Q1 2025 Statement

BEFESA

Befesa at a glance

Key figures

	Q1 2025	Q1 2024	Change	Change
Key operational data (tonnes, unless specified otherwise)				
Electric arc furnace (EAF) steel dust throughput	277,187	303,114	(8.6) %	(25,928)
Waelz oxide (WOX) sold	90,250	99,998	(9.7) %	(9,748)
Salt slags and Spent Pot Linings (SPL) recycled	107,325	111,261	(3.5) %	(3,936)
Secondary aluminium alloys produced	42,890	44,347	(3.3) %	(1,457)
Zinc LME average price (€ / tonne)	2,697	2,256	19.5 %	441
Zinc blended price (€ / tonne)	2,620	2,400	9.2 %	220
Aluminium alloy FMB average price (€ / tonne)	2,416	2,277	6.1 %	139
Key financial data (€ million, unless specified otherwise)				
Revenue	308.4	298.3	3.4 %	10.0
EBITDA	52.8	45.3	16.6 %	7.5
EBITDA margin	17.1 %	15.2 %	1.9 %	n.a.
Adjusted EBITDA	55.8	48.6	14.9 %	7.2
Adjusted EBITDA margin	18.1 %	16.3 %	1.8 %	n.a.
EBIT	31.9	24.6	29.7 %	7.3
EBIT margin	10.3 %	8.2 %	2.1 %	n.a.
Adjusted EBIT	35.5	27.9	27.3 %	7.6
Adjusted EBIT margin	11.5 %	9.3 %	2.2 %	n.a.
Financial result	(7.1)	(7.6)	(6.2) %	0.5
Profit before taxes and minority interests	24.8	17.0	45.6 %	7.8
Net profit attributable to shareholders of Befesa S.A.	18.6	9.4	97.1 %	9.2
EPS (in €)	0.47	0.24	97.1 %	0.23
Total assets	1,967.1	2,011.9	(2.2) %	(44.8)
Capital expenditures	15.8	17.3	(8.7) %	(1.5)
Cash flow from operating activities	34.0	14.5	133.6 %	19.4
Cash and cash equivalents at the end of the period	105.0	90.3	16.2 %	14.6
Net debt	612.7	621.7	(1.4) %	(9.0)
Net leverage	x2.8	x3.4	-x0.2	-x0.7
Number of employees (as of end of the period)	1,835	1,819	0.9 %	16

Note: Capital expenditure excludes changes in fixed assets suppliers (€2.3m in Q1 2025)

Q1 2025 Highlights

- **Q1 2025 adjusted EBITDA at €56 million**, a 15% year-on-year improvement (+€7m).
- **FY2025 EBITDA expected at €240-€265 million**, a strong doble-digit growth, compared to FY2024.
- **Strong Operating Cash Flow** in Q1 2025 at €34.0m, up 134% driven by strong cash conversion
- **Net income** in Q1 2025 at €18.6m, up 97% vs Q1 2024
- Strategic **focus on reducing leverage** from current 2.78x to below 2.5x target by the end of 2025.
- **Disciplined capex focus** on approved projects (Palmerton and Bernburg), while staying positioned to capitalise on market opportunities.

Business review

Results of operations, financial position & liquidity

Revenue

In Q1 2025, total revenue increased by 3.4% YoY to €308.4 million (Q1 2024: €298.3 million). The increase was mainly driven by better prices of zinc and lower zinc treatment charge (TC) applied, partially offset by weaker Alu performance.

EBITDA & EBIT

In Q1 2025, total adjusted EBITDA increased by 14.9% YoY to €55.8 million (Q1 2024: €48.6 million). Total adjusted EBIT increased by 27.3% to €35.5 million in Q1 2025 (Q1 2024: €27.9 million).

Total EBITDA and EBIT were adjusted for €3.0 million and €3.6 million, respectively, in Q1 2025. These adjustments were driven by the hyperinflation in Turkey.

Total reported EBITDA amounted to €52.8 million in Q1 2025 (+16.6% yoy). Total reported EBIT amounted to €31.9 million in Q1 2025 (+29.7% yoy).

Financial result & net profit

Total net **financial result** decreased by 6.2% to -€7.1 million in Q1 2025 (Q1 2024: -€7.5 million). This decrease was primarily driven by the effect of low interest rates on debt, partially offset by the impact of net exchange differences.

Total **net profit** attributable to shareholders increased by -97.1% in Q1 2025 to €18.6 million (Q1 2024: €9.4 million). This development was primarily due to all the factors explained above, as well as the effect in 2025 of the acquisition of the remaining 50% stake in Recytech, which took place in 2024.

