

H1 2024 Interim Report

BEFESA

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Befesa at a glance

Key figures

	H1 2024	H1 2023	Change	Q2 2024	Q2 2023	Change
Key operational data (tonnes, unless specified otherwise)						
Electric arc furnace (EAF) steel dust throughput	609,532	592,335	2.9 %	306,418	305,266	0.4 %
Waelz oxide (WOX) sold	200,058	197,238	1.4 %	100,060	97,406	2.7 %
Salt slags and Spent Pot Linings (SPL) recycled	220,647	171,076	29.0 %	109,386	88,783	23.2 %
Secondary aluminium alloys produced	90,553	87,151	3.9 %	46,206	43,471	6.3 %
Zinc LME average price (€ / tonne)	2,444	2,624	(6.8) %	2,632	2,331	12.9 %
Zinc blended price (€ / tonne)	2,498	2,464	1.4 %	2,541	2,290	11.0 %
Aluminium alloy FMB average price (€ / tonne)	2,327	2,243	3.8 %	2,376	2,184	8.8 %
Key financial data (€ million, unless specified otherwise)						
Revenue	621.2	615.5	0.9 %	322.8	293.5	10.0 %
EBITDA	96.5	90.8	6.3 %	51.2	41.5	23.4 %
EBITDA margin	15.5 %	14.8 %	79 bps	15.9 %	14.1 %	173 bps
Adjusted EBITDA	103.1	94.7	8.8 %	54.5	44.6	22.1 %
Adjusted EBITDA margin	16.6 %	15.4 %	120 bps	16.9 %	15.2 %	168 bps
EBIT	51.9	50.4	2.9 %	27.4	21.4	28.1 %
EBIT margin	8.4 %	8.2 %	16 bps	8.5 %	7.3 %	120 bps
Adjusted EBIT	59.6	55.1	8.2 %	31.7	25.2	26.0 %
Adjusted EBIT margin	9.6 %	9.0 %	65 bps	9.8 %	8.6 %	125 bps
Financial result	(17.2)	(19.6)	(12.3) %	(9.6)	(13.0)	(25.7) %
Profit before taxes and minority interests	34.7	30.8	12.6 %	17.7	8.4	> 100 %
Net profit attributable to shareholders of Befesa S.A.	20.0	20.2	(1.1) %	10.6	5.1	107.9 %
EPS (in €)	0.50	0.51	(1.1) %	0.26	0.13	107.9 %
Diluted earnings per share from continuing operations (€)						
Total assets	2,005.2	2,017.0	(0.6) %	2,005.2	2,017.0	(0.6) %
Capital expenditures	49.1	53.9	(8.9) %	31.8	22.9	38.6 %
Cash flow from operating activities	70.4	55.4	27.1 %	55.8	35.6	56.9 %
Cash and cash equivalents at the end of the period	107.9	143.5	(24.8) %	107.9	143.5	(24.8) %
Net debt	645.6	567.0	13.9 %	645.6	567.0	13.9 %
Net leverage	x3.39	x2.96	x 0.43	x3.39	x2.96	x 0.43
Number of employees (as of end of the period)	1,819	1,814	0.3 %	1,819	1,814	0.3 %

Highlights

- **Revenue nearly unchanged at €621m** (H1 2023: €615m). Higher zinc hedging price and favourable zinc TC offset by lower zinc prices.
- **Adjusted EBITDA at €103m** (H1 2023: €95m) mainly due to favourable zinc TC, higher zinc hedging price and lower operating cost, partly offset by lower zinc prices and lower aluminium metal margins.
- **Refinancing** signed on 18 July 2024 extending the maturity of the debt until July 2029.
- **Hedging strategy:** Zinc price hedging extended until Q1 2026, at record price levels (c.€2,650).
- **Recytech acquisition:** Remaining 50% of Recytech joint venture acquired for €40m (€29m net)
- **ESG report 2023** published on 30 June 2024.
- **USA:** Refurbishment of steel dust plant in Palmerton, Pennsylvania, on track to capture growth in 2025
- **Growth:**
 - **China:** 3rd plant on hold until market recovers, or supply agreements are in place
 - **2nd Alu Europe:** Moving forward with permits and commercial contracts for the Bernburg expansion project
- **Outlook 2024:** Expecting a stronger second half of the year; adjusted EBITDA guidance range narrowed to €205m to €235m (from previously: €195m to €235m)

Business review

Results of operations, financial position & liquidity

Revenue

Total revenue nearly unchanged at €621.2 million in H1 2024 (H1 2023: €615.5 million). Higher zinc hedging price and favourable zinc TC were offset by lower zinc prices.

EBITDA & EBIT

Total adjusted EBITDA increased by 8.8% yoy to €103.1 million in H1 2024 (H1 2023: €94.7 million) was overall primarily due to higher zinc hedging price, favourable TC and lower operating costs. Detailed by volume, price, and cost components, the €8.3 million yoy increase is explained as follows:

- Volumes (c. +€0 million): small impact from slight volume increase in steel
- Metal prices (c. +€4 million): 7% lower zinc LME prices (-€5 million) - but offset by higher zinc hedging prices (+€6 million); 40% lower zinc treatment charges (TC) at \$165 per tonne for the full year 2023 (+€11 million); 4% higher aluminium FMB prices but offset by lower aluminium metal margins (-€8 million).
- Cost / other (c. +€4 million): better prices on coke and other energy sources, US synergies, offset by general inflation and other

Total adjusted EBIT increased by 8.2% yoy to €59.6 million in H1 2024 (H1 2023: €55.1 million).

Total EBITDA and EBIT were adjusted for €6.5 million and €1.2 million respectively in H1 2024, mainly driven by impacts from hyperinflation in Turkey and other non-recurrent costs. Total reported EBITDA amounted to €96.5 million in H1 2024 (+6.3% yoy). Total reported EBIT amounted to €51.9 million in H1 2024 (+2.9% yoy).

Financial result & net profit

Total net financial result improved by 12.3% yoy to -€17.2 million in H1 2024 (H1 2023: -€19.6 million). This improvement was primarily explained by a reversal in net exchange differences.

Total net profit attributable to the shareholders in H1 2024 remained stable at €20.0 million (H1 2023: €20.2 million).

Financial position & liquidity

Gross debt at 30 June 2024 was higher at €753.6 million (31 December 2023: €710.8 million) due to an increase in current financial indebtedness. The increase of the gross debt comes from using of €40 million of the RCF facility to acquire the remaining 50% stake in Recytech, S.A.

Net debt at 30 June 2024 increased by 6.9% to €645.6 million (31 December 2023: €604.0 million) following the increase in current financial indebtedness.

Net leverage of x3.39 at Q2 2024 closing (year-end 2023: x3.32) is based on the underlying net debt of €645.6 million and LTM adjusted EBITDA of €190.3 million.

Befesa continues to be compliant with all debt covenants.

Net debt (€ million)

	30 June 2024	31 December 2023
Non-current financial indebtedness	674.0	672.7
+ Current financial indebtedness	79.6	38.1
Financial indebtedness	753.6	710.8
- Cash and cash equivalents	(107.9)	(106.7)
- Other current financial assets ¹	(0.1)	(0.1)
Net debt	645.6	604.0
LTM Adjusted EBITDA	190.3	182.0
Net leverage ratio	x3.39	x3.32

¹ Other current financial assets adjusted by hedging valuation and restricted deposits

Operating cash flow in H1 2024 amounted to €70.4 million, 27.1% higher yoy (H1 2023: €55.4 million).

