive and aerospace industry –all **made in Germany.**

In this business sector, the group serves both with **demand-production and fixed-fee tolling arrangements**– depending on market demands.

A combined production capacity of **165,000 metric tons** per year (with viable opportunities to expand), approx. 170 employees across both facilities as well as comprehensive technological expertise position us as reliable and capable partner for the sustainability needs of its clients.

The own **heat treatment facility** (at the BAGR plant in Berlin) will be commissioned by August / September 2024 and will soon extend the service portfolio and increase efficiency of the company by making it independent of external services in this regard.

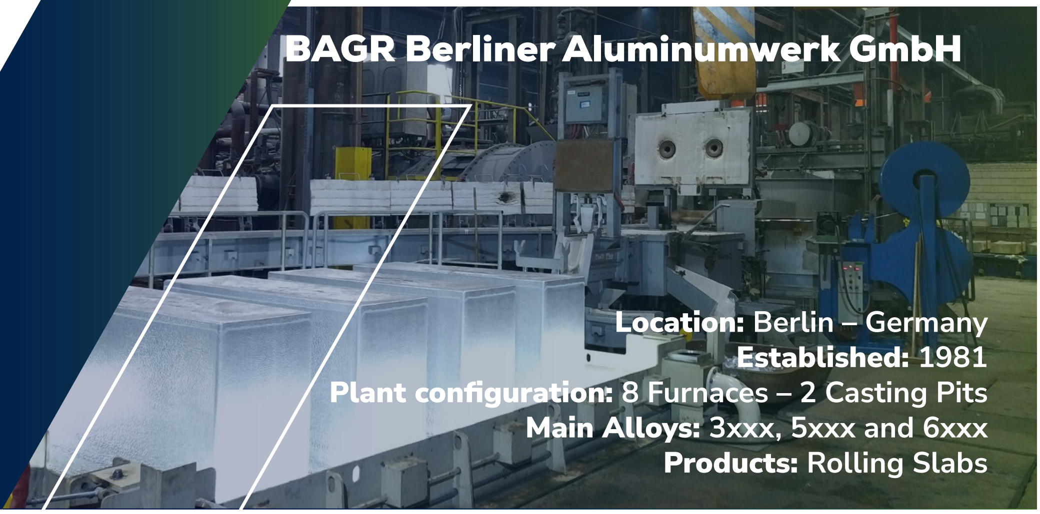
The group's production plants are proud to have been selected as a long-term and strategic supplier to various German and European **sophisticated blue-chip customers**, including major rolling mills and precision plate manufacturers.

Important to mention is that secondary aluminum plants **consume about 95% less energy** than primary aluminum production plants and therefore play an essential role in shaping the sustainability requirements of today and tomorrow. The commitment to circular economy practices offers businesses an eco-friendly alternative, contributing to resource conservation.

Aluminum Recycling

Ferralum Metals Group's aluminum recycling division is a strategic business field which drives **profitability through sustainability.** It aligns with **market demands and trends** for sustainable materials and empowers companies to make environmentally conscious choices that positively impact both profitability and the planet.

BAGR
Berliner Aluminiumwerk GmbH



›StockachAlu»
QUALITÄT AUS EINEM GUSS

Our Business

/ Ferrous Metals Procurement & Marketing

"Market Dynamics driving our Business."

Ferrous Metals Procurement & Marketing

Our ferrous metals procurement and marketing division operates globally in delivering premium steel products and commodities for **sophisticated demands**.

Having started its activity back in **1958**, our group subsidiary STEELCOM benefits from vast industry experience spanning more than **six decades** and has become a reputable brand within the industry.

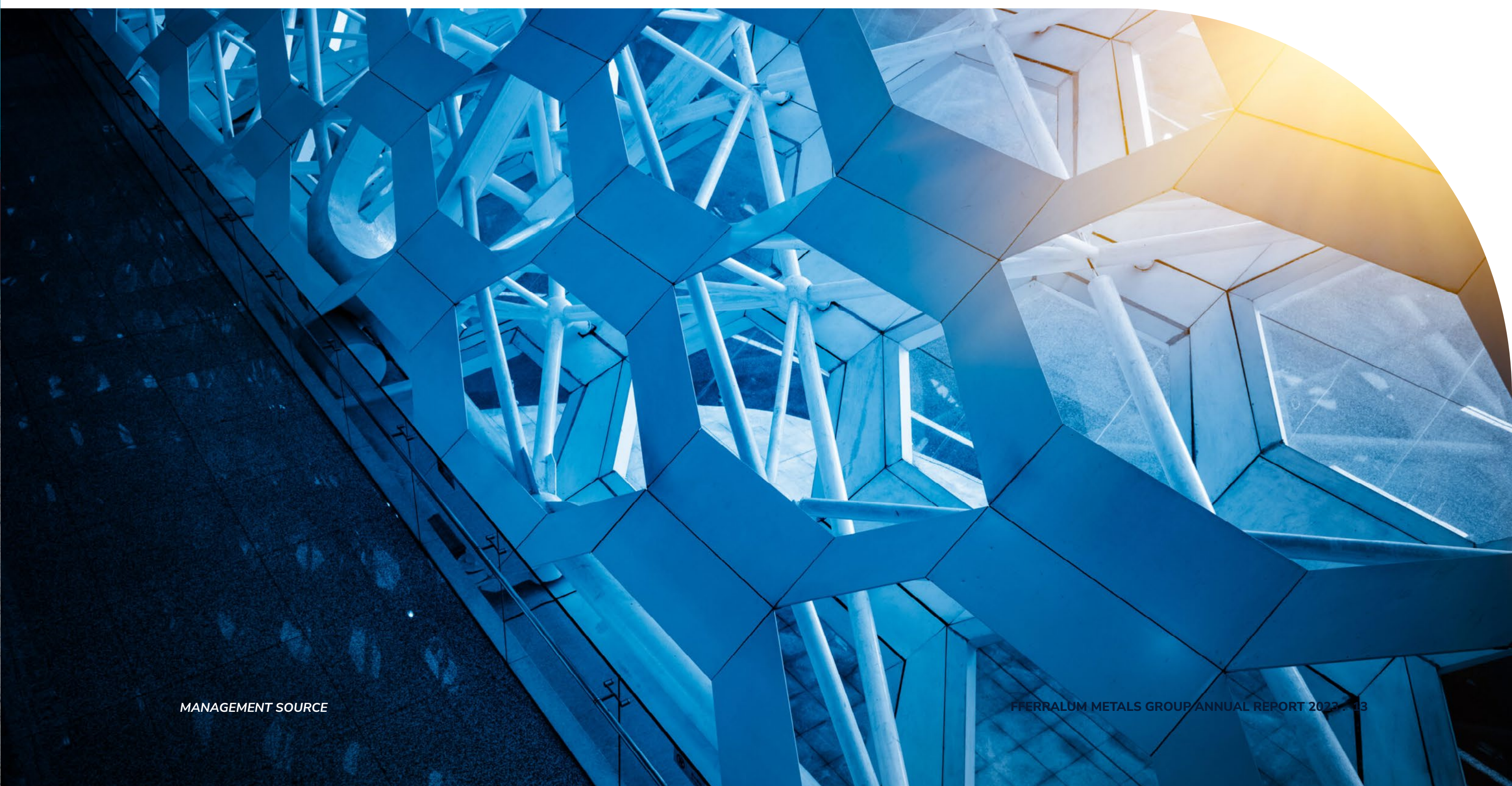
STEELCOM's **extensive business network** is based on reliable and long-standing relations which have grown over years. Combined with excellent market knowledge as well as commercial, financial and technical know-how, we are offer products with **value-added, integrated business solutions** to our clients.

With its **headquarter in Essen**, Germany, STEELCOM supplies steel products and commodities which serve the whole steel production supply chain and vary depending on prevailing market needs and customer requirements.

Our main field of activity comprise the following product portfolio:

- **Semi products**
- **Flat products**
- **Long products**
- **Tubes & pipes**
- **Special & automotive steel**
- **Raw materials for steel production**

Having been selected as a strategic supplier for various blue-chip clients and leading industrial plants in various sectors, STEELCOM serves its clients from strategic locations in Germany, Austria, Luxembourg, Monaco and Spain, ensuring proximity to key markets and clients.



Our Business

/ Raw Materials Processing & Energy

"Efficiency at the Core of our Operations."

RAW MATERIAL PROCESSING & ENERGY

By a participation of 38.71% (+ call-option for majority stake) in Italiana Coke S.r.l., our group is also active in the raw material processing & energy business.

With a business history of more than **125 years**, the company processes coking coal from selected sources into foundry coke, blast furnace coke and metallurgical being supplied since decades to various European and global customers.

An annual production **capacity of 450,000 mt**, eligible high-quality products and a strategic location near the port of Savona it is positioned as one of Europe's key suppliers of coke.

The company is also in possession of an **own bulk terminal and logistic operations** in Savona as well as a unique transport wire-line between plant and port.

The coke production is based on the process of **dry distillation** in which an integrated on-site cogeneration plant (24 MW) generates approx. **140,000,000 kWh/year of electricity** while production, contributing to a circular and sustainable production cycle. Approximately 80% of this production is supplied to the national grid.

Italiana Coke's range of products:

- **Foundry coke**
- **Metallurgical coke**
- **Blast Furnace coke**
- **Ammonium sulphate**
- **Coal tar**
- **Electricity**

In all business activities our commitment to sustainability and innovation ensures eco-friendly solutions also in this division for a greener tomorrow.

ITALIANA COKE

TERMINAL ALTI FONDALI SAVONA

Our Locations

Ferralum Metals Group strategically positions its subsidiaries in key locations throughout Europe with its **leading operational entities in Germany.**

Aluminum recycling, raw material & energy processing as well as ferrous metals procurement and marketing are performed with geographic diversity enhancing operational efficiency and market presence.

Luxemburg, Berlin (Germany), Stockach, (Germany), Essen (Germany), London (UK), Monaco, Madrid (Spain), Vienna (Austria), Genoa - Savona (Italy)

MANAGEMENT SOURCE

OBJECTIVES & STRATEGY

In performing its business and activities the group pursues determined objectives and strategies which can be summarized as follows:

Risk-averse business model

All commercial and financial business operations of the group follow a risk-averse business model while exploring and utilizing market opportunities. All businesses are structured with strict avoidance of price, currency or market risks. Production programs are governed by customer-led demand and order-based raw materials procurement, minimizing waste and enabling cost effective planning. In order to exclude speculation from the business environment all transactions are structured on back-to-back basis, all additionally secured by a variety of financial risk management tools and selection of low-risk sales countries.

Business activity in a sustainable business sector

The group's business portfolio has been selected with a focus on sustainability and product demand trends (e.g. secondary aluminum production) as well as being in the possession of comprehensive capabilities for identifying and utilizing global arbitrage opportunities (steel & commodity trading).

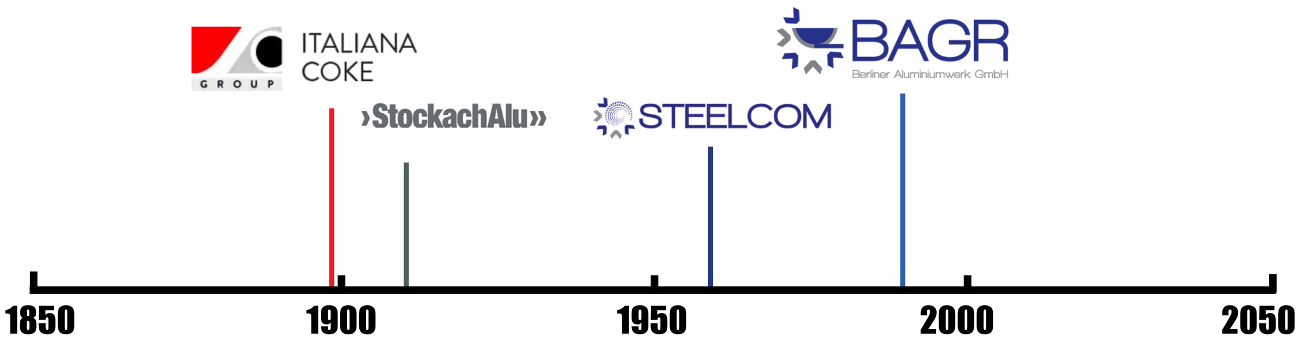
Diversified product mix

While driving a sustainable business model Ferralum Metals Group ensures the offer of an extensive product range in segments to reduce our exposure to changes in demand. Business is conducted in both large and niche markets and operate between large groups and local small sized players.

Long-term track record throughout the industry

Having achieved successful track records in relevant markets since many decades, the group maintains long-term partnerships with a wide range of customers and suppliers and became a well-known brand throughout the industry:

BAGR:	established 1981
STOCKACH:	established 1921
STEELCOM:	established 1958
ITALIANA:	established 1897



MANAGEMENT SOURCE

OBJECTIVES & STRATEGY

Value-added supply chain solutions

Besides product excellence, Ferralum Metals Group offers value-added commercial and financial services to fulfil the needs customers and supplier who do not have the equivalent internal capability or resources, thereby making the group a preferred partner and strengthening our long-term relationships. It has significant execution capabilities including production facilities, deep market knowledge as well as commercial and financial resources. Leveraging its network enables taking advantage of changing demand and supply opportunities.

Highly committed shareholders with active roles in the operational management

The shareholders of the group personally contribute the development of enterprise by having themselves taken over key operational management functions within the main group entities while bringing in personal commitment to value increasing and business expansion.

