

2024

HALF-YEAR REPORT



Ferralum Metals Group
Consolidated Financial Statements
1st Half-Year 2024





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 (condensed / unaudited) first half year financial statement 2024 based on IFRS.

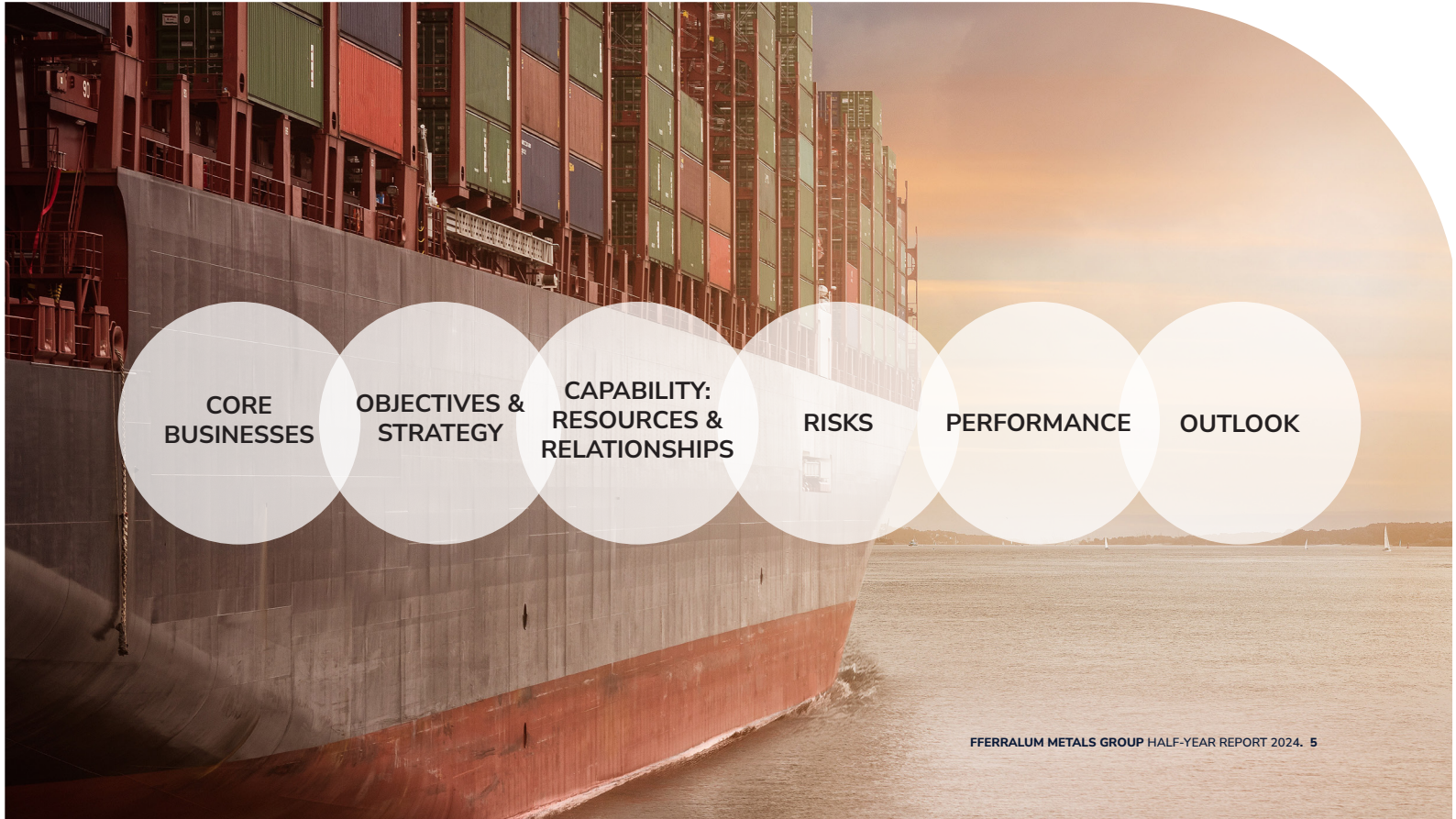
It shall provide further provide the reader with the group's:

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

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

However, it is herewith noted that the new group's financial reporting started with the first financial statement having been prepared as per 31st December 2023.