The change in working capital impacted operating cash flow by €35.6 million in H1 2024, primarily driven by the usual first quarter seasonality and timing impact and without cash consumption in Q2 2024. Taxes received in H1 2024 came in at €2.9 million as a result of final tax assessments of previous year (-€11.4 million in H1 2023).

In H1 2024, Befesa invested €79.0 million (H1 2023: €53.1 million) to fund regular maintenance capex, US operational excellence / synergies, as well as growth investments. The latter are mainly related to Recytech acquisition.

After funding working capital, interests, taxes and capex, total cash flow in H1 2024 amounted to +€1.2 million. Cash on hand stood at €107.9 million.

Segment information

Steel Dust Recycling Services

Volumes of **EAFD recycled** in H1 2024 increased by 2.9% yoy to 609,532 tonnes (H1 2023: 592,335 tonnes). With these volumes, Befesa's EAFD recycling plants ran at an average load factor of 71%. The volume of Waelz oxide (WOX) sold in H1 2024 increased by 1.4% yoy to 200,058 tonnes (H1 2023: 197,238 tonnes). Overall, volumes in Steel Dust continue to be affected by the ongoing challenging global steel industry environment.

Revenue in the Steel Dust business was nearly unchanged at €404.7 million in H1 2024 (H1 2023: €403.0 million), with higher zinc hedging price and favourable zinc TC being compensated by lower metal prices.

Adjusted **EBITDA** in the Steel Dust business increased by 20.5% yoy to €80.9 million in H1 2024 (H1 2023: €67.2 million).

The yoy +€13.7 million EBITDA development was mainly impacted by the higher zinc hedging price (+5% yoy), more favourable zinc TC at \$165 per tonne (-40% yoy), as well as lower coke prices partially offset by impact from lower zinc spot prices (-7%). Consequently, EBITDA as a percent of revenue stands at 20% in H1 2024 compared to 17% in H1 2023. The yoy profitability increase was mainly due to the same items impacting EBITDA as explained above.

Adjusted **EBIT** in the Steel Dust business came in at €49.0 million in H1 2024, up 34.6% yoy (H1 2023: €36.4 million), following similar drivers explained referring to the EBITDA development.

EBITDA and EBIT in the Steel Dust business were adjusted for €6.5 million and €1.2 million respectively in H1 2024, mainly driven by impacts from hyperinflation in Turkey and other non-recurrent costs. Total reported EBITDA amounted to €74.4 million in H1 2023 (+17.4% yoy). Total reported EBIT amounted to €41.3 million in H1 2024 (+29.7% yoy).

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

Salt slags and SPL recycled volumes in H1 2024 amounted to 220,647 tonnes, up 29.0% yoy (H1 2023: 171,076 tonnes), primarily due to the ramp up of the Hanover plant. On average, Salt Slags recycling plants operated at 94% in H1 2024 of the latest installed annual recycling capacity of 470,000 tonnes.

Revenue in the Salt Slags increased by +31.0% yoy to €54.0 million (H1 2023: €41.3 million) due to higher salt slags & SPL volumes treated.

EBITDA increased by 29.0% yoy to €18.5 million in H1 2024 (H1 2023: €14.3 million). This was driven by lower energy prices as well as Hanover recovery.

EBIT increased by 19.2% yoy to €11.4 million in H1 2024 (H1 2023: €9.6 million), following similar drivers explained referring to the EBITDA development.

Secondary Aluminium subsegment

Aluminium alloy production volumes increased by 3.9% yoy to 90,553 tonnes in H1 2024 (H1 2023: 87,151 tonnes). Secondary Aluminium production plants overall operated at around 89% utilisation rate on average in H1 2024.

Revenue in the Secondary Aluminium subsegment amounted to €192.4 million in H1 2024, largely unchanged (H1 2023: €195.2 million).

EBITDA in the Secondary Aluminium subsegment decreased by 70.3% yoy to €4.0 million in H1 2024 (H1 2023: €13.4 million). The yoy EBITDA decline was driven by lower aluminium metal margin.

EBIT in the Secondary Aluminium subsegment came in at -€0.2 million in H1 2024 (H1 2023: €9.5 million), following similar drivers which impacted the EBITDA development.

Risks & opportunities

No material risks or opportunities for the prospective development of the Company have emerged against the comprehensive disclosures in the Annual Report 2023, on pages 66-71.

Strategy

Hedging

Befesa's hedging strategy is unchanged and continues to be a key element of Befesa's business model, 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 2023, on pages 36-37.

Befesa's current hedging volume run rate is to hedge around 38 thousand tonnes of zinc per quarter or around 152 thousand tonnes per year.

The combined global hedge book in place as of the date of this H1 2024 Interim Report provides Befesa with improved zinc price visibility up to Q1 2026, therefore for the following two years, at increasing hedging average prices: around €2,500 per tonne in 2024, around €2,650 per tonne in 2025 and Q1 2026.

Growth

Befesa's Sustainable Global Growth Plan (SGGP) is progressing as planned.

In the US, the refurbishment of the plant in Palmerton, Pennsylvania, is on track. Progress continues during 2024, enabling Befesa to improve profitability levels and to capture the anticipated increase in EAF steel dust volumes in the US market for 2025.

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.

In China, with regards to the third plant in the province of Guangdong, this is placed on hold until market recovers, or supply agreements are in place.

ESG

On 30 June 2024, Befesa published its **ESG Report 2023**, available on this [link](#). This edition includes Befesa's progress on CO2 intensity reduction plan, a double materiality analysis and EU Taxonomy alignment disclosures. It is the last ESG Report published by Befesa. Due to the Corporate Sustainability Reporting Directive (CSRD), Befesa will present a combined Annual Report in April 2025 with financial and non-financial information.

As of 30 June 2024, the **ESG ratings** from five renowned international ESG rating agencies following Befesa were as follows:

	30 June 2024
ISS ESG	B / Prime
Sustainalytics	#115 / 485
Vigeo Eiris	#17 / 92
MSCI	BBB
S&P Global	Top 9%

Subsequent events

On 18 July 2024, Befesa successfully completed the refinancing of its existing debt consisting of a €650 million senior secured Term Loan B with a 3-year extension due July 2029, a €100 million revolving credit facility due July 2028, and a €35 million guarantee facility due July 2028.

The refinancing extends the maturity of Befesa's debt with no effect on its current leverage ratio. The new financing has the same covenant-lite terms as the previous debt. The Term Loan B has a new margin of Euribor +275 bps and includes a margin ratchet which allows for up to a further 50bps margin reduction if leverage ratio gets below x2.5.

Outlook

Befesa expects a stronger second half of the year. Hence, adjusted EBITDA guidance range is narrowed to €205m to €235m (from previously: €195m to €235m). This confidence is mainly based on better commodity price environment supported by robust performance of the business across the regions Befesa operates.