Diversified blue-chip client base in sophisticated industries

Each of the group entities are pleased for having succeeded to quality as approved vendor by various sophisticated blue-chip customers and industries throughout Germany, Europe and the world and entrusted with long-term partnerships.

Substantial further growth from tangible near term business opportunities in growing demand industry

Based on the sustainable business sector selected, the continuously enhancing market trend for products produced by our group (especially secondary aluminum), as well as decades of business history and even customer requests asking for capacity expansions, Ferralum Metals Group is well-positioned for growth.

Intergroup synergies

A strong focus on utilizing the versatile synergy potential among the group entities is a key driver for commercial, financial and technical efficiency and enhancement. Moreover, it strengthens the competitive advantage of the group in the market.

Focus on core competences to ensure product and service excellence

In order to ensure product and service excellence Ferralum Metals Group focuses on its main capabilities and core competences rather than following a generalist approach. A clearly identifiable DNA of our group shall leverage the trust and reliance in the group allowing to sustain and increase competitive advantages.

ANALYSIS OF ECONOMIC AND BUSINESS-RELATED ENVIRONMENT IN THE FINANCIAL YEAR 2023

ECONOMIC ENVIRONMENT 2023

After a 2022 dominated by the considerable subsequent effects of the coronavirus pandemic, global supply chain problems and the war in Ukraine, many indicators and developments unfortunately failed to recover in 2023. The economic challenges continued to remain at a high level and led to far-reaching burdens for companies and households - both at a global and local level in the Federal Republic of Germany.

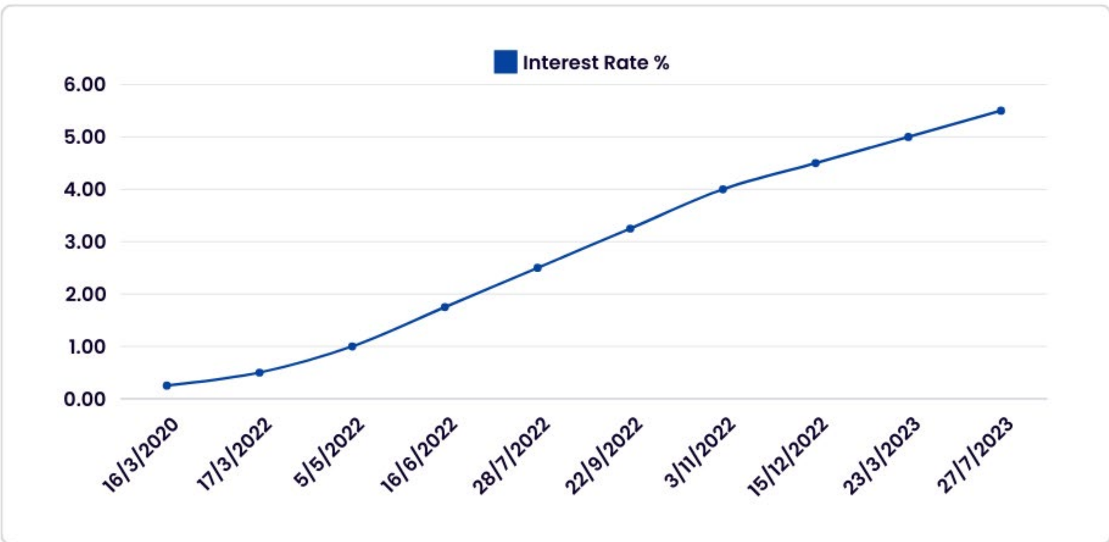
The significant increases in gas and energy prices in 2022 which were resulting from the curtailment of gas supplies from Russia could to some extend recover in the reporting year.

However, due to the huge uncertainty, numerous industrial plants have hedged their long-term supply at the very high prices of the previous year in order to ensure planning security of supply. This led to increased pressure and burden on these companies due to the price difference on the spot market.

In 2023 it was possible to encounter the high inflation to a certain extent, so that the rate fell below the previous year's level in the reporting year. According to the Federal Statistical Office, the inflation rate in Germany ranged at 5.9% in 2023 and thus remained still at a very high level (previous year: 6.9%).

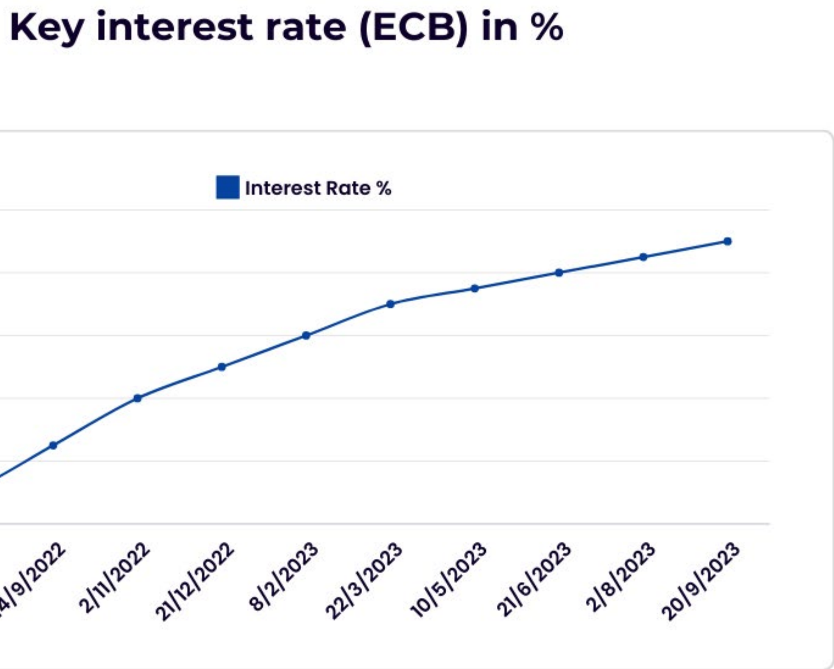
Following interest rate hikes in 2022, the US Federal Reserve (FED) set further increases in key interest rates and raised them in several steps to 5.5% by July 2023, the highest level of the last 22 years.

Key interest rate (FED) in %



ANALYSIS OF ECONOMIC AND BUSINESS-RELATED ENVIRONMENT IN THE FINANCIAL YEAR 2023

The European Central Bank (ECB) also raised its key interest rate several times in the financial year and it has now stood at 4.5% since September 2023.



According to calculations by the International Monetary Fund “IMF”, the global economy contracted in the reporting year 2023 and recorded a growth of 3.1% (previous year: +3.2%).

However, the far more dramatic development took place in the eurozone where the gross domestic product grew by 0.5% only. (previous year: +3.1%). The advanced industrialized nations recorded combined growth of 1.5% (previous year: +2.6%). The emerging economies continued to lead the way in economic growth with +4.1% (previous year: +4.1%). In the case of Germany, a decline of and loss in economic output of -0.3% was prevailing (previous year: +1.8%).

ANALYSIS OF ECONOMIC AND BUSINESS-RELATED ENVIRONMENT IN THE FINANCIAL YEAR 2023

ALUMINUM & STEEL INDUSTRY 2023

Global primary aluminum production rose from 68.4 million tons in 2022 to 70.6 million tons in 2023. While Western European production fell again significantly to 2.71 million tons and North American production rose from 3.74 million tons to 3.90 million tons, production in China grew again from approx. 40.4 million tons to approx. 41.67 million tons. In the Arab Gulf states, output grew slightly from 6.07 million tons to 6.22 million tons.

The aluminum price on the LME remained within a comparatively narrow range during the year, falling slightly from USD 2,460.50/t at the at the end of 2022 to USD 2,335.50/t at the end of 2023.

According to the World Steel Association (WSA), global steel production increased by 2.8% from 1,797 million tons in 2022 to 1,849 million tons in 2023.

The German Engineering Federation (VDMA) reported that the negative trend in customer order intakes from 2022 continued even more in 2023. Despite a slight improvement in the situation towards the end of the year, the industry is facing a 12% drop in orders in real terms compared to the already weak previous year. Measured by turnover of industrial companies based in Germany, mechanical engineering is the second most important industrial sector.

By contrast, the German automotive industry - Germany's most important industrial sector in terms of turnover - was fortunately able to record a significant increase in the number of cars produced. However, persistently high energy prices, the effects of the war in Ukraine and ever-increasing competition from Asia do not make for an easy environment. Nevertheless, production rose from 3.4 million vehicles in 2022 to 4.1 million vehicles in 2023. According to the German Federal Transport Authority, the number of new vehicle registrations in 2023 reached a level of 2,844,609, which represents an increase of almost 7% compared to the previous year.

BUSINESS PERFORMANCE 2023 AND REVIEW OF FINANCIAL DATA

"Added-Value Services for Dynamic Economies."

BUSINESS PERFORMANCE 2023 AND REVIEW OF FINANCIAL DATA

GENERAL

Despite various macro-economic challenges throughout Germany and Europe in 2023 (especially in Q3 + Q4) as well as a restructuring / Management-Buy-Out process having taken place in the same year, Ferralum Metals Group has continued to be **resilient and develop successfully.**

As the group has been acquired and **formed by mid of 2023**, prevailing accounting standards oblige the issuer of the consolidated financial statement to apply rules which only occur at the time of the first group consolidation and may lead to missing whole year figures as well as comparability with prior full-year's results.

The consolidated profit and loss statement of Ferralum Metals Group (for the period 1 July 2023 till 31 December 2023) comprise a revenue of € 120.4 Mio. and a net income of the group amounts k€ 44,685.

Material accounting policies and accounting estimates are described in note 2 of the consolidated financial statement in detail to which we herewith refer to.

If BAGR Non-Ferrous Group had been acquired on 1 January 2023, revenue of the Group for 2023 would have been € 296 Mio. However, due to lack of IFRS-specific data prior to the acquisition of BAGR Non-Ferrous Group GmbH, pro-forma profit or loss of the combined entity for the complete 2023 reporting period cannot be determined reliably and therefore are not included in this report.

However, BAGR Berliner Aluminumwerk GmbH, Stockach Aluminum GmbH, Steelcom Steel & Commodities GmbH being the main operational entities each **have individual audited financial statements** including management reports reflecting their activity during the whole year 2023 including prior year's comparison.

The company employed as per balance sheet date 194 employees throughout all entities.

Key management positions are occupied by personnel with the required experience, background, entrepreneurial spirit and drive to contribute to growth and success.

BUSINESS PERFORMANCE 2023 AND REVIEW OF FINANCIAL DATA

REVIEW OF FINANCIAL DATA

The Consolidated Financial Statement for the year 2023 has been prepared with detailed notes which examine the financial data already comprehensively.

However, the following review shall represent a complementary analysis and information:

THE BALANCE SHEET

ASSETS

The **current assets** with the total amount of k€ 43,683 mainly consist of trade receivables, inventories and cash on banks.

The **trade receivables** in the amount of k€ 15,639 are formed by typical short-term receivables resulting from the usual business operation. Worth to mention is that the group utilizes factoring facilities with banks and sells the vast majority of its receivables while reducing risk and improving liquidity.

The **inventories** amounting k€ 18,023 mainly consist of k€ 9,464 of raw materials on stock as well as k€ 7,640 of finished products ready for sale of the aluminum plants

As per balance sheet date, the group shows a freely disposable **liquidity position** of k€ 8,864. This amount represents the cash at banks position.

The **non-current assets** with the total amount of k€ 200,365 mainly consists of other intangible assets, property plant and equipment, investment accounts using the equity method as well as other financial assets.

The **other intangible assets** amount to k€ 62,029 and mainly result from the activation of customer relationships within the purchase price allocation with the amount of k€ 61,803 as well as activated software and licenses in the amount of k€ 226.

The **property plant and equipment** amounting k€ 59,147 mainly consist of value attributed to technical equipment and machinery with the amount of k€ 35,547, office plant and building in the amount of k€ 15,634 as well as land in the amount of k€ 4,938 all being related to the two aluminum plants.

The **investment accounted for using the equity method** in the amount of k€ 63,584 is related to the investment in the coke and energy production plant Italiana Coke S.r.l.

Other financial assets amount to k€ 14,154 and mainly consist of receivables towards Metalcorp Group S.A. in the net amount of k€ 13,672 which will be offset in the debt restructuration transaction occurring in 2024.

BUSINESS PERFORMANCE 2023 AND REVIEW OF FINANCIAL DATA

LIABILITIES

The group's **total current liabilities** of k€ 69,301 consist of short term and current maturities of long-term debt & lease liabilities, trade payables as well as other current liabilities.

The short term and current maturities of long-term debt & lease liabilities comprise an amount of k€ 21,766 of which k€ 19,096 is related to debts to banks from loans and k€ 2,573 from short term lease liabilities for machinery and equipment of the plants.

Besides, the current liabilities comprise trade payables in the amount of k€ 39,266 which are from regular business and short-term.

The **non-current liabilities** with the total amount of k€ 116,159 can be mainly segregated in long term debt & lease liabilities and deferred tax liabilities.

Long term debt & lease liabilities comprise k€ 86,414 of which k€ 4,071 is related to loans from banks, k€ 77,156 are related to the vendor loan given by the seller Metalcorp Group S.A. for the purchase of BAGR Non-Ferrous Group GmbH under the SPA dated 17th May 2023 as well as k€ 5,187 of long-term lease liabilities for machinery and equipment of the aluminum plants.

Deferred tax liabilities amount to k€ 28,768 EUR.

EQUITY

Ferralum Metals Group has a **subscribed share capital** of k€ 30.

The first year's group consolidation has led – by application of all relevant accounting measures – to **retained earnings** in the amount of k€ 45,224.