As a consequence, this semi-annual report prepared as per 30th June 2024 does not contain comparative figures to the equivalent period of the prior year.





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.



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



Location: Berlin – Germany
Established: 1981
Plant configuration: 8 Furnaces – 2 Casting Pits
Main Alloys: 3xxx, 5xxx and 6xxx
Products: Rolling Slabs



STOCKACH Aluminum GmbH



Location: Stockach – Germany
Established: 1921
Plant configuration: 8 Furnaces – 2 Casting Pits
Main Alloys: 5xxx, 6xxx, 8xxx
Products: Rolling Slabs

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.

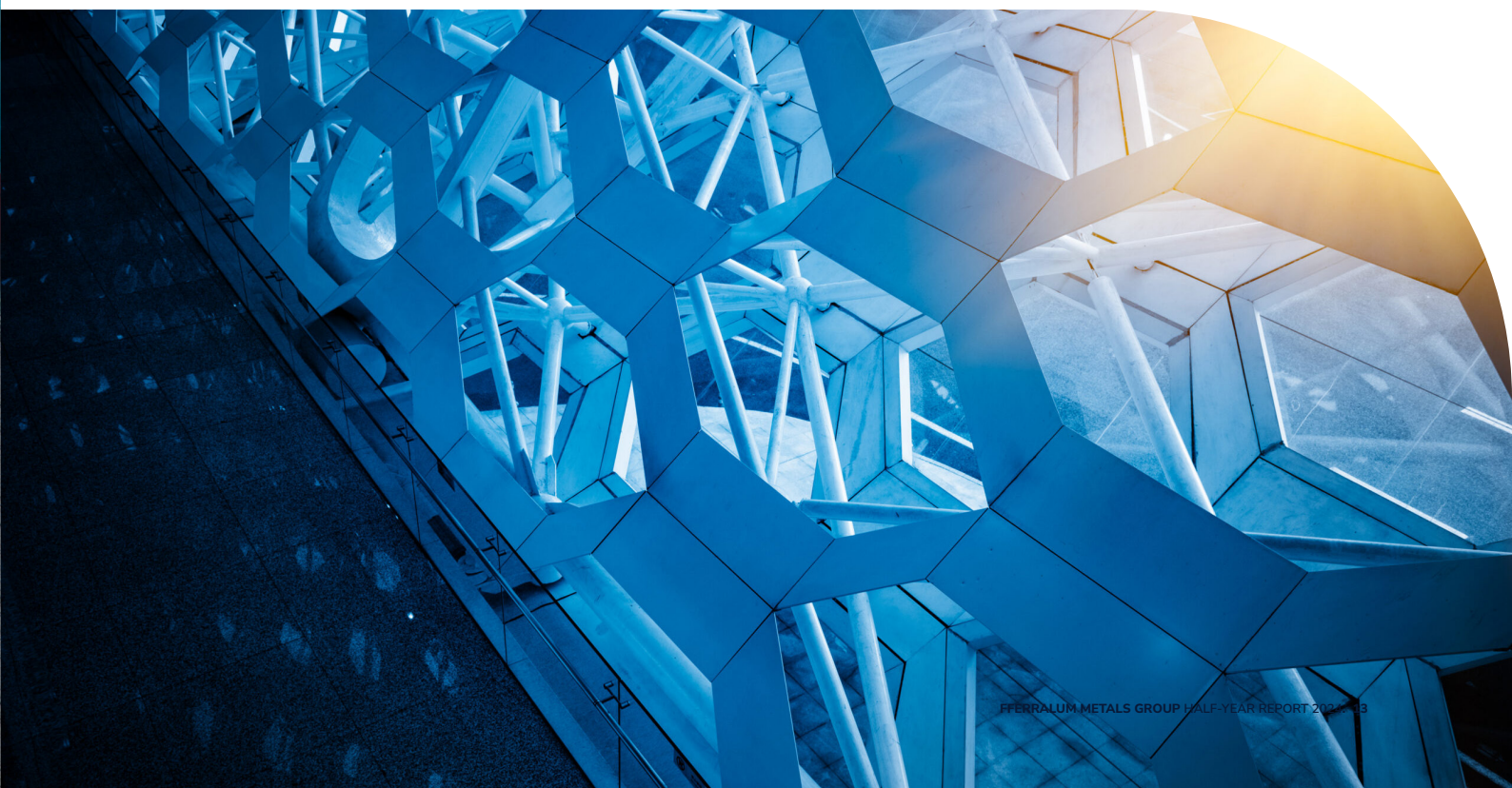
STEELCOM's **extensive business network** is based on reliable and long-standing relations which have grown over years. Combined with excellent market knowledge as well as commercial, financial and technical know-how, we offer products with **value-added, integrated business solutions** to our clients.