Interim consolidated financial statements as of 30 June 2024 (thousands of euros)

Statement of financial position

Assets			
	Note(s)	30 June 2024	31 December 2023
Non-current assets:			
Intangible assets			
Goodwill		637,491	629,643
Other intangible assets	4	107,086	108,030
		744,577	737,673
Right-of-use assets			
		38,826	31,945
Property, plant and equipment	5	728,059	702,660
Non-current financial assets			
Investments in Group companies and associates		26	26
Other non-current financial assets	6-10	25,635	35,112
		25,661	35,138
Deferred tax assets		105,287	96,708
Total non-current assets		1,642,410	1,604,124
Current assets:			
Inventories	7	101,702	101,089
Trade and other receivables		116,235	75,818
Trade receivables from related companies	16	325	409
Accounts receivables from public authorities	13	15,909	20,726
Other receivables		20,284	22,201
Other current financial assets		444	14,626
Cash and cash equivalents		107,935	106,692
Total current assets		362,834	341,561
Total assets		2,005,244	1,945,685

Statement of financial position (continued)

Equity and liabilities

	Note(s)	30 June 2024	31 December 2023
Equity:			
Parent Company			
Share capital	8	111,048	111,048
Share premium	8	532,867	532,867
Hedging reserves		(3,859)	36,888
Other reserves		129,867	96,490
Translation differences		6,759	(11,738)
Net profit/(loss) for the period		20,026	57,972
Equity attributable to the owners of the Company		796,708	823,527
Non-controlling interests		13,798	53,829
Total equity		810,506	877,356
Non-current liabilities:			
Long-term provisions	11	14,965	18,053
Loans and borrowings	9	651,216	655,610
Lease liabilities	9	22,759	17,080
Other non-current financial liabilities	10	5,260	-
Other non-current liabilities		6,506	6,707
Deferred tax liabilities		109,221	113,845
Total non-current liabilities		809,927	811,295
Current liabilities:			
Loans and borrowings	9	69,202	28,798
Lease liabilities	9	10,427	9,283
Other current financial liabilities	10	21,189	2,229
Trade and other payables		178,990	171,084
Other payables			
Accounts payable to public administrations	13	32,028	14,103
Other current liabilities		72,975	31,537
Total current liabilities		105,003	45,640
Total equity and liabilities		2,005,244	1,945,685

Income statement

	H1 2024	H1 2023	Change	Q2 2024	Q2 2023	Change
Revenue	621,163	615,492	0.9 %	322,816	293,490	10.0 %
Changes in inventories of finished goods and work-in-progress	(2,591)	(2,677)	(3.2) %	(2,651)	(1,476)	79.6 %
Procurements	(297,738)	(303,948)	(2.0) %	(156,929)	(144,708)	8.4 %
Other operating income	5,089	7,597	(33.0) %	2,638	4,450	(40.7) %
Personnel expenses	(74,496)	(74,483)	0.0 %	(37,490)	(36,007)	4.1 %
Other operating expenses	(154,906)	(151,177)	2.5 %	(77,152)	(74,238)	3.9 %
Amortisation/depreciation, impairment and provisions	(44,594)	(40,360)	10.5 %	(23,871)	(20,155)	18.4 %
Operating profit/(loss)	51,927	50,444	2.9 %	27,361	21,356	28.1 %
Finance income	718	2,300	(68.8) %	366	996	(63.3) %
Finance expenses	(20,147)	(17,099)	17.8 %	(9,970)	(8,754)	13.9 %
Net exchange differences	2,232	(4,807)	-	(40)	(5,217)	(99.2) %
Net finance income/(loss)	(17,197)	(19,606)	(12.3) %	(9,644)	(12,975)	(25.7) %
Profit/(loss) before tax	34,730	30,838	12.6 %	17,717	8,381	111.4 %
Corporate income tax	(11,155)	(11,298)	(1.3) %	(5,241)	(2,842)	84.4 %
Profit/(loss) for the period	23,575	19,540	20.6 %	12,476	5,539	125.2 %
Attributable to:						
Parent Company's owners	20,026	20,249	(1.1) %	10,580	5,090	107.9 %
Non-controlling interests	3,549	(709)	-	1,896	449	322.3 %
Earnings/(losses) per share attributable to Parent Company's owners (in euros per share)	0.50	0.51	(1.1) %	0.26	0.13	107.9 %

Statement of comprehensive income

	Note(s)	H1 2024	H1 2023
Consolidated profit/(loss) for the period		23,575	19,540
Items that may subsequently be reclassified to income statement:			
Income and expense recognised directly in equity		(14,729)	98,215
- Cash-flow hedges	10	(39,896)	138,885
- Translation differences		19,486	(13,863)
- Tax effect		5,681	(26,807)
Transfers to the income statement		(6,532)	(342)
- Cash-flow hedges	10	(5,582)	1,343
- Tax effect		(950)	(1,685)
Other comprehensive income/(loss) for the period, net of tax		(21,261)	97,873
Total comprehensive income/(loss) for the period		2,314	117,413
Attributable to:			
- Parent Company's owners		(2,224)	109,925
- Non-controlling interests		4,538	7,488

Statement of changes in equity

	Equity attributable to the Parent Company's owners							Total equity
	Share capital	Share premium	Hedging reserves (Note 2)	Other reserves	Translation differences	Net profit/(loss) for the period	Non-controlling interests	
Balances at 31 December 2023	111,048	532,867	36,888	96,490	(11,738)	57,972	53,829	877,356
Total comprehensive income (loss) for the period	-	-	-40,747	-	18,497	20,026	4,538	2,314
Acquisitions of shares from non-controlling interest (Note 1.2)	-	-	-	4,235	-	-	-44,569	-40,334
Distribution of profit for the year								
Reserves	-	-	-	57,972	-	(57,972)	-	-
Dividends	-	-	-	(29,200)	-	-	-	-29,200
Other movements	-	-	-	370	-	-	-	370
Balances at 30 June 2024	111,048	532,867	(3,859)	129,867	6,759	20,026	13,798	810,506
Balances at 31 December 2022	111,048	532,867	(2,573)	37,340	20,197	106,220	14,153	819,252
Total comprehensive income/(loss) for the period	-	-	111,736	-	(22,060)	20,249	7,488	117,413
Distribution of profit/(loss) for the period								
Reserves	-	-	-	106,220	-	(106,220)	-	-
Dividends	-	-	-	(50,000)	-	-	-	(50,000)
Other movements	-	-	-	101	-	-	-	101
Balances at 30 June 2023	111,048	532,867	109,163	93,661	(1,863)	20,249	21,641	886,766