A deducting of other comprehensive income of k€ -604 and the addition of non-controlling interest of k€ 13,936 lead to a **total group equity** of k€ 58,587.

The consolidated balance sheet of the group shows total an **equity ratio** of 24.0%.

BUSINESS PERFORMANCE 2023 AND REVIEW OF FINANCIAL DATA

PROFIT AND LOSS STATEMENT

REVENUES

The group consolidated financial statement comprises revenues for the period **July until December 2023** (after the acquisition of the operating companies per the Business Combination). During this period the group could – despite difficult macro-economic frame conditions in the second half of the year – achieve a revenue of k€ 120,437 which can be segregated as follows:

Revenues by Sales Market

Country	Revenues in k€
Germany	96,598
Rest of Europe	23,608
Other	231
Total	**120,437**

Revenues by Section

Section	Revenues in k€
Aluminum production	51,425
Ferrous metals trading	68,932
Other	80
Total	**120,437**

Revenues & Production Split of the Aluminum Business

Revenue split	Revenues in k€
Full-service business	39,450
Tolling / conversion	10,815
Other	1,160
Total	**51,425**

Production split	Produced Tonnage in t
Full-service business	14,426
Tolling / conversion	30,724
Other	1,166
Total	**46,316**

BUSINESS PERFORMANCE 2023 AND REVIEW OF FINANCIAL DATA

PROFIT AND LOSS STATEMENT

REVENUES

The aluminum plants' revenues and production for **first half year 2023** could – due to mentioned reasons - not be part of the consolidation.

However, the management would like to add complementary also on the aluminum plants' production and revenues in the period **January – June 2023**:

Revenues by Section

Section	Revenues in k€
Aluminum production	80,090
Ferrous metals trading	95,385
Other	39
Total	**175,514**

Revenues & Production Split of the Aluminum Business

Revenue split	Revenues in k€
Full-service business	58,646
Tolling / conversion	19,139
Other	2,305
Total	**80,090**

Production split	Produced Tonnage in t
Full-service business	20,050
Tolling / conversion	45,271
Other	2,158
Total	**67,479**

MANAGEMENT SOURCE

BUSINESS PERFORMANCE 2023 AND REVIEW OF FINANCIAL DATA

PROFIT AND LOSS STATEMENT

REVENUES

As a consequence, the whole year's revenue and production – on a **proforma based calculation** for the **January – December 2023** – would summarize as follows:

Revenues by section

Section	Revenues in k€
Aluminum production	131,514
Ferrous metals trading	164,317
Other	119
Total	**295,951**

Revenues & Production Split of the Aluminum Business

Revenues split	Revenues in k€
Full-service business	98.095
Tolling / conversion	29,954
Other	3,466
Total	**131,515**

Production split	Produced Tonnage in t
Full-service business	34,476
Tolling / conversion	75,995
Other	3,325
Total	**113,796**

SG&A (selling and general administrative expenses)*

The selling and general administrative expenses (SG&A) amount to k€ 7,473 in the reporting period and consist of amortization of other intangible assets in the amount of k€ 1,103, other amortization, depreciation and impairments of k€ 1,789, staff costs of k€ 2,406 as well as principal accountant fees and services of k€ 1,711 of which k€ 1,352 were one-off costs related to the restructuring.

* AUDITED SECTION

BUSINESS PERFORMANCE 2023 AND REVIEW OF FINANCIAL DATA

PROFIT AND LOSS STATEMENT

Other non-operating income and expenses*

The other non-operating income / expenses amount to k€ 56,451.

Income of k€ 57,034 has resulted from bargain purchasing as a consequence of the **business combination** that occurred on 30 June 2023.

Refunds for energy subsidies, reimbursement for damages and other income comprised k€ 1,457.

As per 31.12.2023, Ferralum has – based on prudence as the restructuring is in course - applied an impairment amounting to k€ 1,763 on a loan due from Metalcorp Group S.A.

Other expenses amount to k€ 188.

Interest expenses*

Interest expenses amounting to k€ 7,394 consists of k€ 2,738 being related to interest paid for bank loans and k€ 4,656 being accrued interest related to the share purchase contract dated 17 May 2023 for the purchase of BAGR Non-Ferrous Group GmbH which foresees interest accumulating and being due at maturity in 2026.

Net income*

The net income of the year amounts k€ 44,685.

NOTE ON THE OPERATING ACTIVITY

As mentioned earlier, the figures under the **first year's consolidated financial statement** (post-acquisition) do not contain the whole year's scope. As a consequence, the possibility for an expressive examination on the group's operating activity during the year 2023 is **limited** on group level.

The group companies have long-standing track records and business histories with its client base leading to recurring and developing revenue and income. However, the business operation of the group companies is also shaped by certain seasonality and also macro-economic factors which may cause postponements of orders or deliveries. As the analysis of the economic frame conditions reported in this report visualizes the industries were affected by difficulties it is herewith mentioned that these challenges in particularly affected the industries in Q3 and Q4 of the year 2023 whereas Q1 and Q2 of the same had allowed the generation of higher revenues and income achievements.

Hence, due to the fact that the evaluation of the operating activity of the group would require a whole year's evaluation and comparison to the prior year the management refers to the **audited financial statements of BAGR Berliner Aluminumwerk GmbH, Stockach Aluminum GmbH, Steelcom Steel & Commodities GmbH** including management reports reflecting their activity during the whole year 2023 including prior year's comparison.

PRINCIPAL RISK AND UNCERTAINTIES

The presentation of consolidated financial statements requires the management to make estimations and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations, and arises principally from the company's receivables from customers and loans. The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also regularly considers the creditworthiness of the company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The company has established a credit policy under which each customer is analyzed individually for creditworthiness before the company's payment and delivery terms and conditions are contracted. This is done in close cooperation with the trade finance banks and credit insurance companies. Hence, following the risk averse approach of the group, receivables towards clients are secured by adequate credit insurance coverages, bank guarantees, letters of credit and the extensive utilization of factoring reducing significantly the relevant risk.

Market Risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, product prices and will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company makes use of adequate instruments and back-to-back transaction models in order to manage market risks.

Currency Risk

The group may find its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar against the euro, may have impact on the group's financial results. As the group executes its business mainly on a euro basis on the purchasing, selling as well as the financing side the currency is naturally limited.

PRINCIPAL RISK AND UNCERTAINTIES

Interest rate risk

Interest rate risks represent potential effects on the group's situation resulting from eventual fluctuations on financial markets. To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

The Group's risk management is coordinated at its headquarters, in close cooperation with the directors of each group entity.

Going concern

For this assessment, the board of management also relies among other sources on an external expert opinion, obtained as part of the restructuring and recapitalization approach, which contains inter alia business plan estimates for the periods from July 2023 onwards and assumed the restructuring transaction to take place by January 2024. This business plan projected a consolidated turnover amounting to k€ 170,800 for 2nd half 2023 and to k€ 380,100 for the year 2024.

The preliminary results available as per date of issuance of this consolidated financial statement related to the first half year of 2024 (actual revenues circa € 130 Mio.) as well as the final figures for the year 2023 show a lower than planned actual Revenues and EBITDA (due to occurred maintenance work of a furnace as well as delay in commissioning of the heat treatment plant in one of the plants) and the group would need to achieve a higher Revenues and EBITDA in the second half of the year to be in line with business plan.

This lets the management conclude that it would be required that the group highly performs in the 2nd half of the year 2024 compared to the period from 1st July 2023 to 30th June 2024, in terms of revenues sold to third parties as well as in terms of profitability.

Whether this performance can be achieved is subject to a material uncertainty that may potentially cast significant doubt about the group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, the board of management of Ferralum has, at the time of issuance of the consolidated financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and the business potential and opportunities necessary to meet the objectives of its business plan. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

FORWARD LOOKING STATEMENT

MACROECONOMIC OUTLOOK

According to IMF (International Monetary Fund) forecasts, the global economic growth is expected to remain the same in 2024 as in 2023, i.e. 3.1%. Economic growth in the advanced industrialized countries is expected to fall from 1.6% (2023) to 1.5% in 2024, while growth in the emerging economies and developing countries is expected to remain stable at 4.1% (2023 + 2024). For Germany, the IMF assumes that the German economy will grow by 0.5% in 2024 (2023: -0.3%).

Global inflation, on the other hand, is expected to fall from 6.6% (2023) to 5.8% (2024).

According to analyses by various institutes, inflation is likely to continue to fall gradually and ultimately reach a level of below 3% in Germany. A further reduction towards the end of the year seems possible.

The reasons for this weak development forecast include the energy-intensive weighting of German industries and the associated high production costs. Both the conflict in the Middle East and the German government's budget crisis have increased uncertainty among companies and households in Germany.

According to data from the World Trade Organization (WTO), global trade growth is expected to rise again to 3.5% in 2024 following an already massive decline to just under 1% in 2023.

Geopolitical uncertainties ranging from the war in Ukraine and the conflict in the Middle East to further influences on supply chains and transport routes caused by environmental factors such as the water shortage in the Panama Canal and the ongoing conflict between China and Taiwan may continue to have a negative impact.

GROUP OUTLOOK / EVOLUTION PREVERSIBLE

Having successfully passed through a consecutive sequence of extraordinary events such as the corona pandemic, supply chain disruptions, a macro-economic slow-down in Germany and Europe as well a restructuring / management buyout (MBO) process, the company emanates from this recent history as an enterprise which showed strong resilience and positioned for growth.

Despite still moderate economic forecasts for the near term-future given by the IMF, the management sees business potential to increase again in 2024, 2025 and 2026 in the group's field of activity. This assumption is in particularly supported by new orders which the group succeeded to acquire and the end of the financial year 2023 as well as during the first months of 2024.

The growing trend towards sustainability and lightweight transportation and construction, as well as the growing demand for aluminum produced from scrap in a resource-conserving manner, is giving our group increasing importance as a secondary aluminum smelter with a low ecological footprint.

The commissioning of group's own heat treatment plant in the second half of 2024 provides an important cost and service advantage and improved the company's competitiveness.

In all business areas, the company is sustainably consolidating and expanding its competitiveness with customer-oriented, integrated solutions and products that meet the highest quality standards. The strategic partnerships established by the company over decades, as well as sophisticated production processes and certifications, form a key basis for this. The company is constantly endeavoring to expand its customer portfolio and thereby strengthen its market position. Overall, the group considers itself to be well positioned for future commercial, financial and technical challenges in the long term due to its sustainable orientation.

Finally, synergy potential among the group entities can be utilized as driver for enhancement of business.

POST BALANCE SHEET EVENTS

After balance sheet date, in on 31st March 2024, the group has materialized certain trade receivables from customers by settlement through transfer of ownership of market tradable commodities which enable the company to utilize additional business opportunities on the sales side. The commodities are currently located in customer's place but on behalf of the group.

After balance sheet date, on 19th June 2024, Ferralum Metals Group S.à.r.l. has entered into a recapitalization transaction by which it has fulfilled all its obligations under the SPA dated 17.05.2023 (share purchase agreement for the purchase of BAGR Non-Ferrous Group) and has replaced it with a DCM (debt capital market) based financing.

Within the envisaged transaction structure, Ferralum Metals Group Sàrl has assumed capital liabilities of the seller towards its international bondholders as well as transaction costs. As part of this transaction, the Company has also offset a receivable amounting to k€ 13,672 due by Metalcorp Group S.A. against an amount due by the Company to this third party.

By issuance of a € 66 Mio. Bond on 28th May 2024, Ferralum Metals Group Sàrl has assumed – with debt releasing effect – the seller's capital liabilities in the same amount. The market tradable bond has been successfully issued with ISIN 000 A3LWZV6 and has a maturity in December 2026. The interest rate comprises 10% p.a. and is also due in December 2026. However, the issuer has at any time the possibility to repay or refinance without penalties.

By an agreement dated 21st May 2024, Ferralum Metals Group has assumed transaction costs in the amount of € 6.8 Mio. which were due and payable with closing of the transaction. Further contingent earn-out liability may be assumed by the Group, however only becoming due in case certain preconditions should be given in the future. The preconditions for the aforementioned would be an overperformance / EBITDA-surplus compared to the EBITDA thresholds of the business plan. However, in such event 75% of the EBITDA excess / surplus amount would be a due amount for payment. An additional € 1.0 Mio. would also be due if the average EBITDA that will occur over the 2024-2025 period exceeds a contractual threshold.

As a source for new liquidity the group's subsidiary MCOM Investments Ltd. has issued a bond on 28th May 2024 at the amount of € 12.5 Mio. Bond with ISIN DE 000 A3LWSX7 ("New Money Bond") with an original issue discount (OID) of € 2.5 Mio. The bond is due in September 2026 and bears a 10% p.a. quarterly cash interest payment as well as a 10% p.a. due interest payment due at final maturity in September 2026. The issuer is at any time permitted to repay or refinance without any penalties. The agreed OID and interest rate has to be seen in connection with the overall transaction context as well as the financing period May 2023 until May 2024 (before the recapitalization transaction) which had also accumulated an interest amount of € 6.2 Mio. under the preceding transaction set up.

The Group financing has been arranged in a way that the major portion of interest payments under the bonds are due at the end of the financing period in September and December 2026 allowing the group to utilize generated cash means mostly for developing the business.

OTHER INFORMATION

R&D ACTIVITIES

As of balance sheet date the company does not perform R&D activities.

EXISTENCE OF BRANCHES

As of balance sheet date the company does not maintain any branches.