As a result, earnings per share (EPS) in Q1 2025 increased accordingly by 97.1% to €0.47 (Q1 2024: €0.24).

Financial position & liquidity

Gross debt at 31 March 2025 decreased to €717.7 million (31 December 2024: €721.5 million). The decrease of the gross debt is mainly explained by recurring repayments of lease liabilities (c. €3 million per quarter).

Net debt at 31 March 2025 decreased by -1.0% to €612.7 million (31 December 2024: €619.0 million) following the decrease in financial indebtedness and increase in cash balance.

Net leverage of x2.78 at Q1 2025 closing (Q4 2024: x2.90) based on the underlying net debt of €612.7 million and LTM adjusted EBITDA of €220.6 million.

Befesa continues to be compliant with all debt covenants.

	31 March 2025	31 December 2024
Non-current financial indebtedness	681.9	684.6
+ Current financial indebtedness	35.8	36.9
Financial indebtedness	**717.7**	**721.5**
- Cash and cash equivalents	(105.0)	(102.5)
Net debt	**612.7**	**619.0**
LTM Adjusted EBITDA	220.6	213.4
Net leverage ratio	**x2.78**	**x2.90**

Operating cash flow in Q1 2025 increased by 134% to €33.9 million (Q1 2024: €14.5 million).

The change in working capital impacted operating cash flow by €-15.3 million in Q1 2025, lower than €-33.9 million in Q1 2024, which has been significantly impacted by seasonality, further influenced by lower sales compared to the previous quarter. Taxes paid in Q1 2025 came in at €-6.5 million as a result of final tax assessments of previous year (€-0.1 million in Q1 2024).

In Q1 2025, Befesa's cash capex was €18.1 million (Q1 2024: €18.9 million) broken down into maintenance capex (€11.0 million) and growth capex (€7.2 million), mainly related to Palmerton plant refurbishment.

After funding working capital, taxes, capex and financial payments, total cash flow in Q1 2025 amounted to €2.4 million. Cash on hand stood at €105.0 million, which together with the €100.0 million RCF undrawn, provides Befesa with more than €205.0 million liquidity.

Segment information

Steel Dust Recycling Services

In Q1 2025, volumes of **EAF steel dust recycled** decreased slightly to 277,187 tonnes (Q1 2024: 303,114 tonnes). Befesa's performance across its markets was impacted by planned shutdowns in Europe and supply chain constraints in other geographies. With these volumes, Befesa's EAF steel dust recycling plants ran at an average load factor of 64.5% in Q1 2025.

The volume of Waelz oxide (WOX) sold decreased by -10,1% to 90,250 tonnes in Q1 2025 (Q1 2024: 100,404 tonnes).

Revenue in the Steel Dust business increased to €200.2 million in Q1 2025 (Q1 2024: €188.0 million) with higher zinc hedging price and favourable zinc treatment charge TC being compensated by slightly lower volumes.

Adjusted **EBITDA** in the Steel Dust business increased by 36.6% to €49.2 million in Q1 2025 (Q1 2024: €36.0 million). This development was due to higher zinc LME, hedging prices and favourable zinc TC, partially diluted by lower volumes. Consequently, adjusted EBITDA as a percent of revenue increased to 24.6% in Q1 2025 compared to 19.2% in Q1 2024.

Adjusted **EBIT** in the Steel Dust business increased by 62.8% to €33.4 million in Q1 2025 (Q1 2024: €20.5 million) following similar drivers explained referring to the EBITDA development.

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

Salt slags and SPL recycled volumes decreased in Q1 2025 by -3.5% to 107,325 tonnes (Q1 2024: 111,261 tonnes) This development was primarily driven by planned maintenance shutdown which will be reversed in the remaining quarters of the year. On average, Salt Slags recycling plants operated at 93% in Q1 2025 (Q1 2024: 95%).

Revenue in the Salt Slags subsegment increased slightly by 1.7% to €27.7 million in Q1 2025 (Q1 2024: €27.2 million) driven by price effect.

EBITDA in the Salt Slags subsegment decreased by -29.4% to €7.0 million in Q1 2025 (Q1 2024: €9.9 million). This was mainly driven by overall higher operating cost, specially caused by higher energy prices.

EBIT in the Salt Slags subsegment decreased by -34.4% to €4.5 million in Q1 2025 (Q1 2024: €6.9 million) following similar drivers explained referring to the EBITDA development.