Statement of cash flows

	H1 2024	H1 2023	Q2 2024	Q2 2023
Profit/(loss) for the period before tax	34,730	30,838	17,717	8,381
Adjustments for:	58,375	55,961	32,688	32,752
Depreciation and amortisation	44,594	40,360	23,871	20,155
Changes in provisions	(3,088)	(3,640)	(663)	(195)
Interest income	(718)	(2,300)	(366)	(996)
Finance costs	20,147	17,099	9,970	8,754
Other profit/(loss)	(328)	(365)	(164)	(183)
Exchange differences	(2,232)	4,807	40	5,217
Changes in working capital:	(25,627)	(20,047)	2,440	3,447
Trade receivables and other current assets	(38,404)	22,947	4,090	38,529
Inventories	(613)	(1,512)	5,966	2,118
Trade payables	13,390	(41,482)	(7,616)	(37,200)
Other cash flows from operating activities:	2,906	(11,366)	2,993	(8,988)
Taxes paid	2,906	(11,366)	2,993	(8,988)
Net cash flows from/(used in) operating activities (I)	70,384	55,386	55,838	35,592
Cash flows from investing activities:				
Investments in intangible assets	(751)	(113)	(124)	111
Investments in property, plant and equipment	(38,252)	(53,132)	(19,954)	(21,635)
Collections from disposal of Group and associated companies, net of cash	-	113	-	-
Acquisitions of shares from non-controlling interest	(40,000)	-	(40,000)	-
Net cash flows from/(used in) investing activities (II)	(79,003)	(53,132)	(60,078)	(21,524)
Cash flows from financing activities:				
Cash inflows from bank borrowings and other liabilities	40,005	4,069	39,607	121
Cash outflows from bank borrowings and other liabilities	(12,530)	(10,040)	(9,639)	(6,823)
Interest paid	(17,560)	(13,434)	(8,143)	(6,594)
Net cash flows from/(used in) financing activities (III)	9,915	(19,405)	21,825	(13,296)
Effect of foreign exchange rate changes on cash & cash equivalents (IV)	(53)	(1,137)	25	(299)
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	1,243	(18,288)	17,610	473
Cash and cash equivalents at the beginning of the period	106,692	161,751	90,325	142,990
Cash and cash equivalents at the end of the period	107,935	143,463	107,935	143,463

Notes to the condensed interim consolidated financial statements

1. Accounting policies and basis of presentation

1.1. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2023. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in conformity with IFRS as adopted by the European Union (EU).

The preparation of the condensed interim consolidated financial statements in conformity with IFRS-EU requires management to make certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the financial statement dates, and the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

The criteria that have been considered in the consolidation process are not different to the ones utilised in the consolidation process of the financial statements for the year ended 31 December 2023.

1.2. Changes in the scope of consolidation

June 2024

On the first half of 2024, the Group signed a share purchase agreement and completed the acquisition of the remaining 50% stake in Recytech, S.A.. Note that on 1 January 2023, the Group proceeded to reevaluate control over Recytech, S.A., concluding that it had gained control. Consequently, Recytech, S.A. has been fully consolidated by the global integration method as from 1 January 2023 (Note 6 of the 2023 consolidated financial statements). Until 31 December 2022, the Group considered this agreement as a joint agreement, sharing control over the economic activity (Note 3.3 of the 2023 consolidated financial statements).

June 2023

There are no changes in the scope of consolidation in June 2023. Note that in September 2022, the Group completed the acquisition of 93.1% of the shares of American Zinc Products LLC ("AZP") (currently Befesa Zinc Metal, Inc.) (Note 6 of the 2023 consolidated financial statements).

1.3. Alternative Performance Measures

Befesa regularly reports alternative performance measures (APM) not defined by IFRS that management believes are relevant indicators of the performance of the Group.

Alternative performance measures are used to provide readers with additional financial information that is regularly reviewed by management and used to make decisions about operating matters. These measures are also used for defining senior management's variable remuneration. They are useful in terms of relating to discussions with the investment analysts' community.

However, these APM are not uniformly disclosed by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures should not be viewed in isolation or as an alternative to the equivalent IFRS measure.

Definitions, use and reconciliations to the closest IFRS measures are presented below.

1.3.1. Net debt

Net debt is defined as current and non-current financial debt plus current and non-current liabilities less cash and cash equivalents and less other current financial assets adjusted by non-cash items. Net debt is relevant for investors, since it gives an indication of the absolute level of non-equity funding of the business.

This can be compared to the income and cash flows generated by the business, and available undrawn facilities.

Reconciliation net debt to the relevant statement of financial position line items:

	30 June 2024	31 December 2023
Non-current financial debt (Note 9)	651,216	655,610
Non-current lease liability (Note 9)	22,759	17,080
Current financial debt (Note 9)	69,202	28,798
Current lease liability (Note 9)	10,427	9,283
Cash and cash equivalents	(107,935)	(106,692)
Other current financial assets adjusted by non-cash items	(71)	(71)
Net debt	645,598	604,008

1.3.2. EBITDA, adjusted EBITDA and EBITDA margin

EBITDA is defined as operating profit for the period before the impact of amortisation, depreciation, impairment and provisions.

Adjusted EBITDA is defined as EBITDA adjusted by any non-recurrent costs/incomes.

EBITDA margin is defined as EBITDA divided by revenue. EBITDA and EBITDA margin are useful supplemental indicators that may be used to assist in evaluating the Group's operating performance.

Reconciliation EBITDA and adjusted EBITDA to the consolidated income statement line items from which it is derived:

	30 June 2024	30 June 2023
Revenue	621,163	615,492
Income/expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions)	(524,642)	(524,688)
Amortisation/depreciation, impairment and provisions (a)	(44,594)	(40,360)
EBIT (Operating profit/(loss)) (b)	51,927	50,444
EBITDA (Operating profit/(loss) before amortisation/depreciation and provisions) (a+b)	96,521	90,804
Non-recurrent costs/income	6,537	3,932
Adjusted EBITDA	103,058	94,736

Reconciliation EBITDA margin and adjusted EBITDA margin:

	30 June 2024	30 June 2023
Revenue (a)	621,163	615,492
EBITDA (b)	96,521	90,804
Non-recurrent costs/income	6,537	3,932
Adjusted EBITDA (c)	103,058	94,736
EBITDA margin (%) (b/a)	16%	15%
Adjusted EBITDA margin (%) (c/a)	17%	15%

1.3.3. EBIT, adjusted EBIT and EBIT margin

EBIT is defined as operating profit for the year. Befesa 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.

Adjusted EBIT is defined as EBIT adjusted by any non-recurrent costs/incomes.

EBIT margin and Adjusted EBIT margin is defined as EBIT and adjusted EBIT as a percentage of revenue. These ratios are useful measures to demonstrate the proportion of revenue that has been realised as EBIT and adjusted EBIT, and therefore indicators of profitability.

Reconciliation EBIT and adjusted EBIT to the income statement line items from which it is derived:

	30 June 2024	30 June 2023
Revenue	621,163	615,492
Income/expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions)	(524,642)	(524,688)
Amortisation/depreciation, impairment and provisions	(44,594)	(40,360)
EBIT (Operating profit/(loss))	51,927	50,444
Non-recurrent costs/incomes EBIT	1,160	719
Non-recurrent costs/incomes EBITDA	6,537	3,932
Adjusted EBIT	59,624	55,095

Reconciliation EBIT margin and Adjusted EBIT margin:

	30 June 2024	30 June 2023
Revenue (a)	621,163	615,492
EBIT (b)	51,927	50,444
Non-recurrent costs/incomes EBIT	1,160	719
Non-recurrent costs/incomes EBITDA	6,537	3,932
Adjusted EBIT (c)	59,624	55,095
EBIT margin (%) (b/a)	8%	8%
Adjusted EBIT margin (%) (c/a)	10%	9%

1.3.4. Net debt / adjusted EBITDA (adjusted leverage ratio)

Net debt/Adjusted EBITDA ratio is defined as net debt divided by adjusted EBITDA. This ratio is a useful measure to show its ability to generate the income needed to be able to settle its loans and borrowings as they fall due.