FINANCIAL INSTRUMENTS

As of balance sheet date the company does not make use of any financial instruments.

TREASURY SHARES

As of balance sheet date there are no treasury shares.


FERRALUM
METALS
GROUP

Audited Financial Statements

/ Consolidated Financial Statements

"Fiscal Year 2023"

YEAR OF ACQUISITION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(before appropriation of result)

(in thousand of €)	Note	Fiscal year **2023**
Revenues	**29**	**120 437**
Cost of sales	3	-118 403
Gross profit		**2 034**
Selling and general administrative expenses	4	-7 473
Other non operating income and expenses	8	56 451
Income (loss) from investments accounted for using the equity method, net	7	-16
Interest income	9	142
Interest expenses	9	-7 394
Income from continuing operations before income taxes		**43 745**
Income tax expense	10	941
Income from continuing operations		**44 685**
Income (loss) from discontinued operations, net of income taxes		0
Net income		**44 685**

Attributable to:	
Non-controlling interests	-549
Shareholders of Ferralum Metals Group S.à r.l.	45 234

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousand of €)	Note	Fiscal year 2023
Net income		**44 685**
Items that will not be reclassified subsequently to profit or loss		**0**
Currency translation differences		-671
Items that will be reclassified subsequently to profit or loss		**-671**
Other comprehensive income for the year, net of income taxes		**-671**
Total comprehensive income for the year		**-671**
Attributable to:		
Non-controlling interests		**-68**
Shareholders of Ferralum Metals Group S.à r.l.		**-604**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before appropriation of result)

(in thousand of €)	Note	As of 31/12/2023
Assets		
Cash and cash equivalents		8 864
Trade and other receivables	11	15 639
Other current financial assets	12	51
Inventories	13	18 023
Current income tax assets and VAT receivables	14	923
Other current assets	15	183
Total current assets		**43 683**
Other intangible assets	5, 16	62 029
Property, plant and equipment	16	59 147
Investments accounted for using the equity method	7	63 584
Other financial assets	18	14 154
Deferred tax assets	10	1 418
Other assets	19	33
Total non-current assets		**200 365**
Total assets		**244 047**
Liabilities and equity		
Short-term and current maturities of long-term debt & lease liabilities	22	21 766
Trade payables	20	39 266
Other current liabilities	21	8 270
Total current liabilities		**69 301**
Long-term debt & lease liabilities	22	86 414
Deferred tax liabilities	10	28 768
Provisions	24	977
Total non-current liabilities		**116 159**
Total liabilities		**185 460**
Equity		
Issued capital	23	30
Retained earnings	23	45 224
Other Comprehensive Income	23	-604
Total equity attributable to shareholders of Ferralum Metals Group S.à r.l.	23	**44 651**
Non-controlling interests	6, 23	13 936
Total equity		**58 587**
Total liabilities and equity		**244 047**

CONSOLIDATED STATEMENT OF CASH FLOWS

(before appropriation of result)

(in thousand of €)	Note	Fiscal year 2023
Cash flows from operating activities		
Net income		**44 685**
Amortization, depreciation and impairments	16	4 211
Interest (income) expenses, net		7 251
Other non-cash (income) expenses	8	-61 179
Change in operating net working capital	11, 18	17 949
Change in other assets and liabilities	11, 13, 19, 20, 21	-4 776
Cash flows from operating activities		**8 141**
Cash flows from investing activities		
Additions to intangible assets	16	-10
Additions to property, plant and equipment	16	-3 427
Acquisitions of businesses, net of cash acquired	16	8 337
Additions of investments	16	0
Disposal of intangibles and property, plant and equipment	16	0
Disposal of investments	16	0
Cash flows from investing activities		**4 900**
Cash flows from financing activities		
Issuance of long-term debt	22	143
Repayment of long-term debt (including current maturities of long-term debt)	22	-1 726
Change in other financial assets & Liabilities	12, 18, 22	-
Interest received	9	139
Interest paid	9	-2 738
Cash flows from financing activities		**-4 182**
Cash flows from discontinuing operations		
Effect of changes in exchange rates on cash and cash equivalents		
Change in cash and cash equivalents		**8 860**
Cash and cash equivalents at beginning of period		**4**
Change in cash and cash equivalents		8 860
Cash and cash equivalents at end of period		**8 864**
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period		
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)		**8 864**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(before appropriation of result)

(in thousand of €)	Issued capital	Capital reserve	Retained earnings	Other components of equity	Total equity attributable to shareholders of Ferralum Metals Group S.à r.l.	Non-controlling interests	Total equity
Balance as of January 1, 2023	**30**	**0**	**-10**	**0**	**20**	**0**	**20**
Net income			45 235	0	**45 235**	-549	**44 685**
Other comprehensive income, net of income taxes				-604	**-604**	-68	**-671**
Business Combination					**0**	14 553	**14 553**
Balance as of December 31, 2023	**30**	**0**	**45 235**	**-604**	**44 651**	**13 936**	**58 587**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Corporate Information and Statement of Compliance

The accompanying Consolidated Financial Statements present the operations of Ferralum Metals Group Sàrl (the Company or Ferralum) with registered offices in Luxembourg, and its subsidiaries included in the scope of consolidation (the Group).

The Company has been incorporated on the 20th December 2021 under the name "RAA Acquisition S.A." in accordance with Luxembourg Company Law. The Company is incorporated for an unlimited duration. The Company is registered in the Register of Commerce and of Companies in Luxembourg under the number B 263.202.

They have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The Consolidated Financial Statements are in accordance with IFRS as issued by the International Accounting Standards Board (IASB). Ferralum prepares and reports its Consolidated Financial Statements in euros (€). Due to rounding, numbers presented may not add up precisely to the totals provided. Ferralum is founded and organized under the laws of Luxembourg and Luxembourg based.

The principal activities of Ferralum Metals Group include the production of secondary aluminum from recycling as well as the procurement and sales of steel and commodities.

The activities can be grouped as follows:

- **Aluminum: production of secondary aluminum through recycling of aluminum scrap (full-service business as well as by tolling service)**
- **Ferrous Metals: procurement and sales of steel products and commodities**
- **Raw Material & Energy: production of coke (metallurgical coke; foundry coke; blast furnace coke) - through a minority participation in a coke and electricity production plant.**

The consolidated financial statements for the year ended 31st December 2023 were approved and authorized for issue by the board of directors on 23rd July 2024.

NOTE 2. Material Accounting Policies and Critical Accounting Estimates

Certain of the following accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the Group's results of operations, financial positions and cash flows. Critical accounting estimates could also involve estimates where the Group reasonably could have used a different estimate in the current accounting period. Management cautions that future events often vary from forecasts and that estimates routinely require adjustment.

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after the 1st January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 Insurance Contracts:

The group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

IAS 1 Presentation of Financial Statements:

The group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2.

Amendments to IAS 12 Income Taxes:

The group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. The group has adopted the amendments to IAS 12 for the first time in the current year. The

IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors:

The group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted. The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods, except if indicated.

New and revised IFRS Accounting Standards in issue but not yet effective:

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods, except if indicated below.

Going Concern

For this assessment, the board of management relies among other sources on an external expert opinion, obtained as part of the restructuring and recapitalization approach, which contains inter alia business plan estimates for the periods from July 2023 onwards and assumed the restructuring transaction to take place by January 2024. This business plan projected a consolidated turnover amounting to k€ 170,800 for 2nd half 2023 and to k€ 380,100 for the year 2024.

The preliminary results available as per date of issuance of this consolidated financial statement related to the first half year of 2024 (actual revenues circa 130 Mio. €) as well as the final figures for the year 2023 show lower than planned actual Revenues and EBITDA (due to occurred maintenance work of a furnace as well as delay in commissioning of the heat treatment plant in one of the plants) and the group would need to achieve higher Revenues and EBITDA in the second half of the year to be in line with business plan.

This lets the management conclude that it would be required that the group highly performs in the 2nd half of the year 2024 compared to the period from 1st July 2023 to 30th June 2024, in terms of revenues sold to third parties as well as in terms of profitability.

Whether this performance can be achieved is subject to a material uncertainty that may potentially cast significant doubt about the group’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, the board of management of Ferralum has, at the time of issuance of the consolidated financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and the business potential and opportunities necessary to meet the objectives of its business plan. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2.

Basis of Consolidation

The Consolidated Financial Statements include the accounts of Ferralum and its subsidiaries over which the group has control. The group controls an investee if it has power over the investee. In addition, Ferralum is exposed to, or has rights to, variable returns from the involvement with the investee and Ferralum is able to use its power over the investee to affect the amount of Ferralum's return.

The group's financial statements consolidate those of the parent company and all of its subsidiaries on 31 December 2023. All subsidiaries have a reporting date of 31 December.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Basis of Preparation

Ferralum' Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of properties, investments, and derivatives. Monetary amounts are expressed in Euroland currency (EUR) and are rounded to the nearest thousands.

Climate-related Matters

Risk induced by climate change may have future adverse effects on the group's business activities. These risks include transition risks (e.g. regulatory changes and reputation risks) and physical risks (even if the risk of physical damage is low). The group has indicated it is committed to spend efforts for reducing energy needs and utilizing more and more renewable resources.
As a secondary aluminum producer, the group consumes in its aluminum plants approx. 95% less energy compared to primary aluminum producers. This as a consequence results in significantly lower CO2 emissions.

On 31 December 2023, the Management has not identified significant risks induced by climate changes that could negatively and materially affect group's financial statements. Management continuously assesses the impact of climate matters.

Group's financial statements integrate climate-related matters in various items. Notably group's commitments to reduce carbon emissions were considered when performing impairment tests and assessing the useful life of its non-current assets.

Assumptions could change in the future in response to forthcoming environments regulations, new commitments taken and changing customer demand. These changes, if not anticipated, could have an impact on the group's future cash flows, financial performance and financial position.

Business Combinations

Cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are initially measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests are measured at the proportional fair value of assets acquired and liabilities assumed (partial goodwill method). If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting net income. At the date control is lost, any retained equity interests are remeasured to fair value.

Associates and Joint Ventures

Associates are companies over which Ferralum has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights). Joint ventures are entities over which the group and one or more parties have joint control. Joint control requires unanimous consent of the parties sharing control in decision making on relevant activities. Associates and joint ventures are recorded in the Consolidated Financial Statements using the equity method and are initially recognized at cost. If the investment was retained in a transaction in which The group lost control of a subsidiary, the fair value of the investment represents the cost on initial recognition. Group' share of its associate's or joint venture's post-acquisition profits or losses is recognized in the Consolidated Statements of Income, and its share of post-acquisition changes in equity that have not been recognized in the associate's or joint venture's profit or loss is recognized directly in equity. The cumulative post-acquisition changes also include effects from fair value adjustments and are adjusted against the carrying amount of the investment. When Group' share

NOTE 2.

of losses in an associate or joint venture equals or exceeds its interest in the investment, The group does not recognize further losses, unless it incurs obligations or makes payments on behalf of the associate or joint venture. The interest in an associate or joint venture is the carrying amount of the investment together with any long-term interests that, in substance, form part of Group' net investment in the associate or joint venture. The group reviews associates and joint ventures for impairment whenever there is objective evidence that its investment is impaired, for example a significant or prolonged decline in the fair value of the investment below its cost. In addition, The Group similarly assesses whether there are indications that an impairment loss recorded in prior periods may no longer exist or may have decreased. If this is the case, any reversal of an impairment loss is recognized to the extent that the recoverable amount subsequently increases, not exceeding the carrying amount, had no impairment loss been recognized in previous periods. Impairments and reversal of impairments include the use of judgements:

Revenue Recognition

The group recognizes revenue when, or as control over distinct goods or services is transferred to a customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking our customer's creditworthiness into account. Revenue is the transaction price the group expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the group. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Management reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

Revenues from Production Sales:

Revenues are recognized at the point in time at which control is transferred to the buyer, usually upon delivery of the goods. Invoices are issued at this point in time .

Revenue from the Processing of Goods provided (Tolling):

Revenue is recognized over a period of time using the percentage-of-completion method. To determine the amount of revenue, the costs for the outstanding activities are calculated. These are set in relation to the cost of sales. This percentage is applied to the agreed sales and deducted from these. Invoices are issued in accordance with the contractual terms. In the percentage of completion method, the assessment of the stage of completion is of particular importance; it can also include estimates of the scope of delivery and services required to fulfil the contractual obligations.

Revenues from Trading Activities:

Revenues are recognized at the point in time at which the ownership of goods is transferred to the buyer, usually upon delivery of the goods. Invoices are issued at this point in time.

Trade Receivables & Factoring

The terms of payment terms usually provide for payment within 30-60 days of invoicing.

However, the group makes use of factoring through which invoices and receivables are sold and relevant funds are collected right after the sales.The group makes extensive use of factoring facilities with banks in order to expedite the circularity of cash flows and increase financial liquidity. Ultimately, the majority of customer receivables are sold as part of factoring. Existing contracts foresee the sales of the whole receivable to the factor along with 100% transfer of del credere; as such, this operation is considered by the Management as a factoring without recourse. The factors have agreements with the group companies to retain an amount between 3 to 10% of the sold receivables as a temporary reserve which will be released to the group companies once the client has paid 100% of the invoice amount to the bank without having made any deductions (for example for debit notes or similar). Hence, the group companies are holding receivables towards the factors in the amount of 3 to 10% of the sold invoice amounts until settlement. On initial disposal of the trade receivables to the factors, the payment received from the factor is deducted from the Trade Receivables position and the retention amount is transferred to the caption Other Receivables being a receivable towards the banks. When the residual retention amount is paid out to the group entity, the final settlement is booked in deduction of the caption Other Receivables.