Secondary Aluminium subsegment

Aluminium alloy production volumes decreased in Q1 2025 by -3.3% to 42,890 tonnes (Q1 2024: 44,347 tonnes). Secondary Aluminium plants operated at a utilization of 81% in Q1 2025 (Q1 2024: 87%).

Revenue in the Secondary Aluminium subsegment amounted to €95.2 million in Q1 2025, -3.2% YoY (Q1 2024: €98.3 million).

EBITDA in the Secondary Aluminium subsegment decreased by -42.8% to €1.6 million in Q1 2025 (Q1 2024: €2.9 million). The EBITDA decrease is explained by the strong decrease in the average aluminium metal margin, with reduced premium in the sale of the aluminium alloys and increase price in the purchase of raw materials.

EBIT in the Secondary Aluminium subsegment decreased in Q1 2025 by -134.0% to -€0.3 million (Q1 2024: €0.8 million), following similar drivers which impacted the EBITDA development.

Strategy

Hedging

The zinc price hedging strategy is unchanged providing zinc price visibility, lowering the impact from zinc price volatility and therefore improving the stability and visibility of earnings and cash flow across the economic cycle. Further details are available in Befesa Annual Report 2024.

Befesa's current hedging involves volume of zinc price hedging in Europe (€), US ($), and South Korea (Kw).

The combined global hedge book in place as of the date of this Q1 2025 Financial Statement Befesa with improved zinc price visibility up to and including January 2027. Therefore, for the following twenty months, the price of zinc is hedged at increasing hedging average prices: €2,521 per tonne in 2024, around €2,640 per tonne in 2025 and around €2,655 per tonne in 2026.

Growth

The key priorities regarding the business plan and capital allocation are to focus on de-leveraging and ongoing approved capex projects.

Befesa is committed to keeping the financial leverage between x2.0 and x2.5 over the investment period, compared to the current level of x2.8.

The growth capex will focus on Palmerton and Bernburg which are low execution risk projects.

In the US, the refurbishment of the plant in Palmerton, Pennsylvania, is on track. The first kiln of the two is already

going through hot commissioning process, while the second kiln will be starting operations in the Q2 2025.
This will enable Befesa to improve profitability levels and to capture the anticipated increase in EAF steel dust volumes in the US market for 2025, 2026 and beyond.

In Europe, with regards to the expansion of the secondary aluminium production capacity in the existing plant of Bernburg, Germany, Befesa is moving forward with the permits and commercial contracts. This project is in line with the expected growth of the demand for aluminium in Europe in the coming years driven by the EV penetration. Light-weight solutions are required to reduce emissions and, as a result, the aluminium content in cars will increase.

China expansion plan is stop until a recovery in the market is clear. As such, China plants 3, 4 and 5 are stop for the next years. If the market recovers, the expansion plan could be restarted fast. In the mid and long term, the opportunity in China remains attractive driven by a combination of increased EAF steel penetration as well as stronger enforcement of the environmental regulation.

Subsequent events

There have been no significant events after the closing of the Q1 2025 and before the release of this financial statement.

Outlook

Befesa expects full-year EBITDA in the range of €240–265 million), representing a +13% to +24% year-on-year increase (2024: €213 million). Earnings in 2025 will be positively impacted by significant lower Zinc TC, set at $80 per tonne for 2025 (2024: $175 per tonne), coupled with improved zinc hedging prices. Moreover, improvements in operational efficiencies in US refining plant as well as higher volume in EAF dust recycled in the US will support earnings growth. Financial leverage is expected to be below x2.5 by end of year 2025.

Consolidated financial statements
as of 31 March 2025 (thousands of euros

Statement of financial position

	31 March 2025	31 December 2024
Non-current assets:		
Intangible assets		
Goodwill	634,934	645,137
Other intangible assets	107,454	109,503
	742,388	754,640
Right-of-use assets	35,865	37,594
Property, plant and equipment	716,864	736,555
Non-current financial assets		
Other non-current financial assets	21,847	15,846
	21,847	15,846
Deferred tax assets	92,575	102,182
Total non-current assets	1,609,539	1,646,817
Current assets:		
Inventories	101,228	100,332
Trade and other receivables	109,439	102,429
Trade receivables from related parties	337	354
Accounts receivables from public authorities	14,154	10,487
Other receivables	19,080	14,643
Other current financial assets	8,309	461
Cash and cash equivalents	104,969	102,520
Total current assets	357,516	331,226
Total assets	1,967,055	1,978,043

Statement of financial position (continued)