Reconciliation net debt/adjusted EBITDA ratio to net debt and adjusted EBITDA:

	30 June 2024	30 June 2023
Net debt	645,598	567,004
Adjusted EBITDA LTM	190,304	191,374
Net debt/Adjusted EBITDA	3.39	2.96

1.3.5. Capex

Capex is defined as the cash payments made during the period for investments in intangible assets, property plant and equipment, and right-of-use assets.

This measure is useful to understand the effort made by the Company each year to acquire, upgrade and maintain physical assets such as property, industrial buildings, and equipment.

Reconciliation capex to the cash flow statement line items from which it is derived:

	30 June 2024	30 June 2023
Cash flows from investing activities:		
Investments in intangible assets	751	113
Investments in property, plant and equipment	38,252	53,132
Capex	39,003	53,245

2. Financial risk management policies

The activities carried on by Befesa through its business segments are exposed to several financial risks: market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group Risk Management Model focuses on the uncertainty in financial markets and attempts to minimise the potential adverse effects on Group's earnings.

There were no changes in the risk management policies since 31 December 2023.

Fair value estimation

On the basis of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group reports the estimation of fair value by level according to the following hierarchy:

- Quoted prices (unadjusted) in active markets for assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. reference prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The tables below show the Group's assets and liabilities that were measured at fair value at 30 June 2024 and at 31 December 2023:

	Level 2	Total
30 June 2024		
Assets		
- Derivatives	21,143	21,143
Total assets at fair value	21,143	21,143
Liabilities		
- Derivatives	26,449	26,449
Total liabilities at fair value	26,449	26,449

	Level 2	Total
31 December 2023		
Assets		
- Derivatives	44,697	44,697
Total assets at fair value	44,697	44,697
Liabilities		
- Derivatives	2,229	2,229
Total liabilities at fair value	2,229	2,229

Financial instruments Level 2

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The Group uses a variety of methods such as estimated discounted cash flows and uses assumptions based on the market conditions at each financial statement date. If all significant data required to calculate the fair value of an instrument are observable, the instrument is included in Level 2.

Specific techniques for measuring financial instruments include:

- The fair value of swap interest rates is calculated as the present value of future estimated cash flows.
- The fair value of derivative contract exchange rates is determined using forward exchange rates quoted in the market at the financial statement date.
- It is assumed that the book value of receivables and trade payables approximates their fair value.
- The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The instruments included in Level 2 relate to derivative financial instruments (Note 9).

3. Segment reporting

The Board of Directors is ultimately responsible for making the Group's operational decisions as the Chief Operating Decision Maker (CODM). The Board of Directors reviews the Group's internal financial information in order to assess its performance and allocate resources to the segments.

The Board of Directors analyses the business based on the two segments indicated below:

- Steel Dust Recycling Services (Steel Dust)
- Aluminium Salt Slags Recycling Services, which contains the following two subsegments:
 - Salt Slags Recycling (Salt Slags)
 - Secondary Aluminium Production (Secondary Aluminium)

These segments correspond to the Group's principal activities (products and services), the sales of which (fee for the services and/or sale of the recycled residues) determine the Group's revenue (Note 12).

The Board of Directors assesses the performance of the operating segments largely based on operating income before interest and taxes (EBIT), depreciation/amortisation and provisions (EBITDA).

The financial information received by the Board of Directors also includes financial income and expenses and tax aspects, as well as cash flow and net debt.

For a detailed definition of EBIT and EBITDA, please refer to Note 1.3.

The accounting policies and measurement bases applied to the information furnished to the Board of Directors are consistent with those applied in the consolidated financial statements.

Disaggregation of revenue from contracts with customers

In relation with revenue recognition, the Group considers that under IFRS 15 there is only one kind of contract with customers. The assessment is supported by the fact that main sales of the Group's products have only one performance obligation: delivery of WOX, green zinc (SHG), or aluminium. Furthermore, the products are not dependent on or connected to other products or services. Consequently, as there are no delayed performance obligations, the revenue is recognised fully after the passing of control to the customer.

Based on this, the Group discloses revenue by reporting segment and geographical area.

Set out below is the distribution by segment of adjusted EBITDA and adjusted EBIT for the six-month period ended 30 June 2024, and for the six-month period ended 30 June 2023:

	30 June 2024				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor & eliminations	Total
Revenue	404,745	54,042	192,418	(30,042)	621,163
Income/expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions)	(330,348)	(35,568)	(188,446)	29,720	(524,642)
Amortisation/depreciation, impairment and provisions (a)	(33,102)	(7,055)	(4,214)	(223)	(44,594)
EBIT (Operating profit/(loss)) (b)	41,295	11,419	(242)	(545)	51,927
EBITDA (Operating profit/(loss) before amortisation) (a) + (b)	74,397	18,474	3,972	(322)	96,521
Non-recurrent costs/incomes EBIT	1,160	-	-	-	1,160
Non-recurrent costs/incomes EBITDA	6,537	-	-	-	6,537
Adjusted EBIT (Operating profit/(loss))	48,992	11,419	(242)	(545)	59,624
Adjusted EBITDA (Operating profit/(loss))	80,934	18,474	3,972	(322)	103,058

	30 June 2023				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor & eliminations	Total
Revenue	403,007	41,268	195,231	(24,014)	615,492
Income/expenses from operations (except revenue, depreciation and amortisation/depreciation charge and provisions)	(339,642)	(26,946)	(181,877)	23,777	(524,688)
Amortisation/depreciation, impairment and provisions (a)	(31,520)	(4,746)	(3,890)	(204)	(40,360)
EBIT (Operating profit/(loss)) (b)	31,845	9,576	9,464	(441)	50,444
EBITDA (Operating profit/(loss) before amortisation) (a) + (b)	63,365	14,322	13,354	(237)	90,804
Non-recurrent costs/incomes EBIT	719	-	-	-	719
Non-recurrent costs/incomes EBITDA	3,823	-	-	109	3,932
Adjusted EBIT (Operating profit/(loss))	36,387	9,576	9,464	(332)	55,095
Adjusted EBITDA (Operating profit/(loss))	67,188	14,322	13,354	(128)	94,736

The reconciliation of adjusted EBITDA and adjusted EBIT to results attributable to the Parent Company is as follows:

	30 June 2024	30 June 2023
Adjusted EBITDA	103,058	94,736
Non-recurrent costs/incomes EBIT	1,160	719
Amortisation/depreciation, impairment and provisions	(44,594)	(40,360)
Adjusted EBIT	59,624	55,095
Non-recurrent costs/incomes EBITDA & EBIT	7,697	4,651
EBIT - Operating profit / (loss)	51,927	50,444
Finance income (cost)	(17,197)	(19,606)
Corporate income tax	(11,155)	(11,298)
Profit / (loss) attributable to continuing operations	23,575	19,540
Non-controlling interests	3,549	-709
Profit / (loss) attributed to the parent company	20,026	20,249