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.



Raw Material Processing & Electricity Production

Location: Savona, Italy
Establishment year: 1897
Products: Foundry coke, metallurgical coke, blast furnace coke, coal tar, electricity



Logistic Facility

Location: Genoa / Savona – Italy
Configuration: Containers & bulk shipping
Reach: Europe – Mediterranean countries – Far East – America

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)

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).

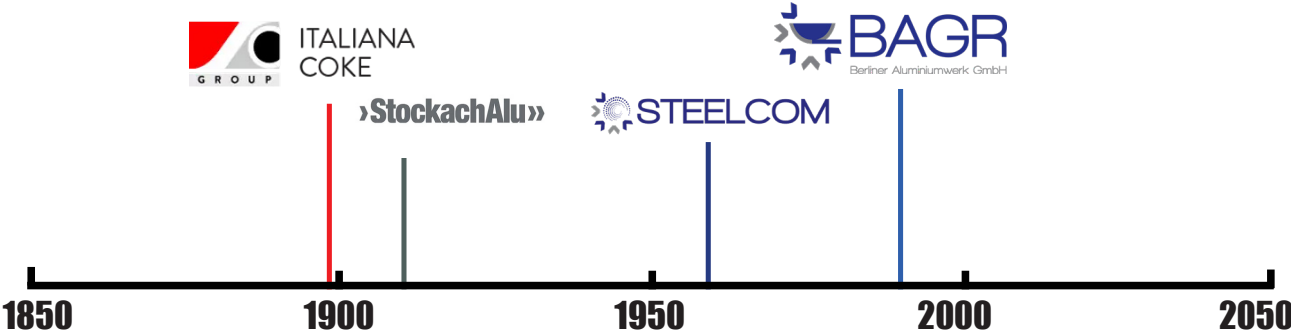
Diversified product mix

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



BUSINESS PERFORMANCE AND REVIEW OF CONSOLIDATED FINANCIAL DATA

“Added-Value Services for
Dynamic Economies.”



FERRALUM
METALS
GROUP

BUSINESS PERFORMANCE AND REVIEW OF CONSOLIDATED FINANCIAL DATA

GENERAL

The first half of the year 2024 was still determined by a macro-economic environment where the economy – especially in Europe / Germany being the main market of the group – did not yet find its way back to substantial growth dynamics. However, certain market segments showed since the end of the second quarter slight signs of improvement.

Despite the mentioned ongoing macro-economic challenges throughout Germany and Europe in first half year of 2024 as well as the restructuring / Management-Buy-Out process having taken place until June 2024 (meanwhile

successfully finalized), Ferralum Metals Group has continued to be resilient and develop successfully.