	31 March 2025	31 December 2024
Equity:		
Parent Company		
Share capital	111,048	111,048
Share premium	532,867	532,867
Hedging reserves	16,756	(20,787)
Other reserves	183,919	132,254
Translation differences	(4,810)	24,017
Net profit/(loss) for the period	18,623	50,820
Equity attributable to the owners of the Company	858,402	830,219
Non-controlling interests	16,033	15,518
Total equity	874,436	845,737
Non-current liabilities:		
Long-term provisions	13,470	16,071
Loans and borrowings	662,239	664,086
Lease liabilities	19,672	20,475
Other non-current financial liabilities	4,225	16,207
Other non-current liabilities	4,638	4,908
Deferred tax liabilities	109,008	110,296
Total non-current liabilities	813,252	832,043
Current liabilities:		
Loans and borrowings	24,988	25,422
Lease liabilities	10,810	11,493
Other current financial liabilities	4,094	26,162
Trade and other payables	171,523	169,646
Other payables		
Accounts payable to public administrations	27,757	23,590
Other current liabilities	40,195	43,950
	67,952	67,540
Total current liabilities	279,367	300,263
Total equity and liabilities	1,967,055	1,978,043

Income statement

	Q1 2025	Q1 2024	Change	Change
Revenue	308,375	298,347	3.4 %	10,028
Changes in inventories of finished goods and work-in-progress	(3,079)	60	(5,231.7) %	(3,139)
Procurements	(133,659)	(140,809)	(5.1) %	7,150
Other operating income	834	2,451	(66.0) %	(1,617)
Personnel expenses	(40,486)	(37,006)	9.4 %	(3,480)
Other operating expenses	(79,184)	(77,754)	1.8 %	(1,430)
Amortisation/depreciation, impairment and provisions	(20,947)	(20,723)	1.1 %	(224)
Operating profit/(loss)	**31,854**	**24,566**	29.7 %	7,288
Finance income	1,662	352	372.2 %	1,310
Finance expenses	(9,253)	(10,177)	(9.1) %	924
Net exchange differences	503	2,272	(77.9) %	(1,769)
Net finance income/(loss)	**(7,088)**	**(7,553)**	(6.2) %	465
Profit/(loss) before tax	**24,766**	**17,013**	45.6 %	7,753
Corporate income tax	(5,440)	(5,914)	(8.0) %	474
Profit/(loss) for the period	**19,326**	**11,099**	74.1 %	8,227
Attributable to:				
Parent Company's owners	18,622	9,446	97.1 %	9,176
Non-controlling interests	704	1,653	(57.4) %	(949)
Earnings/(losses) per share attributable to Parent Company's owners (in euros per share)	**0.47**	**0.24**	97.1 %	0.23

Statement of cash flows

	Q1 2025	Q1 2024
Profit/(loss) for the period before tax	**24,766**	**17,013**
Adjustments for:	**25,239**	**25,687**
Depreciation and amortisation	20,947	20,723
Changes in provisions	(2,601)	(2,425)
Interest income	(1,662)	(352)
Finance costs	9,253	10,177
Other profit/(loss)	(195)	(164)
Exchange differences	(503)	(2,272)
Changes in working capital:	**(9,527)**	**(28,067)**
Trade receivables and other current assets	(11,430)	(42,494)
Inventories	(896)	(6,579)
Trade payables	2,799	21,006
Other cash flows from operating activities:	**(6,503)**	**(87)**
Taxes paid	(6,503)	(87)
Net cash flows from/(used in) operating activities (I)	**33,975**	**14,546**
Cash flows from investing activities:		
Investments in intangible assets	(133)	(627)
Investments in property, plant and equipment	(17,976)	(18,298)
Net cash flows from/(used in) investing activities (II)	**(18,109)**	**(18,925)**
Cash flows from financing activities:		
Cash inflows from bank borrowings and other liabilities	1,996	398
Cash outflows from bank borrowings and other liabilities	(5,665)	(2,891)
Interest paid	(9,324)	(9,417)
Net cash flows from/(used in) financing activities (III)	**(12,993)**	**(11,910)**
Effect of foreign exchange rate changes on cash & cash equivalents (IV)	**(424)**	**(78)**
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	**2,449**	**(16,367)**
Cash and cash equivalents at the beginning of the period	102,520	106,692
Cash and cash equivalents at the end of the period	104,969	90,325