The detail of sales by geographical segment for the six-month period ended 30 June 2024, and for the six-month period ended 30 June 2023 is as follows:

Geographical area	30 June 2024	%	30 June 2023	%
Spain	118,428	19%	106,502	17%
Germany	70,058	11%	64,698	11%
Belgium	30,203	5%	26,102	4%
France	28,922	5%	28,066	5%
Norway	22,200	4%	24,712	4%
Finland	19,790	3%	21,515	3%
Italy	14,865	2%	9,984	2%
Sweden	9,016	1%	10,585	2%
Netherlands	8,807	1%	13,997	2%
Portugal	7,422	1%	10,336	2%
Rest of Europe	27,235	4%	23,475	4%
USA	182,189	29%	185,332	30%
Japan	25,566	4%	33,791	5%
South Korea	20,356	3%	10,516	2%
Brazil	10,833	2%	11,156	2%
China	6,136	1%	8,538	1%
Rest of the world	19,137	3%	26,187	4%
Total	621,163	100%	615,492	100%

The detail of the segment assets and liabilities for the six-month period ended 30 June 2024, and for the full-year period ended 31 December 2023 is as follows:

	30 June 2024				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor & eliminations	Total
Assets					
Intangible assets	678,642	50,618	15,298	19	744,577
Right-of-use assets	590,383	86,249	51,012	415	728,059
Property, plant and equipment	32,161	4,187	1,888	590	38,826
Investments in associates and other non-current assets	59,747	2,021	33,941	35,239	130,948
Current assets	267,489	21,123	73,359	863	362,834
Total assets	1,628,422	164,198	175,498	37,126	2,005,244
Equity and liabilities					
Equity	593,682	57,711	73,460	85,653	810,506
Non-current liabilities	797,907	89,320	12,033	(89,333)	809,927
Current liabilities	236,833	17,167	90,005	40,806	384,811
Total equity and liabilities	1,628,422	164,198	175,498	37,126	2,005,244

	31 December 2023				
	Steel Dust	Salt Slags	Secondary Aluminium	Corporate, other minor & eliminations	Total
Assets					
Intangible assets	670,625	51,105	15,890	53	737,673
Right-of-use assets	563,452	85,978	52,795	435	702,660
Property, plant and equipment	25,879	4,310	1,140	616	31,945
Investments in associates and other non-current assets	60,495	2,021	27,263	42,067	131,846
Current assets	244,045	23,466	61,539	12,511	341,561
Total assets	1,564,496	166,880	158,627	55,682	1,945,685
Equity & liabilities					
Equity	642,164	85,394	40,359	109,439	877,356
Non-current liabilities	739,172	65,006	40,427	(33,310)	811,295
Current liabilities	183,160	16,480	77,841	(20,446)	257,035
Total equity and liabilities	1,564,496	166,880	158,627	55,682	1,945,685

4. Other intangible assets, net

June 2024

During the six-month period ended 30 June 2024, there are no significant additions, nor disposals within 'Other intangible assets, net'.

June 2023

During the six-month period ended 30 June 2023, there are no significant additions, nor disposals within 'Other intangible assets, net'.

Investment commitments

At 30 June 2024 and 31 December 2023, the Group had no significant investment commitments.

5. Property, plant and equipment

June 2024

The movements of the "Property, plant and equipment" balance in the six-month period ended 30 June 2024 includes additions amounting to €48.4 million, mainly related to the investments made in the new plants of US for the upgrade of the plants and annual maintenance investments by €32.7 million. The rest of the additions are related to the recurring environmental and maintenance investments made at each plant every year.

There were no significant disposals in the period.

The amortisation of the period amounted to €35.7 million.

June 2023

The movements of the 'Property, plant and equipment' balance in the six-month period ended 30 June 2023 includes additions amounting to €53.8 million. These were mainly related to the investments made in the USA to upgrade the plants and annual maintenance investments of €27.5 million, and a €13.8 million investment of Befesa Salzschlacke, GmbH in the plant of Hanover due to the fire suffered in 2021.

There were no significant disposals in the period.

The amortisation of the period amounted to €32.1 million.

Impairment losses

During the six-month period ending 30 June 2024 and 30 June 2023 no significant impairments were recognised in 'Property, plant and equipment'.

Investment commitments

At 30 June 2024, the Group has investment commitments amounting to €55.4 million, mainly as a result of the expansion project in the US (At 31 December 2023 €41.4 million, also mainly as a result of the expansion project in the US).

6. Financial assets by category and class

The classification of financial assets by category and class is as follows:

	30 June 2024		31 December 2023	
	Current	Non-current	Current	Non-current
Financial assets at amortised cost				
Loans				
Variable rate		1,666		1,666
Impairment		(924)		(924)
Trade and other receivables	152,753		119,154	
Security deposits	438	3,756	540	3,849
Financial assets measured at fair value				
Hedging derivatives	6	21,137	14,176	30,521
Total financial assets	153,197	25,635	133,870	35,112

The fair value of financial assets does not differ significantly from their carrying amount.

7. Inventories

The detail of 'Inventories' in the accompanying condensed interim consolidated statement of financial position at 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024	31 December 2023
Finished goods	26,100	25,258
Goods in progress and semi-finished goods	6,638	7,807
Raw materials	31,032	31,889
Other	37,932	36,135
	101,702	101,089

'Other' at 30 June 2024 and 31 December 2023 mainly includes spare parts for the Group's facilities.

The Group has taken out insurance policies to cover risks relating to inventories. The coverage provided by these policies is considered to be sufficient.

8. Share capital

The shareholder structure as at 30 June 2024 and at 31 December 2023 was as follows:

	Percentage of ownership	
	30 June 2024	31 December 2023
Freefloat	89.5%	89.5%

The number of shares as at 30 June 2024 and as at 31 December 2023 is 39,999,998 with a par value of €2.78 each. All shares are listed in the Frankfurt Stock Exchange and have the same rights.

The authorised capital of the Company (including, for the avoidance of doubt, the Company's issued share capital) is set at 39,999,998 shares.

On 9 July 2024, Befesa distributed to its shareholders a dividend of €0.73 per share, amounting to €29.2 million, as approved by the AGM held on 20 June 2024, so as at 30 June 2024 the €29.2 million are reported in 'Other current liabilities' in the statement of financial position.

On 6 July 2023, Befesa distributed to its shareholders a dividend of €1.25 per share, amounting to €50.0 million, as approved by the AGM held on 15 June 2023, so as at 30 June 2023 the €50.0 million are reported in 'Other current liabilities' in the statement of financial position.

9. Financial debt and lease payables

The detail of the related line items in the accompanying consolidated statement of financial position is as follows:

	30 June 2024		31 December 2023	
	Current maturity	Non-current maturity	Current maturity	Non-current maturity
Bank loans and credit facilities	63,275	651,216	22,580	655,610
Unmatured accrued interest	5,927	-	6,218	-
Finance lease payables	10,427	22,759	9,283	17,080
Total	79,629	673,975	38,081	672,690

Fair values of borrowings are not materially different to their carrying amounts since the interest payable is close to current market rates.