NOTE 2.

Operating Expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred. Expenditure for warranties is recognized when the group incurs an obligation, which is typically when the related goods are sold.

Leases - The Group as a Lessee

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Further information on leases can be found in Note 17.

The group recognizes right-of-use assets and lease liabilities for leases with a term of more than twelve months if the underlying asset is not of low value. Extension options are included in the lease term if their exercise is reasonably certain. Right-of-use assets are measured at cost less accumulated depreciation expense and impairment losses adjusted for any remeasurements. Right-of-use assets are depreciated under the straight-line method over the shorter of the lease term and the useful life of the underlying assets. Lease liabilities are measured at the present value of the lease payments due over the lease term, generally discounted using the incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest method. They are remeasured in case of modifications or reassessments of the lease.

Foreign Currency Translation

Functional and presentation currency: The Consolidated Financial Statements are presented in EUR, which is also the functional currency of the parent company.

Foreign currency transactions and balances: Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations: In the group's financial statements, all assets, liabilities and transactions of group entities with a functional currency other than EUR are translated into EUR upon consolidation. The functional currencies of entities within the group have remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into EUR at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into EUR at the closing rate. Income and expenses have been translated into EUR at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

Income Taxes

Tax positions are calculated taking into consideration the respective local tax laws, relevant court decisions and applicable tax authorities' views. Tax regulations can be complex and possibly subject to different interpretations of taxpayers and local tax authorities. Different interpretations of existing or new tax laws as a result of tax reforms or other tax legislative procedures may result in additional tax payments for prior years and are taken into account based on management's considerations. Under the liability method, deferred tax assets and liabilities are recognized for expected tax consequences of future periods attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences and available tax planning opportunities that the group would execute. As of each period-end, the group evaluates the recoverability of deferred tax assets, based on taxable income of past periods and projected future taxable profits. As future developments are uncertain and partly beyond group's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption.

Deferred tax liabilities are generally recognized in full, although IAS 12 specifies limited exemptions. As a result of these exemptions the group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries (only to the extent that the group control the timing of the reversal of the taxable temporary difference and that reversal is not likely to occur in the foreseeable future). The group does not offset deferred tax assets and liabilities unless it has a legally enforceable right to do so and intends to settle on a net basis.

NOTE 2.

Property, Plant and Equipment

Property, plant and equipment, is valued at cost less accumulated depreciation and impairment losses. Depreciation expense is recognized using the straight-line method. The following useful lives are assumed:

Leasehold agreement for land	30 years
Factory and office buildings	5 to 40 years
Technical machinery & equipment	3 to 20 years
Office & other equipment	1 to 10 years
Right-of-use assets	1 to 5 years

Management reviews property, plant and equipment and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing of property, plant and equipment and other intangible assets involves the use of estimates in determining the assets' recoverable amount, which can have a material impact on the respective values and ultimately the amount of any impairment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Other Intangible Assets

The group amortizes intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives. Estimated useful lives for patents, licenses, customer relationships and other similar rights generally range from three to thirty years. Intangible assets acquired in business combinations primarily consist of customer relationships, licenses, and software. Intangible assets acquired in a business combination that qualify for separate recognition are initially recognized at their respective fair values on the day when the respective owning entity is acquired.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss within other income or other expenses.

Impairment of Property, Plant and Equipment and Other Intangible Assets

The group reviews property, plant and equipment and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets not yet available for use are subject to an annual impairment test. Impairment testing of property, plant and equipment and other intangible assets involves the use of estimates in determining the assets' recoverable amount, which can have a material impact on the respective values and ultimately the amount of any impairment.

Inventories

Inventories are valued at the lower of acquisition or production costs and net realizable value, costs being generally determined based on an average or first-in, first-out method. Determining net realizable value of inventories involves accounting estimates for quantity and price risks.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in liabilities.

Financial Instruments

Financial assets and financial liabilities are recognized in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs

NOTE 2.

that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification of Financial Assets

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortized cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the period presented the group does not have any financial assets categorized as FVOCI, nor FVTPL.The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NOTE 2.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized In respect of FVTPL equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of FVTPL debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

IFRS 9's impairment requirements use forward-looking information to recognize expected credit losses - the expected credit loss (ECL) model. Instruments within the scope of the requirements included loans and the debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measures under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Management considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affects the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, ad distinction is made between:

- financial instruments that have deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2).
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category (i.e. Stage 1) while lifetime expected credit losses are recognized for the second category (i.e. Stage2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification of Financial Liabilities

The group's financial liabilities include borrowings, trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designated a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Provisions, Contingent Assets and Contingent Liabilities

A provision is recognized in the Statement of Financial Position when (1) it is probable that the group has a present legal or constructive obligation as a result of a past event and (2) it is probable that an outflow of economic benefits will be required to settle the obligation and (3) a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money. In case a contract becomes onerous, the present obligation under the contract is recognized as a provision. Significant estimates are involved in the determination of provisions related to onerous contracts, warranty costs, asset retirement obligations, legal and regulatory proceedings as well as governmental investigations (Legal Proceedings).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2.

The group records a provision for onerous contracts with customers when current estimates of total estimated costs exceed estimated revenue. Onerous contracts with customers are identified by monitoring the progress of the project and updating the estimates which requires significant judgment relating to achieving certain performance standards as well as estimates involving warranty costs and estimates regarding project delays including the assessment of responsibility splits between the contract partners for these delays. Legal Proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is part of determining whether it is probable that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a Legal Proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. Internal and external counsels are generally part of the determination process. Due to new developments, it may be necessary, to record a provision for an ongoing Legal Proceeding or to adjust the amount of a previously recognized provision. Upon resolution of a Legal Proceeding, The group may incur charges in excess of the recorded provisions for such matters. The outcome of Legal Proceedings may have a material effect on group's financial position, its results of operations and/or its cash flows.

Any reimbursement that the group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Critical Accounting Policies, Key Judgments and Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates. The group has identified the following areas as being critical of understanding the group's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

- Depreciation and amortization of property plant and equipment and intangible assets: certain plant and equipment as well as intangible assets are depreciated / amortized based on factors or assumptions by experts and the management, and therefore the annual charge to operations can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used; notably changes in the assumptions used could impact the useful lives of assets depreciated / amortized on a straight-line basis.

- Impairment testing: Investments in Associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets. If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

- Fair value measurements and valuation processes: Some of the group's assets are measured at fair value for financial reporting purposes, in 2023 especially as part of the application of IFRS 3 to the acquisition of BAGR Non-Ferrous Group GmbH and its subsidiaries. In this process, the Management – for the valuation of the Property, Plant & Equipment appointed an external expert that measured the assets with a recognized valuation technique – and – for the initial recognition at fair value of the Customer relationship – used a discounted cash-flow model appropriate to the circumstances, using critical data and assumptions as future revenues from existing clientele as business combination date.

- Control over BAGR Non-Ferrous Group GmbH: Ferralum acquired BAGR Non-Ferrous Group GmbH with the agreement signed 17th May 2023. Due do necessary awaiting of the approval from the Federal Cartel Authority as well as several administrative, commercial and technical handovers the actual change of control took place on 30th June 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2.

- Customer Relationships: The individual assets and liabilities were revalued as part of the business combination. In this context, customer relationships were identified as a separate asset and recognized as such as part of the purchase price allocation. The adequacy of a recognition of customer relationships as a separate asset is a complex judgment.

- Expected credit losses on Trade receivables: When measuring trade receivables using the IFRS 9 simplified model, the expected credit loss was recognized at 0 percent for each category of ageing. This is based on past experience over the last 5 years, as no defaults were recorded. Receivables also include those which been collected and materialized subsequent to the end of the financial year through receipt of an equivalent value of market tradable commodities enabling the group additional sales opportunities. A value correction as of balance sheet date was not necessary as the negotiations on finalizing this settlement had already started prior to yearend 2023 and it was definite that the settlement will take place latest by end of the first quarter of the subsequent year. This settlement actually occurred in 2024. For this reason, the receivable is considered to be recoverable and is also not subject to impairment.

Prior-year Information

As of 31st December 2022, the Company did not own any subsidiary. The group has been formed in 2023 with the acquisition of BAGR Non-Ferrous Group GmbH and its subsidiaries (see Note 5).

NOTE 3. Cost of Sales

(in thousand of €)	Fiscal year 2023
Cost of Metal Sold	-99 258
Consumables	-3 790
Energy	-4 504
Logistic Cost	-690
Labour	-5 029
Other amortization, depreciation and impairments	-1 319
Maintenance production facilities	-3 251
Other Cost of sales	-563
Cost of sales	**-118 404**

Cost of sales include k€ 1,319 of amortization, and depreciation. No impairments were accounted for during the reporting period.

NOTE 4. Selling and General Administrative Expenses (SG&A)

(in thousand of €)	Fiscal year 2023
Amortisation of other intangible assets	-1 103
Other amortization, depreciation and impairments	-1 789
Staff Costs	-2 406
Principal accountant fees and services	-1 711
Other selling and general administrative expenses	-464
Selling and general administrative expenses	**-7 473**

Selling and general administrative expenses include k€ 2,892 of amortization, and depreciation. No impairments were accounted for during the reporting period. Other amortization, depreciation and impairments include the depreciation of Property, Plant & Equipment as well as the depreciation of the Right-of-use assets.

NOTE 5. Acquisitions and Disposals

Acquisition of BAGR Non-Ferrous Group GmbH

On 17th May 2023, Ferralum signed a purchase contract for the acquisition of BAGR Non-Ferrous Group GmbH and its subsidiaries for a total purchase price of k€ 72,500. The group acquired control over BAGR Non-Ferrous Group GmbH and its subsidiaries only on 30th June 2023 and these companies are consolidated through the global integration method starting from 1st July 2023. The purchase price allocation resulted in fair value adjustments as presented in the below schedule. So far, no recognition of additional provisions and/or liabilities has been accounted for. As a negative goodwill of k€ 57,034 arose from the transaction, it is reflected in the Consolidated Statements of Income under the position Other non-operating income and expenses.

The acquisition was made in order to position Ferralum Metals Group in the secondary aluminum production (aluminum recycling) and ferrous sector in Europe with operational entities having already successful track records and standing within the market. The long business history, the strategic locations in Europe as well as the favorable perspectives and tailor winds of the selected niche markets were decisive parameters for this acquisition.

As per SPA the purchase price, including interests, is due for payment in June 2026.

Fair Value Adjustments

The following table discloses the fair value adjustments booked in addition to the initial net book value of the acquired assets:

(in thousand of €)	BAGR Berliner Aluminumwerk GmbH, Berlin / Germany	Stockach Aluminum GmbH, Stockach / Germany	Steelcom Steel & Commodities GmbH, Essen / Germany	Italiana Coke SRL, Genova / Italy	**Fair Value Adjustments (gross carrying amount)**
Land		2 441			**2 441**
Office- Plant buildings	9 029	3 929			**12 958**
Technical equipment & machinery	2 413	16 716			**19 129**
Customer relationships	10 627	44 032	8 199		**62 858**
Computers	150	150			**300**
Software			100		**100**
Associated companies				9 135	**9 135**
Fair Value Adjustments (gross carrying amount)	**22 219**	**67 268**	**8 299**	**9 135**	**106 921**

NOTE 5.

Assumed Remaining Lifetime of Fair Value Adjustments

The following table illustrates the remaining useful lifetime of these assets adopted as depreciation policy:

	BAGR Berliner Aluminumwerk GmbH, Berlin / Germany	Stockach Aluminum GmbH, Stockach / Germany	Steelcom Steel & Commodities GmbH, Essen / Germany
Land		unlimited	
Office- Plant buildings	40 years	16 - 30 years	
Technical equipment & machinery	1 - 18 years	1 - 19 years	
Customer relationships	15 - 30 years	15 - 30 years	30 years
Computers	5 years	5 years	
Software			20 years

NOTE 5.

Business Combination

The details of the business combination are as follows:

(in thousand of €)	
Fair value of consideration transferred	
Amount settled per vendor loan	72 500
Fair value of consideration transferred - Total	**72 500**
Recognised amounts of identifiable net assets	
Property, plant and equipment	59 617
Intangible assets	62 858
Investments	63 600
Deferred tax assets	1 216
Other assets	313
Total non-current assets	**187 604**
Inventories	22 820
Trade and other receivables	63 817
Cash and cash equivalents	8 337
Total current assets	**94 974**
Borrowings	-7 219
Other liabilities	-9 016
Deferred tax liablities	-29 644
Non-controlling interes	-14 553
Total non-current liabilities	**-60 432**
Borrowings	-32 908
Trade and other payables	-57 241
Other liabilities	-2 463
Total current liabilities	**-92 612**
Identifiable net assets - Total	**129 534**
Negative goodwill on acquisition	**57 034**

NOTE 5.

Consideration Transferred

The acquisition of BAGR Non-Ferrous Group GmbH was settled with a vendor loan amounting to k€ 72,500, bearing an interest of 8.50% per annum and due before 28th June 2026. Acquisition-related costs amounting to k€ 696 are not included as part of consideration transferred and have been recognized as an expense in the consolidated statement of profit or loss, as part of Other non-operating income and expenses. As such, the transaction is considered as a non-cash transaction in the Consolidated Statements of Cash Flows.