Additional information

Segmentation overview – key metrics

Steel Dust Recycling Services

	Q1 2025	Q1 2024	Change	Change
Key operational data (tonnes, unless specified otherwise)				
EAF steel dust throughput	277,187	303,114	(8.6) %	(25,928)
WOX sold	90,250	99,998	(9.7) %	(9,748)
Zinc blended price (€ / tonne)	2,620	2,400	9.2 %	220
Total installed capacity	1,720,300	1,720,300	0.0 %	
Utilisation (%)	64.5 %	70.9 %	(6.4) %	
Key financial data (€ million, unless specified otherwise)				
Revenue	200.2	188.0	6.5 %	12.3
EBITDA	46.3	32.8	41.1 %	13.5
EBITDA margin	23.1 %	17.4 %	5.7 %	
Adjusted EBITDA	49.2	36.0	36.6 %	13.2
Adjusted EBITDA margin	24.6 %	19.2 %	5.4 %	
EBIT	29.8	17.2	73.0 %	12.6
EBIT margin	14.9 %	9.2 %	5.7 %	
Adjusted EBIT	33.4	20.5	62.8 %	12.9
Adjusted EBIT margin	16.7 %	10.9 %	5.8 %	

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

	Q1 2025	Q1 2024	Change	Change
Key operational data (tonnes, unless specified otherwise)				
Salt slags and SPL recycled	107,325	111,261	(3.5) %	(3,935.7)
Total installed capacity	470,000	470,000	0.0 %	0.0
Utilisation (%)	92.9 %	95.2%	(2.3) %	
Key financial data (€ million, unless specified otherwise)				
Revenue	27.7	27.2	1.7 %	0.5
EBITDA	7.0	9.9	(29.4) %	(2.9)
EBITDA margin	25.1 %	36.2 %	(11.1) %	
EBIT	4.5	6.9	(34.4) %	(2.4)
EBIT margin	16.3 %	25.3 %	(9.0) %	

Secondary Aluminium subsegment

	Q1 2025	Q1 2024	Change	Change
Key operational data (tonnes, unless specified otherwise)				
Secondary aluminium alloys produced	42,890	44,347	(3.3) %	(1,457)
Aluminium alloy FMB price (€ / tonne)	2,416	2,277	6.1 %	139
Total installed capacity	205,000	205,000	-	
Utilisation (%)	80.6 %	87.0 %	(6.4) %	
Key financial data (€ million, unless specified otherwise)				
Revenue	95.2	98.3	(3.2) %	(3.1)
EBITDA	1.6	2.9	(42.8) %	(1.2)
EBITDA margin	1.7 %	2.9%	(1.2) %	
EBIT	(0.3)	0.8	(134.0) %	(1.1)
EBIT margin	(0.3) %	0.8%	(1.1) %	

Financial calendar

27 February 2025	Preliminary Year-End Results 2024 & Conference Call
30 April 2025	Integrated Report 2024
30 April 2025	Q1 2025 Statement & Conference Call
19 June 2025	Annual General Meeting
30 July 2025	H1 2025 Interim Report & Conference Call
30 October 2025	Q3 2025 Statement & Conference Call

Notes: Befesa's financial reports and statements are published at 7:30 am CEST
Befesa cannot rule out changes of dates and recommends checking them at the Investor Relations / Investor's Agenda section of Befesa's website www.befesa.com

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Disclaimer

First quarter 2025 figures are preliminary and unaudited.

This quarterly statement includes Alternative Performance Measures (APM), including EBITDA, EBITDA margin, EBIT, EBIT margin, Adjusted EBIT, Adjusted EBIT margin, net debt and capital expenditures which are not measures of liquidity or financial performance under International Financial Reporting Standards (IFRS). EBITDA is defined as operating profit for the period (i.e. EBIT) before the impact of amortisation, depreciation, impairment and provisions. EBITDA margin is defined as EBITDA divided by revenue. EBIT is defined as Operating profit for the year. The Company uses EBIT to monitor its financial return after both operating expenses and a charge representing the cost of usage of both its property, plant and equipment and definite-life intangible assets. EBIT margin is defined as EBIT as a percentage of revenue. These non-IFRS measures should not be considered in isolation or as an alternative to results from operating activities, cash flow from operating, investing or financing activities, or other financial measures of Befesa's results of operations or liquidity derived in accordance with IFRS. Befesa believes that the APM included in this quarterly statement are useful measures of its performance and liquidity. Other companies, including those in the industry in which Befesa operates, may calculate similarly titled financial measures differently than Befesa does. Because all companies do not calculate these financial measures in the same manner, Befesa's presentation of such financial measures may not be comparable to other similarly titled measures of other companies. These APM are not audited.

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