The main terms and conditions of the borrowings are as follows:

Type	Limit in nominal (thousands of currency)	Interest rate	Maturity date	30 June 2024		31 December 2023	
				Current maturity	Non-current maturity	Current maturity	Non-current maturity
Facilities Agreement	EUR 736,000	Euribor + 2%	2026	45,840	618,182	6,015	616,234
Jiangsu	CNY 220,000	LIR (NBIC) + 25bpt	2026	9,968	10,611	9,264	14,011
Henan	CNY 260,000	LPR (NBIC) + 25bpt	2027	5,504	19,849	4,522	22,864
Others				18,317	25,333	18,280	19,581
				79,629	673,975	38,081	672,690

On 19 October 2017, in order to standardise the financial structure of the Group, the Company as Parent and certain subsidiaries as borrowers and guarantors entered into a €636.0 million Facilities Agreement. This post-IPO agreement is intended to raise financing for the entire Group and cancel the Group's previous current and non-current borrowings in connection with the €300.0 million Zinc Notes, €150.0 million PIK Notes and the €167.5 million Syndicated Loan.

Upon completion of the IPO on 3 November 2017 the Facilities Agreement took effect on 7 December 2017.

On 9 July 2019, the refinancing of the existing capital structure was successfully completed in a leverage neutral transaction that a) extends Befesa's debt maturity up to July 2026 with a seven-year tenor of the covenant-lite Term Loan B (TLB) at attractive interest rates, and b) increases loan baskets to accommodate Befesa's growth roadmap including China.

The Facility Agreement has been signed by the Parent of the Group (Befesa, S.A.) and has been designed to meet the financing needs of all Group companies.

The Facilities Agreement comprises:

- Term Loan B (TLB) Facility Commitment in an amount of €526 million, which is a bullet with a maturity of seven years.
- Revolving Credit Facility (RCF) in an amount of €75 million with a maturity of six years.
- A Guarantee Facility Commitment in an amount of €35 million with a maturity of six years.

Interest on the initial TLB facility was Euribor plus a spread of 2.75%, and 2.50% in the case of the RCF. These spreads could be adjusted depending on the ratio of net financial debt/EBITDA.

On 17 February 2020, Befesa repriced its TLB reducing its interest rate by 50 bps to Euribor + 200 bps with a floor of 0%. The facility's long-term July 2026 maturity date and all other documentation terms remain without further amendment.

On 2 July 2021, with the purpose of Financing the Acquisition of AZR (including but not limited to any costs and expenses relating to the acquisition and any refinancing of financial indebtedness of the target group), and general corporate purposes, together with the accelerated equity offering (AEO) Befesa signed an incremental term facility for an additional €100 million add-on Term Loan B. The maturity and rest of documentation terms remain in line with existing TLB.

In 2022, the margin applicable to the TLB increased by 25 bps to Euribor plus 200 bps due to the increase on the leverage ratio. In 2023 and 2024, the margin remained without changes.

The Facilities Agreement provides a financial covenant based on the net leverage which shall not exceed the ratio 4.5:1 for any relevant period. The covenant only applies if the total amount of all drawings under the RCF exceeds 40% of the commitments under the RCF. At 30 June 2024, €40 million of the RCF has been drawn, and the Group complies with the financial covenant (Note 1.3.4). At 31 December 2023 the RCF had not yet been drawn and no financial covenant applies.

The Facilities Agreement limits dividend distribution if any Group company incurs an event of default as defined in the agreement.

In 2020, Befesa closed the financing structure the plants in China (Jiangsu and Henan). The notional and the rest of the conditions signed are shown in the table above.

At 30 June 2024 and 31 December 2023, 'Other' mainly includes short-term financing of Befesa Silvermet Iskenderun and debt related to the financial leases.

At 30 June 2024, an amount of €35 million was undrawn from the syndicated financing arrangement (€75 million at 31 December 2023).

10. Financial derivatives

The Group uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed, which are mainly risks arising from changes in exchange rates, interest rates and the market price of certain metals, mainly zinc. The detail of the balances that reflect the measurement of derivatives in the accompanying condensed interim consolidated statement of financial position at 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024	31 December 2023
Cash flow hedges non-current assets		
Swap contracts for zinc	-	8,796
Interest rate swap	20,257	20,845
Equity swap	880	880
	21,137	30,521
Cash flow hedges current assets:		
Swap contracts for zinc	-	14,138
Foreign currency swap	6	38
	6	14,176
Total assets	21,143	44,697
Cash flow hedges non-current liabilities:		
Swap contracts for zinc	5,260	-
	5,260	-
Cash flow hedges current liabilities:		
Swap contracts for zinc	21,189	2,229
Foreign currency swap	-	-
	21,189	2,229
Total liabilities	26,449	2,229

11. Long-term provisions

	Provisions for litigation, pensions and similar obligations	Other provisions for contingencies and charges	Total long-term provisions
Balance at 31 December 2023	8,082	9,971	18,053
Profit and loss impact	200	94	294
Payment	(302)	(73)	(375)
Transfers	(3,395)	-	(3,395)
Conversion differences	124	264	388
Balance at 30 June 2024	4,709	10,256	14,965

Provision for litigation, pensions and similar obligations

At 30 June 2024, the Group recognised a provision of €1.6 million (€3.1 million at 31 December 2023) related to the compensation plans described in Note 24 of the 2023 consolidated financial statements. At 30 June 2024 the "profit and loss impacts" are mainly related to this provision and "transfers" correspond to the liability payable in the short term, which has been recognised as "Remuneration payable" at June 2024.

Other provisions for contingencies and charges

The Group company Befesa Valera, S.A.S. recognised a provision of approximately €1.9 million at 30 June 2024 as well as at 31 December 2023 for the present value of the estimated costs of dismantling the concession for the performance of their activities at the Port of Dunkirk (France) following its termination

In addition, the Group recognised other provisions under "Other provisions for contingencies and charges" to meet liabilities, whether legal or implicit, probable or certain, due to contingencies, ongoing litigations and tax obligations, which arise as the result of past events and are more likely than not to require an outflow of resources embodying economic benefits from the Group to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Befesa Zinc US Inc. recognised asset retirement obligations linked to its different facilities in USA of €7.3 million at June 2024 for the present value of estimated costs (€7.0 million at 31 December 2023).

12. Income and expenses. Revenues by category

Details of revenues by category for the six-month period ended 30 June 2024 and 30 June 2023 are as follows:

	30 June 2024	%	30 June 2023	%
Steel Dust	404,745	65%	403,007	65%
-Sale of WOX and others metals	265,479	43%	240,153	39%
-Service fees	39,317	6%	55,724	9%
-Smelting: sale of metals and by-products	165,074	27%	173,267	28%
-Eliminations (*)	(65,125)	(10%)	(66,137)	-11%
Salt Slags	54,042	9%	41,268	7%
-Sale of aluminium concentrates and melting salt	32,266	5%	24,426	4%
-Fees for recycling salt slags and SPL	21,776	4%	16,842	3%
Secondary Aluminium	192,418	31%	195,231	32%
-Sale of secondary aluminium alloys	177,713	29%	185,153	30%
-Technology division & others	14,705	2%	10,078	2%
Corporate, other minor eliminations	(30,042)		(24,014)	
Total	621,163		615,492	

(*) Eliminations in the Steel Dust segment correspond to the elimination of sales between Befesa Zinc USA and Befesa Zinc Metal, LLC, Befesa Zinc USA sells 100% of its production to Befesa Zinc Metal, LLC, which processes Waelz oxide (WOX) and transforms it into special high-grade zinc (SHG).