Contribution to the Group's Result

BAGR Non-Ferrous Group contributed k€ 120,437 of revenue and k€ 6,449 to the consolidated loss for the six months from 1st July 2023 to 31st December 2023. If BAGR Non-Ferrous Group had been acquired on 1st January 2023, revenue of the group for 2023 would have been k€ 296,201. However, due to lack of IFRS-specific data prior to the acquisition of BAGR Non-Ferrous Group GmbH, pro-forma profit or loss of the combined entity for the complete 2023 reporting period cannot be determined reliably.

Disposals

No disposals occurred during the year.

Measurement Period

In application of IFRS 3.45, as the initial accounting for a business combination is incomplete by the end of the year 2023, the group has reported provisional amounts in the Consolidated Financial Statements as of 31st December 2023. During the measurement period that will end during the year 2024, these provisional amounts recognized at the acquisition date are subject to modifications to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, additional assets or liabilities could also be recognized if new information will be obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

NOTE 6. Subsidiaries with Material Non-controlling Interests

The group includes three subsidiaries with material non-controlling interests. Summarized financial information, in accordance with IFRS and before intercompany eliminations, is presented below:

(in thousand of €)	BAGR Berliner Aluminumwerk GmbH 31/12/2023	Stockach Aluminum GmbH 31/12/2023	Steelcom Steel & Commodities GmbH 31/12/2023
Ownership interests held by non-controlling interests	**10.1%**	**10.1%**	**10.1%**
Accumulated non-controlling interests	**-1 990**	**6 956**	**1 547**
Current assets	**14 549**	**27 942**	**30 531**
Non-current assets	**36 408**	**74 108**	**8 078**
Current liabilities	**61 846**	**28 515**	**23 144**
Non-current liabilities	**8 815**	**4 661**	**148**

(in thousand of €)	BAGR Berliner Aluminumwerk GmbH July to Dec. 2023	Stockach Aluminum GmbH July to Dec. 2023	Steelcom Steel & Commodities GmbH July to Dec. 2023
Net income attributable to non-controlling interests	**-379**	**-45**	**-43**
Dividends paid to non-controlling interests	**0**	**0**	**0**
Revenues	**22 836**	**28 669**	**67 902**
Income (loss) from continuing operations, net of income taxes	**-3 748**	**-445**	**-421**
Other comprehensive income, net of income taxes	**0**	**0**	**0**
Total comprehensive income, net of income taxes	**0**	**0**	**0**
Total cash flows, net	**-346**	**-1 060**	**1 768**

NOTE 7. Investments Accounted for Using the Equity Method

Italiana Coke S.r.l., an associate accounted by using the equity method, is an international leader in the sector of the production and commercialization of carbon coke and related subproducts.

Italiana Coke S.r.l. has a reporting period starting on 1st July and ending on 30th June. The group acquired significant influence over Italiana Coke S.r.l. on 1st July 2023 as part of the Business Combination described in Note 5. As a consequence, the results of this associated company for the period from 1st July 2023 to 31st December 2023 have been included in the consolidation.

Summarized aggregated financial information of the group's share in this associate is as follows:

(in thousand of €)	Jul. to Dec. 2023
Profit (loss), net	-40
Ownership	38.71%
Share of profit (loss), net	-16
Impairments and reversals of impairment	0
Income (loss) from investments accounted for using the equity method, net	**-16**

Below summarized financial information of Italiana Coke S.r.l. are disclosed at a 100% basis:

(in thousand of €)	Jul. to Dec. 2023
Coke turnover	82 162
Others turnover	12 886
Stock value change	-4 778
Total gross production value	90 270
EBITDA	**2 900**
Profit (loss), net	**-40**

Evolution of the investments accounted for using the equity method:

(in thousand of €)	Fiscal year **2023**
As of January 1, 2023	0
Acquisition per business combination	63 600
Net equity method result of the year	-16
Investments accounted for using the equity method	**63 584**

NOTE 8. Other Non-operating Income and Expenses

The other non-operating income and expenses are composed as follows:

(in thousand of €)	Fiscal year **2023**
Gains / losses on foreign exchange	-66
Local tax expense	-23
Other non-operative income / expenses	56 540
Other non operating income and expenses	**56 451**

The other non-operative income / expenses are composed as follows:

(in thousand of €)	Fiscal year **2023**
Refunds for energy subsidies, reimbursement for damages and other income	1 457
Income from Bargain purchasing	57 034
Impairment charge on Other Financial Assets	-1 763
Other expenses	-188
Other non-operative income / expenses	**56 540**

Other non-operative income / expenses include an income of k€ 57,034 occurring from bargain purchasing as a consequence of the Business Combination that occurred on 30 June 2023 (see Note 5).

During the year 2023, an impairment amounting to k€ 1,763 has been deducted from the loan due from Metalcorp Group S.A. to Ferralum Metals Group S.à.r.l. (see Note 18).

NOTE 9. Interest Income and Expenses

The Interest income and expenses are composed as follows:

	Fiscal year **2023**
(in thousand of €)	
Interest received	139
Deferred interest income	3
Interest income	**142**

	Fiscal year **2023**
(in thousand of €)	
Interest paid	-2 738
Accrued interest expenses	-4 656
Interest expenses	**-7 394**

NOTE 10. Income Taxes

Income Tax Expense

Income tax expense consist of the following:

(in thousand of €)	Fiscal year **2023**
Current taxes	-136
Deferred tax	1 077
Income tax expenses	**941**

Current income taxes in 2023 include income of k€ 634 and expenses k€ 770 for corporate taxes.
Deferred income tax in the profit and loss represents a reversal of a part of the temporary differences (an amount of k€ 725) that have been created (mainly as part of the Business Combination).

In Germany, the calculation of current taxes is based on a combined tax rate between 28.1% and 32.6%. For foreign subsidiaries, current taxes are calculated based on applicable tax rates in the individual foreign countries.

The major components of tax expense and the reconciliation of the expected tax expense based on local effective tax rate and the reported tax expense in profit or loss is as follows :

(in thousand of €)	Fiscal year **2023**
Net result	44 685
Corporate taxes	-941
Income from continuing operations before income taxes	43 745
Tax rate	29.83%
Expected Tax Expense	**13 049**
Income resulting from PPA	-17 011
Adjustment relating to loss	3 964
Afa-Adjustments resulting from previous tax audit (Stockach)	-71
Adjustment relating to profits (Stockach / Steelcom)	770
Adjustment relating to tax profit (BAGR)	-634
Trade tax adjustments	72
DT adjustments	-1 076
Miscellaneous	-4
Actual tax expense	**-941**
Tax expense comprises:	
- Current tax expense	136
- Deferred tax expense	-1 077
Tax expense	**-941**

NOTE 10.

Deferred Tax assets and Liabilities

Deferred tax assets and liabilities in the balance sheet consist of the following:

(in thousand of €)	Deferred tax assets	Deferred tax liabilities
Revenue realisation (IFRS15) - initial recognition	-	133
Rights of use assets (IFRS16) - initial recognition	1 216	1 213
Fair Value Adjustments from Business Combination	-	28 297
Allowance on receivables	-	-
Deferred tax positions - initial recognition	**1 216**	**29 644**
Revenue realisation (IFRS15) - Tax income (expenses)	-	-54
Rights of use assets (IFRS16) - Tax income (expenses)	-151	-165
Fair Value Adjustments - Tax income (expenses)	-	-657
Allowance on receivables	353	-
Deferred taxes - profit (loss) of the year	**202**	**-875**
Revenue realisation (IFRS15) - initial recognition	0	80
Rights of use assets (IFRS16) - initial recognition	1 066	1 048
Fair Value Adjustments from Business Combination	0	27 641
Allowance on receivables	353	-
Deferred tax positions - at the end of the year	**1 418**	**28 768**

The group considers it is highly probable that sufficient future taxable profits (including reversal of deferred tax liabilities) will be available so that a reduction of the Deferred Tax Assets is judged unnecessary.

In December 2023, k€ 28,768 of deferred tax liabilities relate to application of IFRS 16, IFRS 15 and fair value adjustment impacts in course of the acquisition of BAGR Non-Ferrous Group GmbH together with its direct and indirect subsidiaries BAGR Berliner Aluminumwerk GmbH, Stockach Aluminum GmbH, INDI Invest S.à.r.l., Steelcom Group S.à.r.l., MCOM Investments Ltd., Steelcom Steel & Commodities GmbH, Steelcom Austria Ges. mbH, Steel & Commodities Iberica SL, Steel & Commodities SAM, and Italiana Coke S.R.L.. In Germany, the calculation of taxes is based on a combined tax rate between 28.1% and 32.6%. For other foreign subsidiaries, current taxes are calculated based on applicable tax rates in the individual foreign countries.

NOTE 11. Trade and Other Receivables

(in thousand of €)	As of December 31 **2023**
Trade receivables from the sale of goods and services	11 874
Prepayments	291
Other receivables	3 473
Trade and other receivables	**15 639**

All amounts are due on short-term.

NOTE 11.

Trade Receivables

The net carrying value of trade receivables is considered a reasonable approximation of fair value. Note 26 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Impairment adjustments on Trade Receivables apply the IFRS 9 expected loss simplified model.

The group makes extensive use of factoring facilities with banks in order to expedite the circularity of cash flows and increase financial liquidity. Ultimately, the majority of customer receivables are sold as part of factoring. Existing contracts foresee the sales of the whole receivable to the factor along with 100% transfer of del credere; as such, this operation is considered by the Management as a factoring without recourse. The factors have agreements with the group companies to retain an amount between 3 to 10% of the sold receivables as a temporary reserve which will be released to the group companies once the client has paid 100% of the invoice amount to the bank without having made any deductions (for example for debit notes or similar). Hence, the group companies are holding receivables towards the factors in the amount of 3 to 10% of the sold invoice amounts until settlement. On initial disposal of the trade receivables to the factors, the payment received from the factor is deducted from the Trade Receivables position and the retention amount is transferred to the caption Other Receivables being a receivable towards the banks. When the residual retention amount is paid out to the group entity, the final settlement is booked in deduction of the caption Other Receivables. As of balance sheet date a total receivable amount of k€ 19,346 has been sold to the factors. The group entities hold receivables with the total amount of k€ 1,574 towards factoring banks being related to the aforementioned temporary reserves.

Other Receivables

The components of Other receivables are as follows :

(in thousand of €)	As of December 31 **2023**
Tax receivables	1 111
Other remaining receivables	2 362
Other receivables	**3 473**

The caption Other remaining receivables includes retentions due from factors amounting to k€ 1,574 towards factoring banks.

NOTE 12. Other Current Financial Assets

(in thousand of €)	As of December 31 **2023**
Loans receivable	29
Receivables against shareholder	23
Other current financial assets	**51**

Loan receivables include mainly short-term loans of k€ 29 at year end 2023 while Receivables against shareholder position relate to subscribed capital called but unpaid at Ferralum Metals Group Sàrl.

NOTE 13. Inventories

(in thousand of €)	As of December 31 **2023**
Raw materials and supplies	9 464
Finished goods and products held for resale	7 640
Trading Goods	919
Inventories	**18 023**

As of 31st December 2023, no write-down is deducted from Inventories.

NOTE 14. Current Income Tax Assets & VAT Receivables

(in thousand of €)	As of December 31 **2023**
Income tax receivables	40
VAT & other receivables	883
Current income tax assets and VAT receivables	**923**

As of 31st December 2023, VAT receivables of k€ 883 mainly relate with k€ 818 to activities of Steelcom Steel & Commoditites GmbH.

NOTE 15. Other Current Assets

(in thousand of €)	As of December 31 **2023**
Other current assets	12
Advances to suppliers	172
Other current assets	**183**

NOTE 16. Other Intangible Assets and Property, Plant and Equipment

Intangible Assets

(in thousand of €)	Software	Other intangible assets	Total
Gross carrying amount			
Balance 1 July 2023		1	**1**
Business Combination	1 514	62 858	**64 372**
Additions	10		**10**
Disposals			**0**
Balance at 31 December 2023	**1 524**	**62 859**	**64 383**
Depreciation and impairment			
Balance at 1 July 2023	1 251	1	**1 252**
Disposals			**0**
Depreciations	48	1 055	**1 103**
Balance at 31 December 2023	**1 299**	**1 056**	**2 355**
Carrying amount 31 December 2023	**226**	**61 803**	**62 029**

Property Plant & Equipment

(in thousand of €)	Land	Motor Vehicles & Other Equipment	Office furniture & office equipment	Office, Plant buildings	Technical equipment & machinery	Total
Gross carrying amount						
Balance 1 July 2023						
Business Combination	5 026	2 013	7 573	18 367	58 361	**91 340**
Additions	0	10	499	37	2 881	**3 427**
Disposals			40		-40	**0**
Balance at 31 December 2023	**5 026**	**2 022**	**8 112**	**18 405**	**61 202**	**94 767**
Depreciation and impairment						
Balance at 1 July 2023	-9	1 204	5 421	2 349	23 547	**32 513**
Disposals						**0**
Depreciations	97	192	289	422	2 109	**3 108**
Balance at 31 December 2023	**88**	**1 396**	**5 710**	**2 771**	**25 655**	**35 620**
Carrying amount 31 December 2023	**4 938**	**626**	**2 402**	**15 634**	**35 547**	**59 147**

NOTE 16.

In course of the acquisition of BAGR Non-Ferrous Group GmbH, Stockach Aluminum GmbH, INDI Invest S.à.r.l., Steelcom Group S.à.r.l., MCOM Investments Ltd., Steelcom Steel & Commodities GmbH, Steelcom Austria GmbH, Steel & Commodities Iberica SL, Steel & Commodities SAM, and Italiana Coke S.R.L., the group took fixed assets on board with a gross carrying amount of k€ 155,713. Included are fair value adjustments recognized in the Business Combination, for an amount of k€ 106,921 (see Note 5).