The consolidated profit and loss statement of Ferralum Metals Group (for the period 1 January 2024 till 30 June 2024) comprises a revenue of m€ 134.3, a gross profit of m€ 8.0 and an EBITDA of m€ 6.2.

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

HALF YEAR KEY DATA

REVENUE

€ 134,3 Mio

GROSS PROFIT

€ 8 Mio

EBITDA

€ 6,2 Mio

EQUITY

€ 46,3 Mio

BUSINESS PERFORMANCE AND REVIEW OF CONSOLIDATED FINANCIAL DATA

THE BALANCE SHEET

ASSETS

The **total assets** of the group comprise k€ 224,929.

The **current assets** with the total amount of k€ 38,867 mainly consist of trade receivables, inventories and cash on banks.

The **trade and other receivables** in the amount of k€ 15,857 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€ 18,086 mainly consist of raw materials on stock as well as finished products ready for sale of the aluminum plants.

As per balance sheet date, the group shows a freely disposable **liquidity position** of k€ 2,445. This amount represents the cash at banks position. Additional credit lines from banks are supplementary.

The **non-current assets** with the total amount of k€ 186,062 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€ 61,467.

The **property plant and equipment** amounting k€ 56,995 mainly consist of value attributed to technical equipment and machinery, office plant and building as well as land all being related to the two aluminum plants.

The **investment accounted for using the equity method** in the amount of k€ 60,952 is related to the investment in the coke and energy production plant Italiana Coke S.r.l.

LIABILITIES

The group's **total current liabilities** of k€ 63,919 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€ 19,715 which mainly to debts to banks from loans and from short term lease liabilities for machinery and equipment of the plants.

Besides, the current liabilities comprise **trade payables** in the amount of k€ 40,322 which are from regular business and short-term.

BUSINESS PERFORMANCE AND REVIEW OF CONSOLIDATED FINANCIAL DATA

The **non-current liabilities** with the total amount of k€ 114,753 can be mainly segregated in long term debt & lease liabilities and deferred tax liabilities.

Long term debt & lease liabilities comprise k€ 85,773 which are mainly related to issued bonds (in particular the FERRALUM Bond) and long-term lease liabilities for machinery and equipment of the aluminum plants.

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.

The obtained transaction structure is allowing the group to utilize generated cash means mostly for developing the business. And as part of the agreed terms, the issuer has in both cases at any time the possibility to repay or refinance at any time without penalties.

EQUITY

Ferralum Metals Group has a **subscribed share capital** of k€ 12.

Retained earnings are in the amount of k€ 32,419.

The total **group equity** comprises k€ 46,257.

The consolidated balance sheet of the group shows total an **equity ratio** of 21%.



BUSINESS PERFORMANCE AND REVIEW OF CONSOLIDATED FINANCIAL DATA

PROFIT AND LOSS STATEMENT

REVENUES

The group's 1st half year consolidated financial statement comprises revenues for the period January until June 2024. During this period the group could – despite difficult macro-economic frame conditions in the period – achieve a revenue of k€ 134,297 which can be segregated as follows:

Revenues by Sales Market

Country	Revenues in k€
Germany	105 323
Rest of Europe	25 995
Other	2 979
Total	134 297

Revenues by Section

Section	Revenues in k€
Aluminum production	60 443
Ferrous metals trading	69 368
Other	4 486
Total	134 297

Revenues & Production Split of the Aluminum Business

Revenue split	Revenues in k€
Full-service business	50 350
Tolling / conversion	8 848
Other	1 246
Total	60 443

Production split	Produced Tonnage in t
Full-service business	19 751
Tolling / conversion	26 158
Other	1 158
Total	47 067

BUSINESS PERFORMANCE AND REVIEW OF CONSOLIDATED FINANCIAL DATA

SG&A (selling and general administrative expenses)

The selling and general administrative expenses (SG&A) amount to k€ 5,836 in the reporting period and consist of amortization of other intangible assets in the amount of k€ 1,052, other amortization, depreciation and impairments of k€ 1,739, staff costs of k€ 2,123 as well as principal accountant fees and services of k€ 798.