The Group discloses revenue by reporting segment and geographical area in Note 3.

13. Taxation

Income tax is calculated as of the closing date on the basis of the applicable tax regulation. Nevertheless, any alteration on the applicable tax framework, would be accordingly considered on the financial statements prepared immediately after the date such regulation comes into effect.

At 30 June 2024, the accounts arising as a result of the Income Tax estimation for the six-month period ended 30 June 2024, is recorded under 'Accounts receivables from public authorities' and 'Accounts payables to public administrations' on the condensed interim consolidated statement of financial position included in these condensed interim consolidated financial statements.

14. Earnings per share

Basic earnings per share are calculated as follows:

	30 June 2024		30 June 2023	
	Total amount in € thousand	Earnings per share in €	Total amount in € thousand	Earnings per share in €
Net income (attributable to Befesa S.A.'s shareholders)	20,026	0.50	20,249	0.51
Weighted average shares	39,999,998		39,999,998	

15. Guarantee commitments to third parties and contingencies

At 30 June 2024, a number of Group companies had provided guarantees for an overall amount of approximately €72.1 million (31 December 2023: €74.0 million) to guarantee their operations vis-à-vis customers, banks, government agencies and other third parties.

The Group has contingent liabilities for litigation arising in the ordinary course of business from which no significant liabilities are expected to arise other than those for which provisions have already been recognised.

16. Balances and transactions with related parties

All the significant balances at period-end between the consolidated companies and the effect of the transactions between them were eliminated on consolidation.

The balances and transactions of Group companies relate to sale and purchase transactions and other commercial operations on an arm's length basis.

All transactions are commercial and do not accrue interest, except for loans and the above credit facilities with the Group, carried out on an arm's length basis, the maturity of which are ordinary for these types of transactions.

As transactions with related parties are carried out on an arm's length basis, the Parent Company's Directors do not consider that this could give rise to significant liabilities in the future.

17. Subsequent events

On 18 July 2024, the Group successfully completed the refinancing of its existing debt consisting of a €650 million senior secured Term Loan B with a 3-year extension due July 2029, a €100 million revolving credit facility due July 2028, and a €35 million guarantee facility due July 2028.

The refinancing extends the maturity of Befesa's debt with no effect on its current leverage ratio. The new financing has the same covenant-lite terms as the previous debt. The Term Loan B has a new margin of Euribor +275 bps and includes a margin ratchet which allows for up to a further 50bps margin reduction if leverage ratio gets below x2.5.

Management's responsibility statement

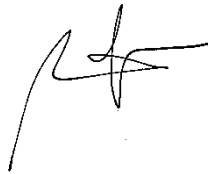
We, Javier Molina Montes and Rafael Pérez Gómez, respectively Executive Chair and Chief Financial Officer, confirm, to the best of our knowledge, that:

- the 2024 interim consolidated financial statements of Befesa S.A. presented in this Interim Financial Report, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of Befesa S.A. and the undertakings included in the consolidation taken as a whole, and
- the Management Report includes a fair review of the development and performance of the business and the position of Befesa S.A. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 25 July 2024



Javier Molina Montes



Rafael Pérez Gómez

Additional information

Segmentation overview - key metrics

	H1 2024	H1 2023	Change	Q2 2024	Q2 2023	Change
Key operational data (tonnes, unless specified otherwise)						
EAF steel dust throughput	609,532	592,335	2.9 %	306,418	305,266	0.4 %
WOX sold	200,058	197,238	1.4 %	100,060	97,406	2.7 %
Zinc blended price (€ / tonne)	2,498	2,464	1.4 %	2,541	2,290	11.0 %
Total installed capacity	1,720,300	1,693,026	1.6 %	1,720,300	1,693,026	1.6 %
Utilisation (%)	71.3 %	70.6 %	70 bps	71.6 %	72.3 %	(68) bps
Key financial data (€ million, unless specified otherwise)						
Revenue	404.7	403.0	0.4 %	216.8	186.7	16.1 %
EBITDA	74.4	63.4	17.4 %	41.6	26.3	58.0 %
EBITDA margin	18.4 %	15.7 %	266 bps	19.2 %	14.1 %	509 bps
Adjusted EBITDA	80.9	67.2	20.5 %	44.9	30.2	48.8 %
Adjusted EBITDA margin	20.0 %	16.7 %	332 bps	20.7 %	16.2 %	456 bps
EBIT	41.3	31.8	29.7 %	24.1	10.6	128.1 %
EBIT margin	10.2 %	7.9 %	230 bps	11.1 %	5.7 %	546 bps
Adjusted EBIT	49.0	36.4	34.6 %	28.5	15.1	88.5 %
Adjusted EBIT margin	12.1 %	9.0 %	308 bps	13.1 %	8.1 %	505 bps

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

	H1 2024	H1 2023	Change	Q2 2024	Q2 2023	Change
Key operational data (tonnes, unless specified otherwise)						
Salt slags and SPL recycled	220,647	171,076	29.0 %	109,386	88,783	23.2 %
Total installed capacity	470,000	470,000	-	470,000	470,000	-
Utilisation (%)	94.4 %	73.4 %	2,101 bps	93.6 %	75.8 %	1,784 bps
Key financial data (€ million, unless specified otherwise)						
Revenue	54.0	41.3	31.0 %	26.8	20.4	31.3 %
EBITDA	18.5	14.3	29.0 %	8.6	7.7	11.4 %
EBITDA margin	34.2 %	34.7 %	(52) bps	32.1 %	37.9 %	(573) bps
EBIT	11.4	9.6	19.2 %	4.5	5.4	(16.0) %
EBIT margin	21.1 %	23.2 %	(207) bps	16.9 %	26.5 %	(953) bps

Secondary Aluminium subsegment

	H1 2024	H1 2023	Change	Q2 2024	Q2 2023	Change
Key operational data (tonnes, unless specified otherwise)						
Secondary aluminium alloys produced	90,553	87,151	3.9 %	46,206	43,471	6.3 %
Aluminium alloy FMB price (€ / tonne)	2,327	2,243	3.8 %	2,376	2,184	8.8 %
Total installed capacity	205,000	205,000	-	205,000	205,000	-
Utilisation (%)	88.8 %	85.7 %	310 bps	90.7 %	85.1 %	560 bps
Key financial data (€ million, unless specified otherwise)						
Revenue	192.4	195.2	(1.4) %	94.1	99.4	(5.3) %
EBITDA	4.0	13.4	(70.3) %	1.1	6.1	(81.9) %
EBITDA margin	2.1 %	6.8 %	(478) bps	1.2 %	6.2 %	(499) bps
EBIT	(0.2)	9.5	(102.6) %	(1.0)	4.2	(124.7) %
EBIT margin	(0.1) %	4.8 %	(497) bps	(1.1) %	4.2 %	(531) bps

Financial calendar

Thursday, 31 October 2024

Q3 2024 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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Second quarter and first half 2023 figures are unaudited.

This report 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 report 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.

BEFESA

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