The Right-of-use assets are exclusively composed of Tangible assets and are included in the Property, Plant & Equipment line of the above schedule (see Note 17 for more details).

The Property, Plant & Equipment include an amount of k€ 2,176 of advance payments to a supplier in relation with the delivery of Tangible Assets under construction. These assets are not depreciated.

NOTE 17. Leases

Right-of-use Assets

The evolution of the Right-of-use assets during the year are as follows :

(in thousand of €)	Land	Motor Vehicles & Other Equipment (Right of use)	Office furniture & office equipment	Office, Plant buildings (Right of Use)	Technical equipment & machinery (Right of use)	**Total**
Gross carrying amount						
Balance 1 July 2023	0	0	0	0	0	**0**
Business Combination	1 497	458	6	427	1 831	**4 218**
Additions	0	0	0	0	35	**35**
Disposals	0	0	0	0	0	**0**
Balance at 31 December 2023	**1 497**	**458**	**6**	**427**	**1 866**	**4 253**
Depreciation and impairment						
Balance at 1 July 2023	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	**0**
Depreciations	88	99	2	108	320	**617**
Balance at 31 December 2023	**88**	**99**	**2**	**108**	**320**	**617**
Carrying amount 31 December 2023	**1 409**	**358**	**4**	**318**	**1 545**	**3 635**

NOTE 17.

Lease Liabilities

Lease liabilities are presented in the Consolidated Statement of Financial Position under the caption Debt and Lease Liabilities as follows (see Note 22):

(in thousand of €)	As of December 31 **2023**
Current	2 573
Non-current	5 187
Lease Liabilities	**7 760**

The group has leases for the production equipment and related facilities, buildings, and IT equipment as well as to a minor extend motor vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of group sales) are excluded from the initial measurement of the lease liability and asset. The group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 16).

Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the group's leasing activities by type of right-of-use asset recognized in the consolidated statement of financial position on 31st December 2023:

Right-of-use asset	No of right-of-use asset leased	Range of remaining term (in months)	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Land	1	96	1	1	0	1
Motor Vehicles & Other Equipment (Right of use)	15	10 -29	0	9	0	1
Office furniture & office equipment	3	10 -23	2	1	2	2
Office, Plant buildings (Right of Use)	3	18 -28	3	0	3	3
Technical equipment & machinery (Right of use)	25	1 -30	0	9	0	0

NOTE 17.

The lease liabilities of the right-of-use assets are secured by the related underlying assets. Future lease payments on 31st December 2023 were as follows:

Future Lease payments, as at December 31, 2023 (in thousand of €)	Within 1 year	1-5 years	After 5 years	Total
Lease payments	1 334	2 097	640	**4 071**
Finance charges	-149	-201	-37	**-387**
Operating Lease Liabilities	**1 185**	**1 896**	**603**	**3 684**
Lease payments	1 506	2 840	0	**4 346**
Finance charges	-118	-152	0	**-270**
Finance Lease Liabilities	**1 388**	**2 688**	**0**	**4 076**
Lease Liabilities	**2 573**	**4 584**	**603**	**7 760**

Variable Lease Payments

Variable lease payments expensed on the basis that they are not recognized as a lease liability. Potential future lease payments the group are exposed to on 31st December 2023 are estimated to be:

Variable lease payments, as at December 31, 2023 (in thousand of €)	Within 1 year	1-5 years	After 5 years	Total
Variable lease payments	4	4	1	**9**

Extension Options

The potential additional future cash flows to which the group are exposed if extension options are exercised as follows:

Potential future cash flows of extension options, as at December 31, 2023 (in thousand of €)	Within 1 year	1-5 years	After 5 years	Total
Potential future cash flows	0	524	623	**1 147**

NOTE 17.

Lease Payments not Recognized as a Liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

On 31st December 2023, k€ 84 of office rentals are included under Selling and general administrative expenses.

NOTE 18. Other Financial Assets

(in thousand of €)	As of December 31 **2023**
Loans receivable	14 123
Other financial assets	31
Other financial assets	**14 154**

The Other financial assets are valued at amortized cost.

Loans receivables are mainly (a gross amount of k€ 15,435) composed by amounts due from Metalcorp Group S.A. to Ferralum metals Group S.à r.l., bearing interest rates between 7.0% and 9.0% per annum. These loans are overdue as of 31st December 2023. The Management does not consider that an impairment is necessary on the main part of the outstanding amount (k€ 13,672) as this amount will be offset against an amount due by Ferralum metals Group S.à r.l. to Metalcorp Group S.A. in its debt restructuration operation occurring in 2024. Due to the financial difficulties faced by Metalcorp Group S.A. during the year 2023 and its restructuration in course, the Management has - based on prudence - booked a full impairment on the remaining (non-offset) part of these loans (k€ 1,763).

NOTE 19. Other Assets

(in thousand of €)	As of December 31 **2023**
Deferred charges	32
Other assets	**32**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20. Trade Payables

(in thousand of €)	As of December 31 **2023**
Suppliers	39 266
Trade payables	**39 266**

Trade payables are due on short-term. The carrying values of trade payables are considered to be a reasonable approximation of fair value. Accruals for suppliers are presented under the caption Other current liabilities.

NOTE 21. Other Current Liabilities

(in thousand of €)	**As of December 31, 2023**
Prepayments received from customers	25
Accruals for suppliers	4 836
Payroll taxes and social security payables	273
Accruals for pensions & disability	13
VAT & Corporate income tax payables	2 878
Other tax payables	6
Other current liabilities	239
Other current liabilities	**8 270**

NOTE 22. Debt and Lease Liabilities

(in thousand of €)	**Current liability As of December 31, 2023**	**Non-current liability**
Loans from banks	19 096	4 071
Loans from third parties	87	77 156
Loans from shareholders	10	0
Lease liabilities	2 573	5 187
Total debt	**21 766**	**86 414**

The Loans from banks, Loans from third parties and Loans from shareholders are valued at amortized cost.

NOTE 22.

Loan from Banks

The Loans from banks are composed with credit lines amounting to k€ 20,419 and residual bank loans amounting to k€ 2,748 being in total an amount of k€ 23,167.

The bank loans are composed by two loans:

- a k€ 3,000 loan issued on 30th September 2020 and reimbursable in 40 quarterly instalments of k€ 75, bearing interest at 1.50% per annum. The loan is secured by a pledge on land.
- a k€ 6,000 loan issued on 12th October 2018 and in maximum 72 monthly instalments, bearing interest at 2.20% per annum and being secured by. The loan is secured by an assignment of machinery and equipment under finance.

The Credit Lines comprise working capital facilities and trade finance facilities.

- Working capital lines are - except a working capital line of k€ 1,000 where stock / raw material inventory has been pledged as a security to the bank - not secured by any pledges and are granted to the group based on banks' evaluation and rating of the entity. Interest rates are based on EURIBOR + the banks' markup.

- Trade finance facilities are secured by the pledge of transaction related receivables and assignment of credit insurance coverages to financing banks. The financed transactions are therefore self-liquidating and the amount of debt towards banks as per balance sheet date result from that fact that banks have financed the transaction and the customer's payment is awaited to be received at due date. Interest rates are based on EURIBOR / and or SOFR + the banks' markup.

Loan from Third Parties

As part of the Business Combination in June 2023, the acquisition of the participation in BAGR Non-Ferrous Group GmbH was financed by a vendor loan granted by the seller (Metalcorp Group S.A.) amounting to k€ 72,500, to be repaid (including accrued interests) at the latest on 28th June 2026 and bearing an interest of 8.50%. Until settlement of the due amount under the SPA, the shares on BAGR-Non-Ferrous Group GmbH are pledged to the seller. Accrued interests up to 31st December 2023 amounts to k€ 4,656. This loan and the accrued interests are shown under the caption Loans from third parties.

Lease Liabilities

Lease liabilities of k€ 7,760 in December 2023 include k€ 4,076 from finance leases as well as k€ 3,684 for right of use assets under operating lease. See Note 17 for more information on Lease liabilities.

(in thousand of €)	Within 1 year	1-5 years	Over 5 years	As of December 31 2023
Loans from banks	19 096	3 621	450	**23 167**
Loans from third parties	87	77 156	0	**77 243**
Loans from shareholders	10	0	0	**10**
Lease liabilities	2 573	4 584	603	**7 760**
Total debt and lease liabilities	**21 766**	**85 361**	**1 053**	**108 179**
among these:				
Short-term and current maturities of long-term debt & lease liabilities	21 766			**21 766**
Long-term debt & lease liabilities		85 361	1 053	**86 414**

The figures mentioned in the above schedule are presented using discounted values.

NOTE 23. Equity

Issued Capital

As of 31st December 2023, and 1st January 2023, Ferralum's subscribed capital is divided into 30,000 registered shares with a nominal value of € 1 per share. The shares are partially paid at the level of 25% by payment in cash amounting to seven thousand five hundred Euro (€ 7,500). At the Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the Company's net income. All shares confer the same rights and obligations. There is no authorized capital.

Other Comprehensive Income

The Other Comprehensive Income is entirely composed by Currency Translation Adjustments.

NOTE 24. Provisions, Contingent Liabilities & Contingent Assets

In principle,the group could be involved in Legal Proceedings in various jurisdictions. These Legal Proceedings could result, in particular, in the group being subject to payment of damages and punitive damages, equitable remedies or sanctions, fines or disgorgement of profit. In individual cases this may also lead to formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. In addition, further Legal Proceedings may be commenced or the scope of pending Legal Proceedings may be extended. Asserted claims are generally subject to interest rates. Some of these Legal Proceedings could result in adverse decisions for the group, which may have material effects on its business activities as well as its financial position, results of operations and cash flows. For Legal Proceedings information required under IAS 37, Provisions, Contingent Liabilities and Contingent Assets is not disclosed if the Management concludes that disclosure can be expected to seriously prejudice the outcome of the matter. As of balance sheet date the group is not subject to any legal proceedings.

However, the subsidiary BAGR Berliner Aluminumwerk GmbH, Berlin has a potential liability in relation with a development fee for the property at the corner of Lengeder Straße 75 and Kopenhagener Straße 59 in Berlin. The Reinickendorf district office of Berlin asserted a development fee for the above-mentioned property (in the amount of k€ 531 plus the accumulated late payment surcharge amounting to k€ 494) by official notice dated 27th December 2023. The case is not considered at the stage of a legal dispute as BAGR has submitted its official objection. An objection is a legal remedy that can be used to defend oneself against decisions made by authorities and courts and, as such, it is not considered as a legal action. Nevertheless, the consolidated financial reports have recognized the subject as a provision for eventual risk amounting to k€ 977.

Contingent Liabilities

Warranty and legal claims brought against the group were managed during the year. Management considers these claims to be unjustified and the probability they will require settlement at the group's expense to be remote. This evaluation is consistent with external independent legal advice.

Environmental Contingent liabilities

The group's activities expose it to governmental sanctions due to environmental legislation, or damage to its reputation because of its communication with respect to its commitments against climate change not being achieved. New regulations could impose levies for failure to take corrective actions against climate related risks, or some consulting contracts could become onerous due to the increase of operating expenses. The group during 2023 was not subject to any claim related to environmental considerations and it has not identified any onerous contracts due to climate-related matters.

Group Insurance for Directors

The Group provides a group insurance for directors of the operational companies and certain other employees of the Ferralum Metals Group. It covers the personal liability of the insured individuals in cases of financial loss associated with their activities on behalf of the Company.

NOTE 24.

Contingent Assets

The group, as part of the Business Combination, could be eligible to certain indemnifications from the Seller of the shares under certain circumstances. These contingent assets are not recognized in the Financial Statements.

NOTE 25. Additional Disclosures on Financial Assets and Liabilities

The table below provides an overview of the financial assets and liabilities of the group divided into the classes amortized cost, fair value through profit and loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI"):

(in thousand of €)	Amortised cost	FVTPL	FVTOCI	As of December 31 Total 2023
Cash and cash equivalents	8 864	0	0	**8 864**
Trade and other receivables	15 639	0	0	**15 639**
Other current financial assets	51	0	0	**51**
Other current assets	183	0	0	**183**
Other financial assets	14 154	0	0	**14 154**
Other assets	33	0	0	**33**
Assets	**38 923**	**0**	**0**	**38 923**
Short-term and current maturities of long-term debt & lease liabilities	21 766	0	0	**21 766**
Trade payables	39 266	0	0	**39 266**
Other current liabilities	8 270	0	0	**8 270**
Long-term debt & lease liabilities	86 414	0	0	**86 414**
Provisions	977	0	0	**977**
Liabilities	**156 692**	**0**	**0**	**156 692**

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial assets and liabilities into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market-based assumptions.

In relation to the assets and liabilities described above, Fair Market Value is similar to Amortized costs.

NOTE 26. Financial and Capital Risk Management

This note presents information about the company's exposure to each of the below risks, the company's objectives, policies, and processes for measuring and managing risk, and the company's management of capital. The group's risk management is coordinated at top management level, in close cooperation with the board of directors, and focuses on actively securing the group's short to medium-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the group is exposed are:

Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the company's receivables from customers and loans:

The receivables, prepayments and accrued income mainly consists of trade receivables. Following a risk averse approach the receivables towards clients are secured by adequate credit insurance coverages, bank guarantees, letters of credit and the extensive utilization of factoring reducing significantly the relevant risk.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also regularly considers the creditworthiness of the company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance banks and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all trade receivables despite the fact that it reduces margins of transactions.