Other non-operating income and expenses

The other non-operating income / expenses amount to k€ -7,992. They are almost entirely one-off costs (advisory / transaction costs) related to the accomplished restructuring having been closed by June 2024.

Interest expenses

Interest expenses amounting to k€ 4,770 are mainly related to accrued interest related to the share purchase contract dated 17 May 2023 for the purchase of BAGR Non-Ferrous Group GmbH as well as interest paid to banks.

EBITDA

As per 30th June 2024 the group has achieved an EBITDA (earnings before interest, taxes, depreciation and amortization) of k€ 6,146.

Net income

The net income of the year amounts k€ -12,983.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand of €)	Half-Year 2024
Cash flows from operating activities	-9 930
Cash flows from investing activities	-357
Cash flows from financing activities	3 869
Change in cash and cash equivalents	- 6 418
Cash and cash equivalents at beginning of period	8 864
Change in cash and cash equivalents	-6 418
Cash and cash equivalents at end of period	2 445
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	2 445

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.

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.

FORWARD LOOKING STATEMENT

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 the near and mid-term.

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.



Financial Statements

/ Consolidated Financial Statements

“Half-Year 2024”



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousand of €)	As of 30/06/2024
Assets	
Cash and cash equivalents	2 445
Trade and other receivables	15 857
Other current financial assets	364
Inventories	18 086
Current income tax assets and VAT receivables	1 146
Other current assets	969
Total current assets	38 867
Other intangible assets	61 467
Property, plant and equipment	56 995
Investments accounted for using the equity method	60 952
Other financial assets	2 871
Deferred tax assets	1 252
Other assets	2 524
Total non-current assets	186 062
Total assets	224 929
Liabilities and equity	
Short-term and current maturities of long-term debt & lease liabilities	19 715
Trade payables	40 322
Other current liabilities	3 883
Total current liabilities	63 919
Long-term debt & lease liabilities	85 773
Deferred tax liabilities	28 003
Provisions	977
Total non-current liabilities	114 753
Total liabilities	178 672
Equity	
Issued capital	12
Retained earnings	32 419
Total equity attributable to shareholders of Ferralum Metals Group S.à r.l.	32 431
Non-controlling interests	13 827
Total equity	46 257
Total liabilities and equity	224 929

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1st Half-Year

(in thousand of €)

2024

Revenues	134 297
Cost of sales	-126 292
Gross profit	8 005
Selling and general administrative expenses	-5 836
Other non operating income and expenses *	-7 992
Income (loss) from investments accounted for using the equity method, net	-2 632
Interest income	64
Interest expenses	-4 770
Income from continuing operations before income taxes	-13 160
Income tax expense	177
Income from continuing operations	-12 983
Net income	-12 983
Attributable to:	
Non-controlling interests	-177
Shareholders of Ferralum Metals Group S.à r.l.	-12 806

* mainly consisting of one-off expenses related to the financial restructuring having been finalised successfully in June 2024.

ADDITIONAL CAPITAL DISCLOSURE

(in thousand of €)	1st Half-Year 2024
Revenues	134 297
Cost of sales	-126 292
Selling and general administrative expenses	-5 836
Plus: Amortization, depreciation and impairments	3 994
EBITDA	6 164
Amortization, depreciation and impairments	-3 994
EBIT	2 170
Income (loss) from investments accounted for using the equity method, net	-2 632
Interest income	64
Interest expenses	-4 770
Other non operating income and expenses *	-7 992
EBT	-13 160
Income tax expenses	177
Net income	-12 983

* mainly consisting of one-off expenses related to the financial restructuring having been finalised successfully in June 2024.



HEADQUARTERS

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