The group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers. The expected loss rates are based on the payment profile for sales over the past 60 months before 31 December 2023 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

The group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within each annual reporting period.

Trade receivables are written off (i.e., derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as of 31st December 2023 are determined as follows:

(in thousand of €)	Trade receivables days past due				
	Current	More than 3 months	More than 6 months	More than 12 months	**Total**
Gross carrying amount: December 31, 2023	3 605	0	0	8 269	**11 874**

NOTE 26.

Receivables overdue since more than 12 months have - up to the amount of k€ 8,002 - been collected and materialized subsequent to the end of the financial year through receipt of an equivalent value of market tradable commodities enabling the group additional sales opportunities. A value correction as of balance sheet date was not necessary as the negotiations on finalizing this settlement had already started prior to year end 2023 and it was definite that the settlement will take place latest by end of the first quarter of the subsequent year. For this reason, the receivable is considered to be recoverable and is also not subject to impairment. See Note 30 for subsequent events information.

Market Risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, product prices and will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company makes use of adequate instruments and back-to-back transaction models in order to manage market risks. All such transactions are carried out within the guidelines set by the company.

Currency Risk

The Production facilities mainly enter into euro agreements and therefore, the currency risk is insignificant. Moreover, the currency risk is limited as contract deals are denominated in the same currency for both purchases and sales. As most of the transactions are structured on back to- back basis, the deals are naturally hedged. In case one side of the transaction should occasionally have a different currency, the risk is hedged by the use of FX-hedging by banks. As of balance sheet date the company is not exposed to any significant currency risks.

Interest Rate Risk

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

Interest Rate Sensitivity

The group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. On 31st December 2023, the group is exposed to changes in market interest rates through working capital lines being provided at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the group's money market funds is considered immaterial. The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(in thousand of €)	Profit for the year		Equity	
	1%	-1%	1%	-1%
1 July 2023	144	-144	144	-144
31 December 2023	145	-145	145	-145

Market Price Risk

The production facilities produce a significant portion of their volumes on the basis of tolling agreements. In these agreements the purchase of material is related to the sale and the price risk is mitigated. Moreover, the company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that a trade is subject to price risk, this is hedged through adequate instruments with an adequate non speculative hedging strategy.

NOTE 26.

Liquidity Risk

Liquidity risk is that the group might be unable to meet its obligations. The group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over both the lookout periods.

The group's objective is to maintain cash and available credit lines to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is ensured by the performance of treasury with necessary foresight. Moreover, the group benefits from various supplier credits, established credit lines with banks supporting group treasury. Factoring facilities expedite cash circularity.

The group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are mostly due within six months.

As of 31st December 2023, the group's non-derivative financial liabilities have contractual maturities (excluding interest payments) as summarized below:

31 December 2023 (in thousand of €)	Current Within 1 year	Non-current 1 to 5 years	Non-current later than 5 years	Total
Loans from banks	19 096	3 621	450	**23 167**
Loans from third parties	87	77 156	0	**77 243**
Loans from shareholders	10	0	0	**10**
Lease liabilities	2 573	4 584	603	**7 760**
Total debt and lease liabilities	**21 766**	**85 361**	**1 053**	**108 179**
Trade payables	39 266	0	0	**39 266**
Other current liabilities	8 270	0	0	**8 270**
TOTAL	**69 302**	**85 361**	**1 053**	**155 715**

NOTE 27. Related Party Transactions

(in thousand of €)	Income / (Expenses) Fiscal Year 2023	Receivables As of December 31 2023	Liabilities As of December 31 2023
Shareholder	-	23	-
Related parties	-	-	10
Remuneration of management	83		
Related party transactions	**83**	**23**	**10**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 27.

Shareholder

As of 31st December 2023 and 31st December 2022, receivables to shareholders included receivables for called but unpaid subscribed capital of k€ 23.

Associated Companies & Joint Ventures

No transaction with associated companies and joint ventures in 2023.

Related Parties

As of 31st December 2023, liabilities to related companies include liabilities resulting out fees for issued guarantees.

Remuneration of Management

The remuneration of the Ferralum Metals Group S.à.r.l.'s management and director(s) are as follows:

(in thousand of €)	Fiscal year **2023**
Short-term employee benefits	83
Post-employment benefits	0
Other long-term benefits	0
Remuneration of management	**83**

NOTE 28. Audit, Accounting and Other Services

Fees related to professional services rendered by the Company's audit, accounting and other services for December 2023 are:

(in thousand of €)	Fiscal year **2023**
Audit services	195
Legal services	482
Tax services	50
Consulting services	930
Accounting services	54
Principal accountant fees and services	**1 711**

In 2023, the total fees related to Principal accountant fees and services are k€ 1,711. Audit Services relate primarily to services provided by Baker Tilly (for the main German group entities) and Grant Thornton (k€ 117 for auditing Ferralum's Consolidated Financial Statements). Legal, tax, and consulting services include k€ 1,352 being costs in connection with M&A activities related to the acquisition of the BAGR Non-Ferrous Group GmbH and its subsidiaries (one-off costs).

NOTE 29. Revenues

The group's revenues from external customers by type and geographical location are detailed below:

Revenues by Type (in thousand of €)	Fiscal Year **2023**
Aluminum production	51 425
Ferrous metals trading	68 932
Other	80
Total revenues	**120 437**

Revenues by Geographical Location (in thousand of €)	Fiscal Year **2023**
Germany	96 598
Remaining Europe	23 608
Rest of the world	231
Total revenues	**120 437**

Revenues' Goods Transferred (in thousand of €)	Fiscal Year **2023**
Goods transferred at a point in time	118 446
Goods transferred over time	1 991
Total revenues	**120 437**

NOTE 30. Subsequent Events

After balance sheet date, on 31st March 2024, the group has materialized certain trade receivables from customers by settlement through transfer of ownership of market tradable commodities which enable the company to utilize additional business opportunities on the sales side. The commodities are currently located in customer's place but on behalf of the group.

After balance sheet date, on 19th June 2024, Ferralum Metals Group S.à.r.l. has entered into a recapitalization transaction by which it has fulfilled all its obligations under the SPA dated 17th May 2023 (share purchase agreement for the purchase of BAGR Non-Ferrous Group) and has replaced it with a DCM (debt capital market) based financing.

Within the envisaged transaction structure, Ferralum Metals Group Sàrl has assumed capital liabilities of the seller towards its international bondholders as well as transaction costs.

As part of this transaction, the Company has also offset a receivable amounting to k€ 13,672 due by MetalCorp Group S.A. against an amount due by the Company to this third party.

By issuance of a € 66.0 Mio. Bond on 28th May 2024, Ferralum Metals Group Sàrl has assumed – with debt releasing effect – the seller's capital liabilities in the same amount. The market tradable bond has been successfully issued with ISIN 000 A3LWZV6 and has a maturity in December 2026. The interest rate comprises 10% p.a. and is also due in December 2026. However, the issuer has at any time the possibility to repay or refinance without penalties.

NOTE 30.

By an agreement dated 21st May 2024, Ferralum Metals Group has assumed transaction costs in the amount of € 6.8 Mio. which were due and payable with closing of the transaction. Further contingent earn-out liability may be assumed by the group, however only becoming due in case certain preconditions should be given in the future. The preconditions for the aforementioned would be an overperformance / EBITDA-surplus compared to the EBITDA thresholds of the business plan. However, in such event 75% of the EBITDA excess / surplus amount would be a due amount for payment. An additional € 1.0 Mio. would also be due if the average EBITDA that will occur over the 2024-2025 period exceeds a contractual threshold.

As a source for new liquidity the group's subsidiary MCOM Investments Ltd. has issued a bond on 28th May 2024 at the amount of € 12.5 Mio. Bond with ISIN DE 000 A3LWSX7 ("New Money Bond") with an original issue discount (OID) of € 2.5 Mio. The bond is due in September 2026 and bears a 10% p.a. quarterly cash interest payment as well as a 10% p.a. due interest payment due at final maturity in September 2026. The issuer is at any time permitted to repay or refinance without any penalties. The agreed OID and interest rate has to be seen in connection with the overall transaction context as well as the financing period May 2023 until May 2024 (before the recapitalization transaction) which had also accumulated an interest amount of € 6.2 Mio. under the preceding transaction set up.

The group financing has been arranged in a way that the major portion of interest payments under the bonds are due at the end of the financing period in September and December 2026 allowing the group to utilize generated cash means mostly for developing the business.

NOTE 31. List of Subsidiaries and Associated Companies

Set out as below are the details of the subsidiaries held directly by the group:

	Ownership As at December 31 2023	Indirect Ownership As at December 31 2023
Subsidiaries		
Ferralum Metals Group S.à r.l., Luxembourg / Luxembourg	**100.00%**	**100.00%**
BAGR Non-Ferrous Group GmbH, Berlin / Germany	**100.00%**	**100.00%**
BAGR Berliner Aluminumwerk GmbH, Berlin / Germany	**89.90%**	**89.90%**
Stockach Aluminum GmbH, Stockach / Germany	**100.00%**	**89.90%**
Indi Invest S.à r.l., Luxembourg / Luxembourg	**100.00%**	**89.90%**
MCOM Investment Ltd, London, United Kingdom	**100.00%**	**89.90%**
Steelcom Group S.à r.l., Luxembourg / Luxembourg	**100.00%**	**89.90%**
Steelcom Steel & Commodities GmbH, Essen / Germany	**100.00%**	**89.90%**
Steelcom Austria GmbH, Vienna / Austria	**100.00%**	**89.90%**
Steel & Commodities Iberica S.L., Madrid / Spain	**100.00%**	**89.90%**
Steel & Commodities S.A.M., Monaco / Monaco	**100.00%**	**89.90%**
Associated Companies		
Italiana Coke S.r.l., Genova / Italy	**38.71%**	**34.80%**

Joint Ventures

As of 31st December 2023, the group does not operate any Joint venture.

Luxembourg, 23rd July 2024

The Managing Board

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Grant Thornton

To the Sole Shareholder of
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Qualified Opinion

We have audited the consolidated financial statements of Ferralum Metals Group S.à.r.l. and its subsidiaries (the "Group"), which comprise the Consolidated Statements of Financial Position as at 31 December 2023, and the Consolidated Statements of Income, the Consolidated Statements of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the potential effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Basis for Qualified Opinion

The Expected Credit Loss is computed, using a simplified model, based on a provision matrix where certain percentages of expected loss are applied to categories of Trade Receivables defined on their past-due length (current - overdue by more than 3 months - overdue by more than 6 months - overdue by more than 12 months) to reflect the expected losses on each category over the lifetime of these receivables. However, based on the fact that the Management considers that no losses on trade debtors have been experienced over the last years of operations and on the fact that the Management assessed appropriately that 8.002kEUR (96,8% of the position) overdue by more than 12 months have been collected in kind in 2024, the percentage of expected loss has been estimated at 0% for each aging category, resulting in the lack of any provision for lifetime expected credit losses on trade debtors. While this computation relies on past events and current conditions, it does not take into account forecasts of future economic conditions. We cannot determine the potential impact of this omission on the Consolidated Financial Statements.

The subsidiaries BAGR Berliner Aluminiumwerk GmbH, Stockach Aluminium GmbH and Steelcom Steel & Commodities GmbH have been acquired through a Business Combination and these companies are consolidated through the global integration method starting from 1 July 2023. These subsidiaries included material inventory positions as of 30 June 2023 amounting to 10.704kEUR, 9.316kEUR and 3.164kEUR respectively. The subsidiaries Auditor did not observe the counting of the physical inventories. As we were appointed as auditors of the Group on 22 April 2024, we neither did observe the counting of the physical inventories at the business combination date. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 30 June 2023.

Grant Thornton

Since opening inventories are a component of the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

As at 31st December 2023, the "Trade Payables" include a position amounting to 3.239kEUR due to a third party. We have not been provided with sufficient and adequate audit evidence to validate the existence and the completeness of this debt. On this basis, we have not been able to determine whether any adjustment to the Financial Statements in relation with this position is necessary.

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("the Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the *"Commission de Surveillance du Secteur Financier"* (the "CSSF"). Our responsibilities under the Law of 23 July 2016 and the ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *"Réviseur d'Entreprises Agréé"* for the Audit of the Consolidated Financial Statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 5 of the Consolidated Financial Statements, which describes that, in application of IFRS 3.45, as the initial accounting for a business combination is incomplete by the end of the year 2023, the Group has reported provisional amounts in the Consolidated Financial Statements as of 31st December 2023. During the measurement period that will end during the year 2024, these provisional amounts recognised at the acquisition date are subject to modifications to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, additional assets or liabilities could also be recognized if new information will be obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to the Note 2 in the Consolidated Financial Statements which indicates that the Group has to meet challenging commercial and financial targets for the 2nd half of the year 2024, requiring to perform higher compared to the period from 1 July 2023 to 30 June 2024, in terms of revenues sold to third parties as well as in terms of profitability. Whether this performance can be achieved is subject to a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of the *"Réviseur d'Entreprises Agréé"* thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the Consolidated Financial Statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the *"Réviseur d'Entreprises Agréé"* for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *"Réviseur d'Entreprises Agréé"* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"Réviseur d'Entreprises Agréé"* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"Réviseur d'Entreprises Agréé"*. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 24 July 2024

Thierry REMACLE
Réviseur d'Entreprises Agréé
Grant Thornton Audit & Assurance

HEADQUARTERS

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